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Wynn Macau, Limited
永利澳門有限公司*

(於開曼群島註冊成立之有限公司)

(股份代號：1128及債務股份代號：5279、5280、40102、40259、40357)

於2029年到期的600,000,000美元
4.50厘可轉換債券
(債務股份代號：5754)

刊發發售通函

* 僅供識別。

茲提述永利澳門有限公司(「本公司」)日期為2023年3月2日及2023年3月3日有關發行於2029年到期的600,000,000美元4.50厘可轉換債券(「債券」)的公告(「該等公告」)。除另有界定外，本公告所用詞彙與公告所界定者具有相同涵義。

本公告乃根據上市規則第37.39A條而刊發。請參閱本公告所附日期為2023年3月2日有關發行債券的發售備忘錄(「發售備忘錄」)。發售備忘錄僅以英文發佈。概無發佈中文版本的發售備忘錄。

香港投資者注意事項：本公司確認，債券擬僅供專業投資者(定義見上市規則第37章)購買，並已按此基準於香港聯交所上市。因此，本公司確認債券不適合作為香港的零售投資者之投資。投資者應審慎考慮所涉及的風險。

發售備忘錄並不構成向任何司法權區的公眾提呈出售任何證券的招股章程、通告、通函、宣傳冊或廣告，亦非邀請公眾作出認購或購買任何證券的要約，此外亦非供傳閱以邀請公眾作出認購或購買任何證券的要約。

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承董事會命
永利澳門有限公司
主席
盛智文博士

香港，2023年3月8日

於本公告日期，本公司董事會成員包括執行董事潘國宏及羅偉信；執行董事兼副主席陳志玲；非執行董事Ellen F. Whittemore及高哲恒；獨立非執行董事兼主席盛智文；及獨立非執行董事林健鋒、Bruce Rockowitz、蘇兆明及葉小偉。

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) QIBS (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, investors must be either (1) qualified institutional buyers (“QIBs”) (within the meaning of Rule 144A under the United States Securities Act of 1933, as amended (the “Securities Act”), or (2) non-U.S. persons outside the United States (as defined under Regulation S under the Securities Act); provided that any investor resident in a Member State of the European Economic Area must be a qualified investor (within the meaning of Article 2(1)(e) of Directive 2003/71/EC and any relevant implementing measure in each Member State of the European Economic Area). By accepting this e-mail and accessing this offering memorandum, you shall be deemed to have represented to us that (1) you and any customers you represent are either (a) QIBs or (b) non-U.S. persons outside the United States and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States (and if you are resident in a Member State of the European Economic Area, you are a qualified investor) and (2) you consent to delivery of such offering memorandum by electronic transmission. This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers nor any person who controls any Initial Purchaser nor Wynn Macau, Limited nor any director, officer, employer, employee or agent of theirs or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

The attached offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorized to deliver this offering memorandum to any other person. You will not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Company in such jurisdiction. Recipients of this offering memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in this offering memorandum.

THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors: The Bonds 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. 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 Bonds or otherwise making them available to retail investors in the EEA and the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA and the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (“SFA”): The securities being offered hereby 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).

The attached offering memorandum has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers, any person who controls any Initial Purchaser, the Company, nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.



Wynn Macau, Limited
永利澳門有限公司*

(Incorporated in the Cayman Islands with limited liability)
(HKSE Stock Code 股份代號: 1128)

US\$600 MILLION 4.50% CONVERTIBLE BONDS DUE 2029

Issue Price: 100%

Wynn Macau, Limited (the “Issuer” or the “Company”) is offering 4.50% convertible bonds due 2029 in the aggregate principal amount of US\$600 million (the “Bonds,” which term shall include, unless the context requires otherwise, any further bonds issued in accordance with the terms and conditions of the Bonds set out in “Terms and Conditions of the Bonds” (the “Conditions” and each of the Conditions, a “Condition”). The issue price of the Bonds shall be 100% of the aggregate principal amount of the Bonds. The denomination of each Bond shall be US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(A) (Negative Pledge) of the Terms and Conditions of the Bonds (the “Terms and Conditions” or the “Conditions”)) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the Conditions, at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after April 17, 2023 up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the 10th day prior to March 7, 2029 (the “Maturity Date”) (both days inclusive) into fully paid ordinary shares with a nominal value of HK\$0.001 each of the Issuer (the “Shares”) at an initial conversion price of HK\$10.24375 per Share. The conversion price is subject to adjustment in the circumstances described under “Terms and Conditions of the Bonds—Conversion.”

The Bonds will bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.50 per cent. per annum (the “Interest Rate”), payable semi-annually in arrear in equal instalments of US\$1,000 per Calculation Amount (as defined in the Terms and Conditions) on March 7 and September 7 of each year.

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions, the Issuer will redeem each Bond at its principal amount, together with accrued and unpaid interest thereon, on the Maturity Date. The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with the Terms and Conditions and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable), on the Tax Redemption Date (as defined in the Terms and Conditions), at their principal amount together with interest accrued but unpaid up to but excluding the date of redemption in the event of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after March 2, 2023, subject to the non-redemption option of each holder after the exercise by the Issuer of its tax redemption option as described in the Terms and Conditions. The Company may also redeem the Bonds if any gaming authority requires holders of the Bonds to be licensed, qualified or found suitable under applicable law and such holder is not so licensed or qualified or is found unsuitable. The Bonds may be redeemed, at the option of the Issuer in whole, but not in part, at any time (i) after March 7, 2027 but prior to the Maturity Date, provided that the Closing Price (as defined in the Terms and Conditions) of the Shares of the Issuer, translated into U.S. dollars at the Prevailing Rate (as defined in the Terms and Conditions) applicable to the relevant Trading Day (as defined in the Terms and Conditions), for 20 out of 30 consecutive Trading Days (as defined in the Terms and Conditions) prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Conversion Price then in effect (translated into U.S. dollars at the Fixed Exchange Rate (as defined in the Terms and Conditions)) or (ii) if prior to the date the relevant Optional Redemption Notice (as defined in the Terms and Conditions) is given, Conversion Rights (as defined in the Terms and Conditions) shall have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued, the Bonds at their principal amount together with accrued but unpaid interest to but excluding the Optional Redemption Date (as defined in the Terms and Conditions). The holder of each Bond will also have the right, at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds, on the Relevant Event Redemption Date (as defined in the Terms and Conditions), at their principal amount together with interest accrued up to but excluding the date of redemption, following the occurrence of a Relevant Event (as defined in the Terms and Conditions). The holder of each Bond shall have the right to require the Issuer to redeem all or some only of such holder’s Bonds on March 7, 2027 at its principal amount. See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation”. For a detailed description of the Bonds, see “Terms and Conditions of the Bonds.”

Investing in the Bonds involves risks. Furthermore, investors should be aware there are various other risks relating to the Bonds, the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarize themselves with before making an investment in the Bonds. See “Risk Factors” beginning on page 26.

Application will be made to the Hong Kong Stock Exchange for (i) the listing of the Bonds 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 (the “Listing Rules”); (“Professional Investors”) only; and (ii) the listing of the Shares issuable on conversion, and such permissions are expected to become effective on March 8, 2023 and when such Shares are issued, respectively. This document is for distribution to Professional Investors only.

Notice to Hong Kong investors: The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds 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 Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or the Group 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 Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the “Securities Act”) or other securities laws 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 Bonds may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this offering memorandum, see “Transfer Restrictions.”

The Bonds 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.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” of the Issuer as defined in the Listing Rules (“Connected Persons”). Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to the Issuer and Deutsche Bank AG, Hong Kong Branch, Moelis & Company LLC, Goldman Sachs (Asia) L.L.C., Merrill Lynch (Asia Pacific) Ltd., Bank of China Limited, Macau Branch, Industrial and Commercial Bank of China (Macau) Limited, United Overseas Bank Limited, Hong Kong Branch, SMBC Nikko Securities America, Inc., Scotia Capital (USA) Inc., BNP Paribas Securities (Asia) Limited, Bank of Communication Co., Ltd. Macau Branch, and Banco Nacional Ultramarino, S.A. that it is not a Connected Person of the Issuer, and will not after completion of the subscription of the Bonds be a Connected Person (as defined in the Listing Rules) of the Issuer. Each prospective investor will be deemed to have agreed with the Issuer that it may, to the extent required by the Listing Rules and/or the Hong Kong Stock Exchange and/or the Hong Kong Securities and Futures Commission (the “SFC”), disclose information about such potential investor (including but not limited to its name, company registration number and the number of Bonds allotted to it) to certain parties.

The initial purchasers of the Bonds expect to deliver the Bonds to purchasers on or about March 7, 2023, solely in book-entry form through the facilities of Cede & Co. as nominee of The Depository Trust Company.

Joint Global Coordinators and Joint Bookrunners

Deutsche Bank

Moelis & Company

Goldman Sachs (Asia) L.L.C.

Joint Bookrunner
BoFA Securities
Co-Managers

Bank of China Limited,
Macau Branch

ICBC (Macau)

United Overseas
Bank Limited

SMBC Nikko

Scotiabank

BNP PARIBAS

Bank of Communication Co.,
Ltd. Macau Branch

Banco Nacional
Ultramarino, S.A.,

The date of this offering memorandum is March 2, 2023

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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 Bonds. Such transactions may include stabilizing and the purchase of Bonds to cover short positions. These activities may stabilize, maintain or otherwise affect the market price of the Bonds. As a result, the price of the Bonds 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 Listing Rules for the purpose of giving information with regard to the Company and the Group. 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 Bonds have not been approved or disapproved by the United States 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 has been prepared by us solely for use in connection with the proposed offering of the Bonds described in this offering memorandum. Deutsche Bank AG, Hong Kong Branch, Moelis & Company LLC, Goldman Sachs (Asia) L.L.C., and Merrill Lynch (Asia Pacific) Ltd. (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 Bonds offered by this offering memorandum. The Initial Purchasers and certain related entities may acquire for their own account a portion of the Bonds.

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 Bonds. By purchasing the Bonds, 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.

Prospective investors in the Bonds should rely only on the information contained in this offering memorandum. Neither we nor the Initial Purchasers nor the Trustee or the Agents or any of their respective affiliates 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 Bonds and, if given or made, such information or representation must not be relied upon as having been authorized by us or any of the Initial Purchasers or the Trustee or the Agents or any of their respective affiliates. 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 Bonds. 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 Bonds or to advise any investor in the Bonds 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 or the Trustee or the Agents or any of their respective affiliates 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 Bonds, the Shares (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 Bonds) 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 or the Trustee or the Agents or any of their respective affiliates.

The Company is not, and the Initial Purchasers are not, making an offer to sell the Bonds in any jurisdiction except where an offer or sale is permitted. The distribution of this offering memorandum and the offering of the Bonds 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 Bonds 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 Bonds 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 Bonds.

PRIIPs Regulation / Prohibition of Sales to EEA and UK Retail Investors: The Bonds 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. 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 Bonds or otherwise making them available to retail investors in the EEA and the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA and the UK may be unlawful under the PRIIPs Regulation.

Notification under Section 309B(1)(c) of the Securities and Futures Act (“SFA”): In connection with Section 309B of the Securities and Futures Act and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the Securities and Futures Act), that the Bonds are (A) prescribed capital markets products (as defined in the CMP Regulations 2018) and (B) 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).

Notice to Capital Market Intermediaries and Prospective Investors Pursuant To Paragraph 21 of the Hong Kong SFC Code of Conduct – Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including the Managers, are “capital market intermediaries” (together, the “**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (the “**OCs**”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Issuer, the CMI or the relevant group company (as the case may be). Prospective investors associated with the Issuer or any CMI (including its group companies) should specifically disclose this when placing an order for the relevant Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors to whom the allocation of Bonds will be subject to restrictions or require prior consent from The Stock Exchange of Hong Kong Limited (the “**SEHK**”) under The Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”) and other regulatory requirements or guidance issued by the SEHK from time to time (the “**SEHK Requirements**”) (e.g. a connected person of a listed issuer would be considered as “Restricted Investors”). The Bonds may only be allocated to Restricted Investors in accordance with applicable SEHK Requirements. Prospective investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Bonds. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any relevant Manager(s), such prospective investor should indicate when placing an order if it is for a fund or portfolio where the relevant Manager(s) or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively

impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not such a “proprietary order”. If a prospective investor is otherwise affiliated with any relevant Manager(s), such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Manager(s) when placing such order and such orders will be subject to applicable requirements in accordance with the Code. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMI(s) (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the relevant Manager(s) and/or any other third parties as may be required by the SFC Code, including to the Issuer, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

CERTAIN CONVENTIONS AND CURRENCY PRESENTATION

Market data and certain industry forecasts and statistics in this offering memorandum have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Initial Purchasers or our or their respective directors and advisors, and neither we, the Initial Purchasers nor our or their respective directors and advisors make any representation as to the accuracy or completeness of that information. In addition, third party information providers may have obtained information from market participants and such information may not have been independently verified.

In this offering memorandum, the terms “we,” “us,” “our,” “the Company” and “the Group” refer to Wynn Macau, Limited and its consolidated subsidiaries, unless otherwise indicated or the context otherwise requires. In this offering memorandum, references to “China,” “mainland China” and “PRC” refer to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan; “HK\$” and “Hong Kong dollars” refer to the legal currency of Hong Kong; “Hong Kong” refers to the Hong Kong Special Administrative Region of the PRC; “Macau” refers to the Macau Special Administrative Region of the PRC; “Macau patacas” and “MOP” refer to the legal currency of Macau; “Renminbi” and “RMB” refer to the legal currency of China and “US\$” and “U.S. dollars” refer to the legal currency of the United States.

We record and publish our financial statements in Hong Kong dollars. Unless otherwise stated in this offering memorandum, all translations between Hong Kong dollars and U.S. dollars for figures were made at the rate of HK\$7.8015 to US\$1.00, the exchange rate in effect as of December 30, 2022 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. The Macau pataca is pegged to the Hong Kong dollar at a rate of HK\$1.00 = MOP1.03. All such translations in this offering memorandum are provided solely for your convenience and no representation is made that the Hong Kong dollar amounts referred to herein have been, could have been or could be converted into U.S. dollars or Macau patacas, or vice versa, or that the Macau pataca amounts referred to herein have been, could have been or could be converted into U.S. dollars or Hong Kong dollars, or vice versa, at any particular rate or at all on such date or any other date.

In this offering memorandum, where information has been presented in thousands, millions or billions of units, amounts may have been rounded up or down. Totals of columns or rows in tables may not equal the sum of

the individual items, and actual numbers may differ from those contained in this offering memorandum due to rounding.

PRESENTATION OF FINANCIAL INFORMATION

Our financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”), which differ in certain respects from generally accepted accounting principles in the United States (“U.S. 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 and conditions of the Bonds 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 EBITDA. We present non-IFRS financial measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance, and as a basis for valuation, of gaming companies. 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 or net profit or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles.

CAYMAN ISLANDS DATA PROTECTION

The Company has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the “DPA”) based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Bonds and the associated interactions with the Company and its affiliates and/or delegates, or by virtue of providing the Company with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals will be providing the Company and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Company shall act as a data controller in respect of this personal data and its affiliates and/or delegates, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Bonds, the holders of the Bonds (the “Bondholders”) shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Bonds.

Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Company could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

Privacy Notice

Introduction

The purpose of this notice is to provide Bondholders with information on the Company's use of their personal data in accordance with the DPA.

In the following discussion, "Company" refers to the Company and its affiliates and/or delegates, except where the context requires otherwise.

Investor Data

By virtue of making an investment in the Company and a Bondholder's associated interactions with the Company (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Bondholder otherwise providing the Company with personal information on individuals connected with the Bondholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Bondholder will provide the Company with certain personal information which constitutes personal data within the meaning of the DPA ("Investor Data"). The Company may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Bondholder and/or any individuals connected with a Bondholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Bondholder's investment activity.

In the Company's use of Investor Data, the Company will be characterized as a "data controller" for the purposes of the DPA. The Company's affiliates and delegates may act as "data processors" for the purposes of the DPA.

Who this Affects

If a Bondholder is a natural person, this will affect such Bondholder directly. If a Bondholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Company with Investor Data on individuals connected to such Bondholder for any reason in relation to such Bondholder's investment with the Company, this will be relevant for those individuals and such Bondholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

How the Company May Use a Bondholder's Personal Data

The Company, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

- (i) where this is necessary for the performance of the Company's rights and obligations under any subscription agreements or purchase agreements;
- (ii) where this is necessary for compliance with a legal and regulatory obligation to which the Company is subject (such as compliance with anti-money laundering and FATCA/CRS requirements); and/or
- (iii) where this is necessary for the purposes of the Company's legitimate interests and such interests are not overridden by the Bondholder's interests, fundamental rights or freedoms.

Should the Company wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Bondholder's consent), the Company will contact the applicable Bondholders.

Why the Company May Transfer a Bondholder's Personal Data

In certain circumstances the Company and/or its authorized affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Bondholder's interest in the Company with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Company anticipates disclosing Investor Data to others who provide services to the Company and their respective affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Bondholder's personal data on the Company's behalf.

The Data Protection Measures the Company Takes

Any transfer of Investor Data by the Company or its duly authorized affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Company and its duly authorized affiliates and/or delegates shall apply appropriate technical and organizational information security measures designed to protect against unauthorized or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Company shall notify a Bondholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Bondholder or those data subjects to whom the relevant Investor Data relates.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this offering memorandum. These forward-looking statements include statements relating to our projections, business strategy and development activities, as well as other capital spending, financing sources, the effects of regulation (including gaming and tax regulations), expectations concerning future operations, margins, profitability and competition.

Any statements contained in this offering memorandum that are not statements of historical fact may be deemed to be forward-looking statements. Without limiting the generality of the foregoing, in some cases you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “would,” “could,” “believe,” “expect,” “anticipate,” “intend,” “propose,” “plan,” “continue” or the negative of these terms or other comparable terminology. Such forward-looking information involves important risks and uncertainties. These risks and uncertainties include:

- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, including the COVID-19 pandemic, public incidents of violence, mass shootings, riots, demonstrations, extreme weather patterns or natural disasters, military conflicts, civil unrest, and any future security alerts and/or terrorist attacks;
- our dependence on two resorts in Macau for all of our cash flow and our subsidiaries’ ability to pay us dividends and distributions;
- extensive regulation of our business and the cost of compliance or failure to comply with applicable laws and regulations;
- pending or future investigations, litigation and other disputes;
- our dependence on key managers and employees;
- the deterioration of the macroeconomic environment, including an economic downturn or recession or worsening geopolitical tensions that could reduce discretionary consumer spending;
- our ability to maintain our gaming licenses and concessions and comply with applicable gaming law;
- international relations, national security policies, anticorruption campaigns and other geopolitical events, which may impact the number of visitors to our properties and the amount of money they are willing to spend;
- public perception of our resorts and the level of service we provide;
- competition in the casino/hotel and resort industries and actions taken by our competitors, including new development and construction activities of competitors;
- our ability to maintain our customer relationships and collect and enforce gaming receivables;
- win rates for our gaming operations;
- construction and regulatory risks associated with our current and future construction projects;
- any violations by us of the anti-money laundering laws or Foreign Corrupt Practices Act;
- our compliance with environmental requirements and potential cleanup responsibility and liability as an owner or operator of property;
- adverse incidents or adverse publicity concerning our resorts or our corporate responsibilities;
- changes in and compliance with the gaming laws or regulations in the various jurisdictions in which we operate;
- changes in tax laws or regulations related to taxation, including changes in the rates of taxation;

- our collection and use of personal data and our level of compliance with applicable governmental regulations, credit card industry standards and other applicable data security standards;
- cybersecurity risk, including cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors;
- our ability to protect our intellectual property rights;
- labor actions and other labor problems;
- our current and future insurance coverage levels;
- the level of our indebtedness and our ability to meet our debt service obligations (including sensitivity to fluctuations in interest rates); and
- continued compliance with the covenants in our debt agreements.

Furthermore, these forward-looking statements merely reflect our current view with respect to future events and are not a guarantee of future performance. Our financial condition may differ materially from the information contained in the forward-looking statements due to a number of factors, including factors disclosed under “Risk Factors” and elsewhere in this offering memorandum.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation and do not intend to update or otherwise revise the forward-looking statements in this offering memorandum, whether as a result of new information, future events or otherwise. Because of these risks, uncertainties or assumptions, the forward-looking events and circumstances discussed in this offering memorandum might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking statements. All forward-looking statements contained in this offering memorandum are qualified by reference to this cautionary statement.

ADDITIONAL INFORMATION

If you have received this offering memorandum, you acknowledge that you have been afforded an opportunity to request from us, to review, and have received, all information considered by you to be necessary to consider whether or not to purchase the Bonds offered hereby. In addition, copies of our annual reports and interim reports may be downloaded free of charge from our website (<http://en.wynnmacaulimited.com>), and we will provide to you, without charge, upon your written or oral request, a copy of the Trust Deed. The information contained on our website is not part of this offering memorandum.

Our directors confirm that, except as stated in this offering memorandum, since June 30, 2022 (being the date on which the latest consolidated financial information of the Group was prepared) and up to the date of this offering memorandum, there had been no material adverse change in the financial or trading position of the Group that would materially affect the information shown in our consolidated financial statements included in this offering memorandum.

To permit compliance with Rule 144A under the Securities Act in connection with resales of the Bonds, we are required to furnish upon request of a holder of Bonds and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) if at the time of such request we are neither a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

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 Macau). All or a substantial portion of our assets and such persons' assets are located outside the United States (principally in Macau). 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. Maples and Calder (Hong Kong) LLP, 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.

Maples and Calder (Hong Kong) LLP 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 debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty; and (e) 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.

DEFINITIONS

In this offering memorandum, unless otherwise indicated or the context otherwise requires, the following terms shall have the meanings set out below.

“2024 Notes”	the US\$600,000,000 aggregate amount of 4.875% senior notes due 2024 issued by the Company on September 20, 2017
“2026 Notes”	the US\$750,000,000 aggregate amount of 5.500% senior notes due 2026 issued by the Company on June 19, 2020 and the additional US\$250,000,000 aggregate amount of senior notes issued on August 26, 2020, which were consolidated to form one single series of notes
“2027 Notes”	the US\$750,000,000 aggregate amount of 5.500% senior notes due 2027 issued by the Company on September 20, 2017
“2028 Notes”	the US\$600,000,000 aggregate amount of 5.625% senior notes due 2028 issued by the Company on August 26, 2020 and the additional US\$750,000,000 aggregate amount of senior notes issued on December 22, 2020, which were consolidated to form one single series of notes
“2029 Notes”	the US\$1,000,000,000 aggregate amount of 5.125% senior notes due 2029 issued by the Company on December 17, 2019
“Concession Agreement”	the Concession Contract for the Operation of Games of Chance or Other Games in Casinos in the Macau Special Administrative Region entered into between WRM and the Macau government on June 24, 2002 and expired on December 31, 2022
“Concession Extension Agreement”	the agreement entered into between WRM and the Macau government for the extension of WRM’s gaming concession to December 31, 2022
“COVID-19 Pandemic”	an outbreak of a respiratory illness caused by a new strain of coronavirus (the “COVID-19”) that was identified in January 2020. The disease has since spread rapidly across the world, causing the World Health Organization to declare the outbreak a pandemic on March 12, 2020
“DICJ”	the Direcção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau) of the Secretariat for Economy and Finance of the Macau government
“Galaxy”	Galaxy Casino, S.A., one of the six gaming concessionaries in Macau
“Gaming Concession Contract”	the definitive gaming concession contract that Wynn Resorts (Macau) S.A., an indirect subsidiary of the Company, entered into with the

	Macau Special Administrative Region on December 16, 2022, pursuant to which Wynn Resorts (Macau) S.A. was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau
“Macau Operations”	the integrated Wynn Palace and Wynn Macau and Encore at Wynn Macau
“Melco”	Melco Resorts (Macau) Limited, one of the six gaming concessionaires in Macau
“MGM Macau”	MGM Grand Paradise Limited, one of the six gaming concessionaires in Macau
“SJM”	SJM Resorts, S.A., one of the six gaming concessionaires in Macau
“Venetian Macau”	Venetian Macau, S.A., one of the six gaming concessionaires in Macau
“WM Cayman II”	WM Cayman Holdings Limited II, a company incorporated on September 8, 2009 as an exempted company with limited liability under the laws of the Cayman Islands and a wholly-owned subsidiary of the Company
“WM Cayman II Revolver”	the revolving unsecured credit facility in an aggregate amount of HK\$11.72 billion equivalent consisting of one tranche in an amount of US\$312.5 million (HK\$2.46 billion) and one tranche in an amount of HK\$9.26 billion to WM Cayman II on September 16, 2021
“WML Senior Notes”	collectively, the 2024 Notes, 2026 Notes, 2027 Notes, 2028 Notes and 2029 Notes
“Worldwide Wynn”	Worldwide Wynn, LLC, a company formed under the laws of the State of Nevada, United States and a wholly-owned subsidiary of WRL
“WRL” or “Wynn Resorts”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States and our controlling shareholder
“WRL Group”	WRL and its subsidiaries (other than us)
“WRL Revolving Loan Facility”	the HK\$3.92 billion (equivalent) revolving unsecured credit facility to the Company on June 14, 2022
“WRM”	Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau and a subsidiary of the Company; references in this offering memorandum to WRM being a wholly owned subsidiary of the Company should be construed as being subject to a 15% social and voting interest and MOP1.00 economic interest held by Ms. Linda Chen, a Macau resident

“WRM Shareholder Dividend Tax Agreement”	collectively, the agreements, entered into during August 2016, for a term of five years between WRM and the Macau Special Administrative Region, that provide for an annual payment to the Macau Special Administrative Region of MOP12.8 million in years 2016 through 2020 in lieu of Complementary Tax otherwise due by WRM shareholders on dividend distributions to them from gaming profits earned in those years. In March 2021, the Company received an extension of this agreement, providing for a payment of MOP 12.8 million (US\$1.6 million) for 2021 and MOP 6.3 million (US\$0.8 million) for the period ended June 26, 2022. In December 2022, Wynn Macau SA applied for an extension of this agreement from June 27, 2022 through December 31, 2022. The extension is subject to approval
“Wynn Design & Development”	Wynn Design & Development, LLC, a company formed under the laws of the State of Nevada, United States and a wholly-owned subsidiary of WRL
“Wynn International Marketing, Ltd.” or “WIML”	Wynn International Marketing, Ltd., a company incorporated under the laws of the Isle of Man and a wholly-owned subsidiary of WRL
“Wynn Macau”	a casino hotel resort located in Macau, owned and operated directly by WRM, which opened on September 6, 2006, and unless otherwise stated in this offering memorandum, includes Encore at Wynn Macau
“Wynn Macau Credit Facilities”	together, the HK\$18.01 billion (equivalent) fully-funded senior term loan facility and the HK\$5.86 billion (equivalent) senior revolving credit facility extended to WRM as subsequently amended from time to time and refinanced on December 21, 2018, which has been fully prepaid
“Wynn Palace”	an integrated resort and casino in the Cotai area of Macau, which is operated by WRM and opened on August 22, 2016
“Wynn Resorts Holdings, LLC”	Wynn Resorts Holdings, LLC, a company formed under the laws of the State of Nevada, United States and a wholly owned subsidiary of WRL

GLOSSARY

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

“Average Daily Rate” or “ADR”	the amount calculated by dividing total room revenues, including complimentary (less service charges, if any), by total rooms occupied
“chip(s)”	a token; usually in the form of plastic disc(s) or plaque(s) issued by a casino to customers in exchange for cash or credit, which must be used (in lieu of cash) to place bets on gaming tables
“gaming promoters”	those licensed by and registered with the DICJ to promote games of fortune and chance to customers, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is ruled by Macau Law 16/2022 and regulated by Administrative Regulation 55/2022.
“gross gaming revenue” or “gross gaming win”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players in the greater Asia region. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based on their turnover level. We often extend credit to these players based upon our knowledge of the players, their financial background and payment history
“occupancy”	occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable year. Available hotel rooms exclude those rooms out of service for renovation during the applicable year
“poker rake”	the portion of cash wagered by customers in our poker rooms that is retained by the casino as a service fee, after adjustment for progressive accruals, but before the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis. Poker tables are not included in our measure of average number of table games
“promotional allowance”	the retail value of rooms, food and beverage and retail and other services furnished to guests (typically VIP clients) without charge
“REVPAR”	revenue per available room which is calculated by dividing total room revenues, including complimentary (less service charges, if any), by total rooms available
“Rolling Chip”	physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances

	payable to gaming promoters and our Macau Operations' individual VIP players
“slot machine win”	the amount of handle (representing the total amount wagered) that is retained and recorded as casino revenues. Slot machine win is after adjustment for progressive accruals, but before the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis
“table drop”	the amount of cash deposited in a gaming table's drop box that serves as a repository for cash, plus cash chips purchased at the casino cage
“table games win”	the amount of table drop or turnover that is retained and recorded as casino revenues. Table games win is before commissions and the allocation of casino revenues to rooms, food and beverage and other revenues for services provided to casino customers on a complimentary basis
“table games win percentage”	amount of table games win divided by the amount of table drop and/or turnover
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP player”	client, customer or player who participates in our Macau Operations' In-house VIP Program or in the VIP program of any of our gaming promoters
“VIP table games turnover”	turnover resulting from VIP table games only

SUMMARY

This summary does not contain all the information that may be important to you in deciding whether to invest in the Bonds. 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.

We are a developer, owner and operator of two integrated destination casino resorts, Wynn Palace and Wynn Macau, located in the Greater Bay Area region of the People’s Republic of China (the “PRC”). Our resorts in Macau include world-class hotel facilities, a variety of regional and international dining options, retail outlets and an array of one-of-a-kind entertainment options, many of which are free to the general public.

Our strategy in the Greater Bay Area encompasses investment in our integrated resorts, in our people and in the broader community. To attract and retain our customers, we design and continually make enhancements to refresh, improve and expand our resorts. We are in the design stages of developing the next phase of Wynn Palace. We currently expect that the next phase at Wynn Palace will incorporate an array of amenities such as theater and event space, interactive entertainment installations, food and beverage features, and other non-gaming offerings. We also maintain numerous programs to invest in our approximately 11,500 Macau-based employees. Through a robust emphasis on human resources and staff training, we provide opportunities for movement within our Group to ensure employees can pursue their career goals with us and to elevate their functional and leadership skills. Through our “Wynn Care” program, we facilitate reinvestment in our community, encourage volunteerism and promote responsible gaming. Since launching this program, we have centralized our community-focused initiatives under one umbrella and expanded our efforts from various volunteer activities and community events in Macau into the Greater Bay Area and beyond. Through our charitable foundation “Wynn Care Foundation”, we continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. We are also fully committed to supporting sustainable development for the benefit of Macau and the planet by monitoring and reducing inefficient energy and resource consumption and embracing technologies that help us to responsibly use our resources.

On December 16, 2022, WRM, an indirect subsidiary of the Company, entered into a definitive gaming concession contract (the “Gaming Concession Contract”) with the Macau Special Administrative Region, pursuant to which WRM was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau. We cannot assure you that we will be able to secure WRM’s gaming concession beyond that date.

Macau’s gaming market is primarily dependent on tourists, typically traveling from nearby destinations in Asia. Visitation to Macau grew significantly in the years leading up to the outbreak of COVID-19 in December 2019, but has since fallen meaningfully, primarily due to certain border control and other travel related restrictions which were in place throughout the years ended December 31, 2022 and 2021 as a result of the pandemic. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, tourist arrivals in Macau decreased 85.5% in 2022 compared to 2019, and 26.0% in 2022 compared to 2021.

We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming and tourism customers. According to Macau Statistical Information, annual gaming revenues were US\$36.5 billion in 2019, before falling to US\$7.6 billion in 2020, US\$10.8 billion in 2021 and US\$5.3 billion in 2022, due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. We continue to believe that, despite the recent challenges posed by the COVID-19 Pandemic, Macau’s stated goal of becoming a world-class tourism destination will continue to drive additional visitation to the market and create future opportunities for us to invest and grow.

Competitive Strengths

We benefit from a number of competitive strengths, including the following:

- Successful premium business model,
- Location in one of the world’s largest concentrations of potential gaming and tourism customers,
- Strong international client base and proven marketing capability,
- Significant growth potential,
- Being a “Model Citizen” of the Greater Bay Area, and
- Strong management team with successful track record.

See “Business—Competitive Strengths.”

Our Strategies

We aim to create value by continuing to pursue our management’s well established strategy of identifying opportunities for, and pursuing with the greatest attention to detail, the design, development and operation of luxury casino resorts in Macau. Our principal strategies are set forth below.

- Capitalize on the international reputation of the “WYNN” brand, and
- Expand our client network and cultivate client relationships.

See “Business—Our Strategies.”

RECENT DEVELOPMENTS

Recent Developments Related to COVID-19

Since the outbreak of COVID-19, visitation to Macau has fallen significantly, driven by the strong deterrent effect of the COVID-19 pandemic on travel and social activities, quarantine measures put in place in Macau and elsewhere, travel and entry restrictions and conditions in Macau, the PRC, Hong Kong and Taiwan involving COVID-19 testing and mandatory quarantine, among other things, periods of mandatory closure of certain businesses and facilities, including gaming operations, and the suspension or reduced accessibility of transportation to and from Macau. Over the course of December 2022 and January 2023, Macau authorities relaxed or eliminated most COVID-19 related protective measures, and as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, and testing requirements for inbound travelers from the PRC, Hong Kong, and Taiwan have been discontinued. Nevertheless, given the inherent uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel, or certain activities, management is unable to reasonably predict whether such restrictions would impact our properties in the future, or the extent such restrictions, if reimposed, would impact our results of operations, cash flows, or financial condition.

Wynn Palace

Wynn Palace features the following as of December 31, 2022:

- Approximately 468,000 square feet of casino space with 287 table games and 560 slot machines, as well as private gaming salons and sky casinos;
- A luxury hotel tower with a total of 1,706 guest rooms, suites and villas;
- 14 food and beverage outlets;
- Approximately 107,000 square feet of high-end, brand-name retail space;
- Approximately 37,000 square feet of meeting and convention space;
- Recreation and leisure facilities, including a health club, spa, salon, pool; and
- Public attractions and entertainment offerings include a performance lake, a gondola ride offering convenient street-level access, and an exceptional display of Western and Asian art.

We are in the design stages of developing the next phase of Wynn Palace. We currently expect that the next phase at Wynn Palace will incorporate an array of amenities such as theater and event space, interactive entertainment installations, food and beverage features, and other non-gaming offerings.

Wynn Macau

Wynn Macau features the following as of December 31, 2022:

- Approximately 294,000 square feet of casino space with 276 table games and 567 slot machines, as well as private gaming salons, sky casinos, and a poker room;
- Two luxury hotel towers with a total of 1,010 guest rooms and suites;
- 14 food and beverage outlets;
- Approximately 64,300 square feet of high-end, brand-name retail space;
- Approximately 31,000 square feet of meeting and convention space;

- Recreation and leisure facilities, including two health clubs, two spas, a salon, a pool; and
- Public attractions and entertainment offerings including a performance lake and a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold “tree of prosperity” and “dragon of fortune” features.

Macau Gaming Market

We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming and tourism customers. According to the DICJ, annual gaming revenues were US\$36.5 billion in 2019, before falling to US\$7.6 billion in 2020, US\$10.8 billion in 2021 and US\$5.3 billion in 2022, due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. We continue to believe that, despite the recent challenges posed by the COVID-19 pandemic, Macau’s stated goal of becoming a world-class tourism destination will continue to drive additional visitation to the market and create future opportunities for us to invest and grow.

Results of Wynn Resorts’ Macau Operations

We present below the results of Wynn Resorts’ Macau Operations as extracted from Wynn Resorts’ annual report for the year ended December 31, 2022 (the “Wynn Resorts Annual Report”), as filed by Wynn Resorts with the SEC. While Wynn Resorts’ Macau Operations consist only of the Company’s operations, prospective investors should note that the selected financial information of Wynn Resorts presented in this section has been prepared in accordance with U.S. GAAP, which differs from the IFRS that we use to prepare and present our financial information contained in the rest of this offering memorandum. As such, the financial information from the Wynn Resorts Annual Report is not directly comparable to the financial results the Company discloses. In addition, Wynn Resorts’ reporting currency is U.S. dollars while the Company’s functional and presentation currency is Hong Kong dollars. No representation is made that the U.S. dollar amounts presented below with respect to Wynn Resorts’ Macau Operations could be converted into Hong Kong dollars at any particular rate.

We make no representation as to the appropriateness, accuracy, completeness, or reliability of the information disclosed in the Wynn Resorts Annual Report. In addition, financial information published by Wynn Resorts may differ from our financial information due to the differences between IFRS and U.S. GAAP, difference in scope of businesses and elimination of intercompany transactions, among other factors.

Financial results for the year ended December 31, 2022 compared to the year ended December 31, 2021

Operating revenues

The following table presents operating revenues of Wynn Resorts’ Macau Operations:

	Year Ended December 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(U.S. dollars in thousands)			%
Macau Operations:				
Wynn Palace	410,289	883,007	(472,718)	(53.5)
Wynn Macau	311,249	626,015	(314,766)	(50.3)
Total Macau Operations	<u>721,538</u>	<u>1,509,022</u>	<u>(787,484)</u>	<u>(52.2)</u>

Casino revenues

Casino revenues at Wynn Resorts' Macau Operations decreased primarily due to pandemic-related travel restrictions. The table below sets forth casino revenues and associated key operating measures at Wynn Resorts' Macau Operations:

	<u>Year Ended December 31,</u>		<u>Increase/ (Decrease)</u>	<u>Percent Change</u>
	<u>2022</u>	<u>2021</u>		
	(U.S. dollars in thousands, except for win per unit per day, number of tables and slot machines and percentages)			
Macau Operations⁽¹⁾:				
Wynn Palace:				
Total casino revenues	255,886	677,917	(422,031)	(62.3)
VIP:				
Average number of table games	53	93	(40)	(43.0)
VIP turnover	2,641,321	6,435,947	(3,794,626)	(59.0)
VIP table games win	23,471	253,767	(230,296)	(90.8)
VIP win as a % of turnover	0.89%	3.94%	(3.05)	
Table games win per unit per day . . .	1,259	7,443	(6,184)	(83.1)
Mass market:				
Average number of table games	229	229	—	—
Table drop	1,312,786	2,415,841	(1,103,055)	(45.7)
Table games win	282,138	540,234	(258,096)	(47.8)
Table games win %	21.5%	22.4%	(0.9)	
Table games win per unit per day . . .	3,489	6,463	(2,974)	(46.0)
Average number of slot machines . . .	623	710	(87)	(12.3)
Slot machine handle	732,197	1,454,577	(722,380)	(49.7)
Slot machine win	31,295	58,152	(26,857)	(46.2)
Slot machine win per unit per day . .	142	224	(82)	(36.6)
Wynn Macau:				
Total casino revenues	216,639	476,999	(260,360)	(54.6)
VIP:				
Average number of table games	41	81	(40)	(49.4)
VIP turnover	1,771,143	5,488,118	(3,716,975)	(67.7)
VIP table games win	55,999	155,064	(99,065)	(63.9)
VIP win as a % of turnover	3.16%	2.83%	0.33	
Table games win per unit per day . . .	3,828	5,250	(1,422)	(27.1)
Mass market:				
Average number of table games	235	240	(5)	(2.1)
Table drop	1,170,633	2,230,348	(1,059,715)	(47.5)
Table games win	189,769	412,753	(222,984)	(54.0)
Table games win %	16.2%	18.5%	(2.3)	
Table games win per unit per day . . .	2,284	4,720	(2,436)	(51.6)
Average number of slot machines . . .	646	587	59	10.1
Slot machine handle	895,466	1,057,303	(161,837)	(15.3)
Slot machine win	31,768	35,483	(3,715)	(10.5)
Slot machine win per unit per day . .	139	166	(27)	(16.3)

Note:

(1) The results of Wynn Resorts' Macau Operations for the years ended December 31, 2022 and 2021 were negatively impacted by the closure of our casino operations in Macau for a 12-day period in July 2022 and certain travel-related restrictions and conditions, including COVID-19 testing and other mitigation procedures, related to the COVID-19 pandemic.

Non-casino revenues

The table below sets forth room revenues and associated key operating measures at Wynn Resorts' Macau Operations:

	Year Ended December 31,		Increase/ (Decrease)	Percent Change
	2022	2021		
	(U.S. dollars except for percentages)			%
Macau Operations:				
Wynn Palace:				
Total room revenues (U.S. dollars in thousands)	40,079	69,022	(28,943)	(41.9)
Occupancy	38.4%	58.5%	(20.1)	
ADR	156	182	(26)	(14.3)
REVPAR	60	107	(47)	(43.9)
Wynn Macau:				
Total room revenues (U.S. dollars in thousands)	25,691	50,492	(24,801)	(49.1)
Occupancy	41.1%	58.8%	(17.7)	
ADR	154	213	(59)	(27.7)
REVPAR	63	125	(62)	(49.6)

Operating expenses

Casino expenses decreased US\$231.9 million and US\$150.8 million at Wynn Palace and Wynn Macau, respectively. These decreases were primarily due to reductions in gaming tax expense driven by the declines in casino revenues at each of Wynn Palace and Wynn Macau, resulting from pandemic-related travel restrictions.

General and administrative expenses decreased US\$19.1 million and US\$17.3 million at Wynn Palace and Wynn Macau, respectively, due to decreased payroll and operating costs attributable to lower business volumes.

Depreciation and amortization decreased US\$37.8 million at Wynn Palace, primarily due to certain furniture, fixture and equipment assets reaching the end of their useful lives in the first quarter of 2022.

Property charges and other expenses for the year ended December 31, 2022 include asset abandonments of US\$22.6 million and US\$1.3 million at Wynn Palace and Wynn Macau, respectively.

Property charges and other expenses for the year ended December 31, 2021 include asset abandonments of US\$4.2 million and US\$1.8 million at Wynn Palace and Wynn Macau, respectively, and other contingency expenses of US\$8.7 million at Wynn Macau.

Other non-operating income and expenses

Wynn Resorts incurred a foreign currency remeasurement gain of US\$5.8 million and a loss of US\$23.9 million for the years ended December 31, 2022 and 2021, respectively. The impact of the exchange rate fluctuation of the Macau pataca, in relation to the U.S. dollar, on the remeasurements of U.S. dollar denominated debt and other obligations from our Macau-related entities drove the variability between periods.

We recorded a US\$2.1 million loss on extinguishment of debt for the year ended December 31, 2021 related to full prepayments of the Wynn Macau Credit Facilities.

Income Taxes

The 2021 income tax expense primarily relates to the Macau dividend tax agreement that provides for an annual payment of MOP 12.8 million (US\$1.6 million) as complementary tax otherwise due by stockholders of Wynn Macau SA partially offset by a decrease in foreign deferred tax liabilities related to intangibles.

In March 2021, the Company received an extension of its Macau dividend tax agreement, providing for a payment of MOP 12.8 million (US\$1.6 million) for 2021 and MOP 6.3 million (US\$0.8 million) for the period ending June 26, 2022. In December 2022, the Company applied for an extension of this agreement from June 27, 2022 through December 31, 2022, the date Concession Extension Agreement expired. The extension is subject to approval.

In April 2020, Wynn Macau SA received an extension of the exemption from Macau's 12% Complementary Tax on casino gaming profits earned from January 1, 2021 to June 26, 2022. In September 2022, Wynn Macau SA received an extension of the exemption from the Complementary Tax on casino gaming profits through December 31, 2022. For the years ended December 31, 2022 and 2021, we did not have any casino gaming profits exempt from the Macau Complementary Tax. Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau special gaming tax and other levies together totaling 39% in accordance with our concession agreement.

In December 2022, the Company applied for an exemption from Complementary Tax on casino gaming profits commencing January 1, 2023. The application is subject to approval.

Net loss attributable to noncontrolling interests

Wynn Resorts' net loss attributable to noncontrolling interests was US\$285.5 million for the year ended December 31, 2022, compared to net loss of US\$256.2 million for the year ended December 31, 2021. These amounts are primarily related to the noncontrolling interests' share of net loss from the Company.

Adjusted Property EBITDA

Wynn Resorts uses Adjusted Property EBITDA to manage the operating results of its segments. Adjusted Property EBITDA is net loss before interest, income taxes, depreciation and amortization, pre-opening expenses, property charges and other, management and license fees, corporate expenses and other, stock-based compensation, loss on extinguishment of debt, and other non-operating income and expenses. Adjusted Property EBITDA is presented exclusively as a supplemental disclosure because management believes that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted Property EBITDA as a measure of the operating performance of its segments and to compare the operating performance of its properties with those of its competitors, as well as a basis for determining certain incentive compensation. We also present Adjusted Property EBITDA because it is used by some investors to measure a company's ability to incur and service debt, make capital expenditures and meet working capital requirements. Gaming companies have historically reported EBITDA as a supplement to GAAP. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including us, have historically excluded from their EBITDA calculations preopening expenses, property charges, corporate expenses and stock-based compensation, that do not relate to the management of specific casino properties. However, Adjusted Property EBITDA should not be considered as an alternative to operating income (loss) as an indicator of our performance, as an alternative to cash flows from operating activities as a measure of liquidity, or as an alternative to any other measure determined in accordance with GAAP. Unlike net income (loss), Adjusted Property EBITDA does not include depreciation or interest expense and therefore does not reflect current or

future capital expenditures or the cost of capital. We have significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, income taxes and other non-recurring charges, which are not reflected in Adjusted Property EBITDA. Also, our calculation of Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited.

The following table summarizes Adjusted Property EBITDA for Wynn Resorts' Macau Operations.

	<u>Year Ended December 31,</u>		<u>Increase/ (Decrease)</u>
	<u>2022</u>	<u>2021</u>	
	(U.S. dollars in thousands)		
Macau Operations:			
Wynn Palace	(96,557)	91,646	(188,203)
Wynn Macau	<u>(124,047)</u>	<u>4,209</u>	<u>(128,256)</u>
Total Macau Operations	<u>(220,604)</u>	<u>95,855</u>	<u>(316,459)</u>

Adjusted Property EBITDA at Wynn Palace and Wynn Macau decreased US\$188.2 million and US\$128.3 million for the year ended December 31, 2022, respectively, primarily due to a decrease in operating revenues, partially offset by a decrease in operating expenses. Our Macau Operations for the year ended December 31, 2022 continued to be negatively impacted by certain travel-related restrictions and conditions, including COVID-19 testing and other procedures related to the COVID-19 pandemic.

The following table summarizes Adjusted Property EBITDA and the reconciliation of operating loss to Adjusted Property EBITDA of Wynn Resorts' Macau Operations.

	<u>Year Ended December 31,</u>	
	<u>2022</u>	<u>2021</u>
	(U.S. dollars in thousands)	
Operating loss	(627,583)	(348,248)
Pre-opening expenses	—	898
Depreciation and amortization	290,933	332,648
Property charges and other	34,821	14,135
Management and license fees ⁽¹⁾	25,249	49,567
Corporate expenses and other	29,344	16,941
Stock-based compensation	<u>26,632</u>	<u>29,914</u>
Adjusted Property EBITDA⁽¹⁾	<u>(220,604)</u>	<u>95,855</u>

Note:

- (1) Adjusted EBITDA of the Company is not directly comparable with adjusted property EBITDA of Wynn Resorts' Macau Operations. Adjusted EBITDA of the Company is calculated using the Company's financial information, which is prepared in accordance with IFRS, whereas Adjusted Property EBITDA of Wynn Resorts' Macau Operations is calculated using Wynn Resorts' financial information, which is prepared in accordance with U.S. GAAP. In addition, adjusted EBITDA of the Company is calculated net of management and license fees and certain other expenses.

Liquidity and Capital Resources

Investing Activities

During the year ended December 31, 2022, Wynn Resorts' Macau Operations incurred capital expenditures of US\$31.9 million at Wynn Palace and US\$13.0 million at Wynn Macau primarily related to maintenance capital expenditures.

During the year ended December 31, 2021, Wynn Resorts' Macau Operations incurred capital expenditures of US\$37.2 million at Wynn Palace and US\$25.2 million at Wynn Macau primarily related to maintenance capital expenditures.

Financing Activities

During the year ended December 31, 2022, Wynn Resorts' Macau Operations borrowed US\$211.4 million under the WM Cayman II Revolver.

During the year ended December 31, 2021, Wynn Resorts' Macau Operations paid US\$464.7 million of outstanding principal owed under the Wynn Macau Term Loan and prepaid the outstanding US\$1.26 billion of borrowings under the Wynn Macau Credit Facilities along with related financing costs, using proceeds from the borrowing of US\$1.09 billion under the WM Cayman II Revolver along with US\$200.0 million of cash. In addition, Wynn Resorts' Macau Operations borrowed US\$200.4 million under the WM Cayman II Revolver.

Capital Resources

The COVID-19 pandemic has materially impacted and may continue to materially impact Wynn Resorts' Macau Operations' business, financial condition, and results of operations. While as of February 27, 2023, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, we believe our unrestricted cash, cash flows from operations and revolver borrowing capacity will enable us to fund our current obligations for the next twelve months and beyond. Nevertheless, given the inherent uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel, or certain activities, management is unable to reasonably predict whether such restrictions would impact our properties in the future, or the extent such restrictions, if reimposed, would impact our results of operations, cash flows, or financial condition and our ability to access capital.

The following table summarizes the unrestricted cash and cash equivalents and available revolver borrowing capacity, excluding capacity under intercompany loan agreements, of Wynn Resorts' Macau Operations as of December 31, 2022:

	Total Cash and Cash Equivalents	Revolver Borrowing Capacity
	(U.S. dollars in thousands)	
Wynn Macau, Limited and subsidiaries	951,901	—

Wynn Macau, Limited generates cash from Wynn Resorts' Macau Operations and may utilize proceeds from the WM Cayman II Revolver and its intercompany revolving loan facility with Wynn Resorts, Limited to fund working capital requirements as needed. We expect to use this cash to fund working capital and capital expenditure requirements at WML and Wynn Resorts' Macau Operations, and to service the WML Senior Notes and WM Cayman II Revolver.

The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR plus a margin of 2.625% per annum until June 30, 2022, the date from which the margin will be 1.875% to 2.875% per annum

based on WM Cayman II's leverage ratio on a consolidated basis, subject to a floor on the interest rate margin of 2.625% per annum through June 30, 2023. The final maturity of all outstanding loans under the Revolving Facility is September 16, 2025.

On May 5, 2022, WM Cayman II and its lenders agreed to waive certain financial covenants in the facility agreement under the WM Cayman II Revolver in respect of the relevant periods ending on the following applicable test dates: (a) June 30, 2022; (b) September 30, 2022; (c) December 31, 2022; and (d) March 31, 2023; and to provide for a floor on the interest rate margin of 2.625% per annum through June 30, 2023. WML, as guarantor, may be subject to certain restrictions on payments of dividends or distributions to its shareholders, unless certain financial criteria have been satisfied through the facility agreement.

Indebtedness

The following table presents a summary of the indebtedness of Wynn Resorts' Macau Operations as of December 31, 2022 and 2021.

	<u>As of December 31, 2022</u>	<u>As of December 31, 2021</u>
	(U.S. dollars in thousands)	
Macau Related:		
WM Cayman II Revolver, due 2025 ⁽¹⁾	1,500,473	1,287,766
4 7/8 % Senior Notes, due 2024	600,000	600,000
5 1/2 % Senior Notes, due 2026	1,000,000	1,000,000
5 1/2 % Senior Notes, due 2027	750,000	750,000
5 5/8 % Senior Notes, due 2028	1,350,000	1,350,000
5 1/8 % Senior Notes, due 2029	1,000,000	1,000,000

Note:

- (1) The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR plus a margin of 1.875% to 2.875% per annum based on WM Cayman II's leverage ratio on a consolidated basis, subject to a floor on the interest rate margin of 2.625% per annum through June 30, 2023. Approximately US\$312.5 million and US\$1.19 billion of the WM Cayman II Revolver bears interest at a rate of LIBOR plus 2.875% per year and HIBOR plus 2.875% per year, respectively. As of December 31, 2022 and 2021, the weighted average interest rate was approximately 7.30% and 2.80%, respectively. As of December 31, 2022, the WM Cayman II Revolver was fully drawn.

Contractual Commitments

The following table summarizes certain of our scheduled contractual commitments under the Gaming Concession Contract and Property Transfer Agreements as of December 31, 2022 (U.S. dollars in thousands):

	<u>Payments Due By Period</u>				<u>Total</u>
	<u>Less Than 1 Year</u>	<u>1 to 3 Years</u>	<u>4 to 5 Years</u>	<u>After 5 Years</u>	
Macau gaming premium ⁽¹⁾	13,199	26,398	26,398	65,997	131,992
Macau Property Transfer Agreement payments ⁽²⁾	6,612	13,225	44,082	110,206	174,125

Notes:

- (1) Represents the fixed and minimum variable gaming premium amounts payable under the Gaming Concession Contract, based on the number and type of gaming tables and machines we operate.
(2) Represents amounts payable under the Property Transfer Agreements.

On December 16, 2022, WRM entered into a definitive gaming concession contract (the “Gaming Concession Contract”) with the government of Macau, pursuant to which WRM was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau.

In addition to the Macau gaming premium and Property Transfer Agreements payment commitments included in the table above, WRM committed to pay a gaming tax assessed at the rate of 35% of gross gaming revenues, plus additional special levies equal to 5% of gross gaming revenues, throughout the term of the Gaming Concession Contract. WRM also committed to make certain non-gaming and gaming investments in the amount of MOP17.73 billion (approximately US\$2.21 billion) over the course of the ten-year term of the Gaming Concession Contract. MOP16.50 billion (approximately US\$2.05 billion) of the committed investment will be used for non-gaming capital projects and event programming in connection with, among others, attraction of foreign tourists, conventions and exhibitions, entertainment performances, sports events, culture and art, health and wellness, themed amusement, gastronomy, community tourism and maritime tourism. WRM will be required to increase its investment in non-gaming projects by 20% in the following year if market-wide gross gaming revenues increase to MOP180.00 billion (approximately US\$22.41 billion) in any one year (the “Trigger Event”). The required increase will be reduced to 16%, 12%, 8%, 4% or 0%, respectively, if the Trigger Event occurs during the sixth, seventh, eighth, ninth or tenth year of the concession period, respectively.

Preliminary First Quarter Results

Following several challenging years for the Macau market primarily due to COVID-related restrictions since early 2020 that meaningfully limited travel to the market, we have been encouraged by the recent actions of both Mainland China and Macau authorities to reopen the market to tourism. Over the past two months, we have been pleased to welcome back an increasing number of guests to our properties, with particular strength during the recent Chinese New Year Holiday Period (reflects the 10-day period around Chinese New Year). During this period, mass market table drop at our properties recovered to 95% of 2019 Chinese New Year levels with strong play across the spectrum from premium mass to core mass. Similarly, our direct VIP turnover was 40% above 2019 Chinese New Year levels. The non-gaming side of the business was also strong during the Chinese New Year Holiday Period, with hotel occupancy reaching 96% and our tenant retail sales increasing 34% compared to Chinese New Year 2019. Overall, during the Chinese New Year period, our Macau Operations delivered approximately US\$4 million of hold-normalized Adjusted Property EBITDA per day (adjusted to normalize for the impact of lower than expected VIP table games win as a percentage of turnover). Additionally, we have been encouraged that business volumes have remained strong following Chinese New Year, despite the typical seasonal slowdown in the market post the holiday period. During the approximately four-week period post the holiday, our mass market table drop recovered to 82% of the corresponding 2019 period, and direct VIP turnover was 20% above 2019 levels. Similarly, the non-gaming business also remained strong with tenant retail sales 78% above the corresponding 2019 period.

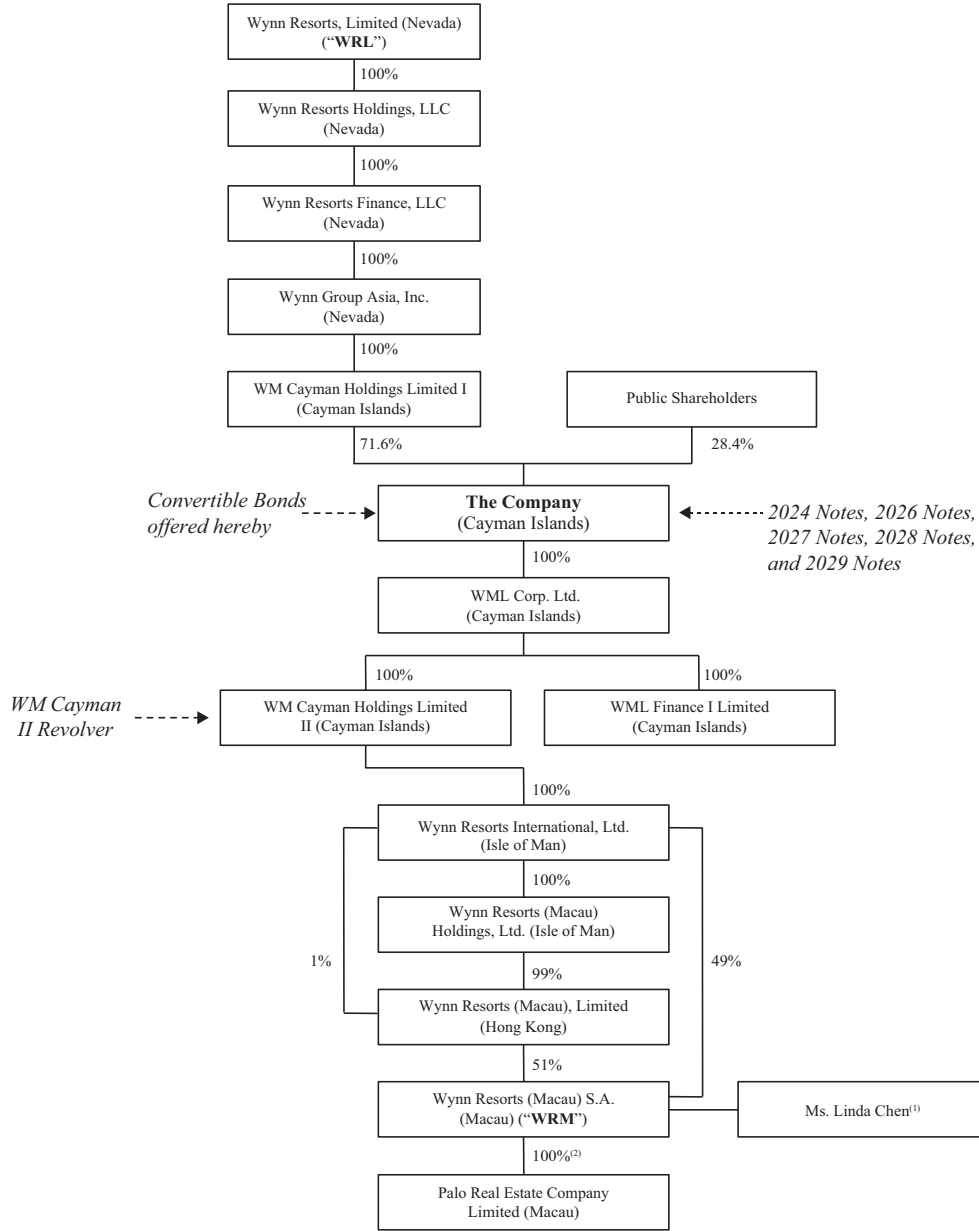
Based on preliminary financial information through February 28, 2023, we currently expect the total operating revenues of Wynn Resorts’ Macau Operations to be in the range of US\$391 million to US\$395 million for the two-month period ended February 28, 2023, compared to US\$225.1 million for the two-month period ended February 28, 2022. We also expect Adjusted Property EBITDA of Wynn Resorts’ Macau Operations to be in the range of US\$94 million to US\$98 million for the two-month period ended February 28, 2023, compared to US\$4.5 million for the two-month period ended February 28, 2022. We estimate that VIP table games win percentage negatively impacted Adjusted Property EBITDA by approximately US\$13.3 million for the two-month period ended February 28, 2023 compared to a negative impact of approximately US\$13.5 million for the two-month period ended February 28, 2022. We estimate the win percentage on mass market table games during the two months ended February 28, 2023 was 20.6%, compared to 19.8% for the two months ended February 28, 2022. Additionally, based on data from the Macau DICJ, we estimate our hold-normalized gross gaming revenue

market share during the two-month period ended February 28, 2023 was approximately 15.0%, which was above 2019 levels, despite the meaningful changes in the Junket VIP environment.

The expected results discussed above are based on preliminary financial information from January 1, 2023 through February 28, 2023. Actual results for the first quarter of 2023 could differ materially from the above expectations. In addition, our results could be materially adversely affected by any of the risks set forth under “Risk Factors” or items described under “Forward-Looking Statements.” See “Risk Factors—Risks Related to Our Business.” Prospective investors should exercise caution in relying on this information and should not draw any inferences from this information regarding financial or operating data not yet provided or available. These preliminary results are subject to the completion of the first quarter of 2023 and of the condensed consolidated financial statements as of and for the three months ending March 31, 2023, including the review of those financial statements by the Company’s internal accounting professionals and our audit committee as well as the review by the Company’s independent auditors.

Organizational Chart

The following chart illustrates the corporate structure of our shareholders and major subsidiaries.



Notes:

- (1) Ms. Linda Chen is the managing director of WRM, a permanent resident of Macau and the holder of a direct 15% voting and social interest in WRM. Ms. Linda Chen’s economic interest in WRM is limited to MOP1.00.
- (2) Wynn Resorts International, Ltd. and Wynn Resorts (Macau), Limited each owns a *de minimis* interest in Palo Real Estate Company Limited.

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 “Terms and Conditions of the Bonds.” Terms defined in “Terms and Conditions of the Bonds” have the same meanings in this summary.

Issuer	Wynn Macau, Limited
Issue	US\$600 million 4.50 per cent. convertible bonds due 2029
Shares	Ordinary shares of HK\$0.001 each in the share capital of the Issuer
Issue Price	100 per cent. of the principal amount of the Bonds
Form and Denomination of the Bonds	The Bonds are issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 in excess thereof. The Bonds will upon issue be initially represented by a Regulation S Global Certificate and a Rule 144A Global Certificate, which will each, on the Issue Date, be deposited with a custodian for and will be registered in the name of a nominee for The Depository Trust Company (“DTC”).
Interest	The Bonds will bear interest on their outstanding principal amount from and including March 7, 2023 at the rate of 4.50 per cent. per annum, payable semi-annually in arrear on March 7 and September 7 of each year. See “Terms and Conditions of the Bonds—Interest.”
Issue Date	March 7, 2023
Maturity Date	March 7, 2029
Negative Pledge	So long as any Bond remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in the Terms and Conditions) will, create, permit to subsist or arise or have outstanding, any mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Terms and Conditions), or any guarantee or indemnity in respect of any Relevant Indebtedness (as defined in the Terms and Conditions) without at the same time or prior thereto according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness (as defined in the Terms and Conditions), guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution of the Bondholders. See “Terms and Conditions of the Bonds—Covenants—Negative Pledge.”

Merger, Consolidation or Sale of Assets

Subject to certain carve outs, so long as any Bond remains outstanding, the Issuer will not, directly or indirectly consolidate or merge with or into another person (whether or not the Issuer is the surviving entity) or sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Issuer and its Subsidiaries (as defined in the Terms and Conditions), taken as a whole, in one or more related transactions, to another person. See “Terms and Conditions of the Bonds—Covenants —Merger, Consolidation or Sale of Assets.”

Status of the Bonds

The Bonds will constitute direct, unsubordinated, unconditional and (subject to Condition 4(A) of the Terms and Conditions) unsecured obligations of the Issuer and shall at all times rank pari passu and without any preference or priority among themselves. See “Terms and Conditions of the Bonds—Status.”

Taxation

All payments of principal and interest made by or on behalf of the Issuer under or in respect of the Bonds or the Trust Deed will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer shall pay Additional Tax Amounts (as defined in the Terms and Conditions) as will result in the receipt by the Bondholders of such amounts as would have been received by them had no such deduction or withholding been required, except in circumstances specified in Condition 9 of the Terms and Conditions. See “Terms and Conditions of the Bonds—Taxation.”

Conversion Price

The Conversion Price will initially be HK\$10.24375 per Share, which will be subject to adjustments for, among other things, capitalization of profits and reserves, capital distributions, rights issues, consolidation, subdivision, redesignation and reclassification of Shares, issuance of options, rights, warrants, further convertible or exchangeable bonds or Shares at beyond a certain discount to current market price and certain other dilutive events. See “Terms and Conditions of the Bonds —Conversion—Adjustments to Conversion Price.”

Conversion Right and Period

Subject to and upon compliance with the Terms and Conditions, the Conversion Right (as defined in the Terms and Conditions) attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after April 17, 2023 (i) up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (both days inclusive) (but, except as provided in Condition 6(A)(iv) and Condition 10 of the Terms and Conditions, in no event thereafter) or (ii) if such Bond shall have been called for redemption by the Issuer

before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 10 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or (iii) if notice requiring redemption has been given by the relevant holder of such Bond pursuant to Condition 8(D) or Condition 8(E) of the Terms and Conditions, then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice in respect of the Bonds held by such holder of the Bonds. See “Terms and Conditions of the Bonds—Conversion—Conversion Right.”

Cash Settlement Option

Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares deliverable upon conversion of the Bond is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall have the option, in its sole discretion, to pay to the relevant Bondholder an amount of cash equivalent to the Cash Settlement Amount in order to satisfy such Conversion Right in whole or in part (and if in part, the other part shall be satisfied by the delivery of Shares). See “Terms and Conditions of the Bonds—Conversion—Conversion Procedure—Cash Settlement Option.”

Redemption at Maturity

Unless previously redeemed, converted or purchased and cancelled as provided in the Terms and Conditions of the Bonds, the Issuer will redeem each Bond at 100 per cent. of its principal amount together with accrued and unpaid interest thereon on the Maturity Date. See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Maturity.”

Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 17 of the Terms and Conditions and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable) on the Tax Redemption Date (as defined in the Terms and Conditions), at their principal amount together with interest accrued but unpaid up to (but excluding) the redemption date (if any), if immediately prior to the giving of such notice, the Issuer determines and certifies to the Trustee (i) the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions) as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after March 2, 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice (as defined in the Terms and Conditions) shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts (as defined in the Terms and Conditions) were a payment in respect of

the Bonds then due. See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for Taxation Reasons.”

Gaming Redemption

The Trust Deed grants the Company the power to redeem the Bonds if any Gaming Authority requires that a person who is a holder or the beneficial owner of Bonds be licensed, qualified or found suitable under applicable gaming laws and such holder or beneficial owner, as the case may be, fails to apply or become licensed or qualified within the required time period or is notified that it will not be licensed, qualified or found suitable. See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Gaming Redemption.”

Bondholders’ Tax Option

If the Issuer exercises its tax redemption right, each Bondholder shall have the right to elect that its Bonds shall not be redeemed. Upon a Bondholder electing not to have its Bonds redeemed in such circumstances, any payments due after the relevant date shall be made subject to any deduction or withholding of any tax required to be withheld or deducted. See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Bondholders’ Tax Option.”

Redemption at the Option of the Issuer

On giving not less than 15 nor more than 60 days’ notice to the Bondholders and to the Trustee and the Principal Agent in writing (which notice will be irrevocable), the Issuer may redeem all, but not some only, of the Bonds on the date specified in the Optional Redemption Notice (as defined in the Terms and Conditions) at their principal amount together with interest accrued to (but excluding) such date (if any), (i) at any time after March 7, 2027 but prior to the Maturity Date, provided that the Closing Price of the Shares of the Issuer, translated into U.S. dollars at the Prevailing Rate (as defined in the Terms and Conditions) applicable to the relevant Trading Day (as defined in the Terms and Conditions), for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Conversion Price then in effect (translated into U.S. dollars at the Fixed Exchange Rate (as defined in the Terms and Conditions)) or (ii) at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchased (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 of the Terms and Conditions and consolidated and forming a single series therewith). See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Issuer.”

Redemption at the Option of the Bondholders

On March 7, 2027, each Bondholder will have the right to require the Issuer to redeem all or some only of the Bonds of such Bondholder at their principal amount together with interest accrued but unpaid up to

(but excluding) the date fixed for redemption upon giving notice (together with the Certificate evidencing the Bonds to be redeemed) not more than 60 days and not less than 30 days prior to March 7, 2027. See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption at the Option of the Bondholders.”

Redemption for Relevant Event

Each Bondholder shall have the right, at such holder’s option, to require the Issuer to redeem all or some only of such Bondholder’s Bonds on the Relevant Event Redemption Date (as defined in the Terms and Conditions) at their principal amount together with interest accrued but unpaid up to (but excluding) such date.

A “Relevant Event” occurs:

- (a) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 10 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (as defined in the Terms and Conditions); or
- (b) when there is a Change of Control (as defined in the Terms and Conditions); or
- (c) when less than 25 per cent. of the Issuer’s total number of issued Shares are held by the public (as interpreted under LR8.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited).

See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Redemption for Relevant Event.”

Events of Default

If any of the events set out in “Terms and Conditions of the Bonds—Events of Default” occurs, the Trustee at its discretion may, and if so requested in writing by the Bondholders holding not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) shall (subject in any such case to being indemnified and/or secured and/or prefunded by the Bondholders to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at its principal amount together with interest accrued but unpaid up to (but excluding) the date of payment. See “Terms and Conditions of the Bonds—Events of Default.”

Share Ranking

The Shares to be issued upon exercise of Conversion Rights will be fully paid and will in all respects rank pari passu with the fully paid Shares in issue on the relevant Registration Date. Save as set out in the Terms and Conditions of the Bonds, a holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights, the

record date for which falls prior to the relevant Registration Date. See “Terms and Conditions of the Bonds—Conversion.”

Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds; provided that if any such additional bonds are not fungible with the bonds initially offered hereby for U.S. federal income tax or securities law purposes, such additional bonds will have a separate CUSIP number or ISIN or have no CUSIP number or ISIN for both the bonds initially offered pursuant to Rule 144A and the bonds initially offered pursuant to Regulation S. See “Terms and Conditions of the Bonds—Further Issues.”

Clearance

The Bonds will be cleared through the book-entry transfer facilities maintained by The Depository Trust Company.

Governing Law

The Bonds and any non-contractual obligations arising out of or in connection with them will be governed by and will be construed in accordance with English law.

Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds.

Securities Lending Agreement

WM Cayman Holdings Limited I (the “Lender”), has entered into (i) a stock borrowing and lending agreement with Goldman Sachs International (the “Borrower”) dated March 2, 2023 and (ii) a letter agreement authorizing stock borrow dated March 2, 2023 (collectively, the “Securities Lending Agreement”), pursuant to which the Lender will lend, in aggregate, up to 459,774,985 fully paid, ordinary shares in the Issuer to the Borrower, for the purposes of facilitating stock lending by the Borrower and/or its affiliates to investors in the Bonds. The Lender may, at its sole discretion, terminate any stock loan under the Securities Lending Agreement by giving the Borrower no less than five business days’ notice.

Legal Entity Identifier

254900NMDQ8ENTHU1I31

Security Codes

	<u>Rule 144A Bonds</u>	<u>Regulation S Bonds</u>
CUSIP	98313RAJ5	G98149AL4
ISIN	US98313RAJ59	USG98149AL45
Common Code	259660041	259660050

Listing and Trading of the Bonds and the Shares

Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds to Professional Investors only and formal permission is expected to become effective on or about March 8, 2023. The Shares are listed on the Hong Kong

	<p>Stock Exchange. Application will be made to the Hong Kong Stock Exchange for the listing of the Shares issuable upon conversion of the Bonds.</p>
Trustee	<p>DB Trustees (Hong Kong) Limited</p>
Principal Paying Agent, Principal Conversion Agent, Registrar and Transfer Agent	<p>Deutsche Bank Trust Company Americas</p>
Selling Restrictions	<p>There are restrictions on the offer, sale and transfer of the Bonds in, among others, the United States, the United Kingdom, Hong Kong, Singapore, Japan, the PRC, the European Economic Area and the Cayman Islands.</p>
Global Certificates	<p>For as long as the Bonds are represented by the Global Certificates and the Global Certificates are deposited with a custodian, payments of principal and interest in respect of the Bonds represented by the Global Certificates will be made without presentation and, if no further payment falls to be made in respect of the Bonds, against surrender of the Global Certificates to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to Bondholders for such purpose. The Bonds which are represented by the Global Certificates will be transferable only in accordance with the rules and procedures for the time being of the relevant clearing system.</p>
Use of Proceeds	<p>For a description of the use of proceeds of this Offering, see “Use of Proceeds.”</p>
Risk Factors	<p>For a discussion of certain factors that should be considered in evaluating an investment in the Bonds, see “Risk Factors.”</p>
Issuer Lock-up	<p>We have agreed that, for a period of 90 days after the date of this offering memorandum, we will not, and will not permit any of our subsidiaries to, without the prior written consent of the representatives of the Initial Purchasers, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any securities of our company or and each of our subsidiaries (other than (i) the Bonds and new shares issued upon conversion thereof or (ii) pursuant to our employee ownership scheme and share option schemes).</p>
Shareholder Lock-up	<p>WM Cayman Holdings Limited I has agreed that for a period of 90 days after the date of this offering memorandum, without the prior written consent of the representatives on behalf of the Initial Purchasers, neither it nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf. will, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase</p>

any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares (whether acquired before or after the date hereof) beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), by the undersigned or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Shares, in cash or otherwise or (3) publicly disclose the intention to make any such offer, sale, pledge or disposition, or enter into any such swap or other arrangements, subject to certain exceptions.

SUMMARY FINANCIAL INFORMATION

The following summaries of our historical consolidated statements of comprehensive income data for the years ended December 31, 2019, 2020 and 2021 and of our historical consolidated statements of financial position data as of December 31, 2019, 2020 and 2021 have been derived from our audited consolidated financial statements included elsewhere in this offering memorandum. The following summaries of our historical consolidated statements of comprehensive income data for the first six months of 2021 and 2022 and of our historical consolidated statements of financial position data as of June 30, 2022 have been derived from our unaudited 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 historical results are not necessarily indicative of the results of operations to be expected in the future. Our historical consolidated financial statements have been prepared in accordance with IFRS.

Consolidated statements of comprehensive income data

The following table presents our consolidated statements of comprehensive income data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for per share data)						
Operating revenues							
Casino	30,850,256	5,538,696	8,973,480	1,150,225	5,271,948	2,218,716	284,396
Rooms	2,233,225	661,625	928,717	119,043	512,428	273,461	35,052
Food and beverage	1,559,151	592,052	624,907	80,101	321,850	249,543	31,987
Retail and other	1,519,059	820,039	1,198,322	153,602	656,304	506,564	64,932
Total operating revenues	36,161,691	7,612,412	11,725,426	1,502,971	6,762,530	3,248,284	416,367
Operating costs and expenses							
Gaming taxes and premiums	16,748,677	3,429,055	4,863,197	623,367	2,808,408	1,258,448	161,308
Staff costs	5,227,038	4,230,793	4,134,401	529,949	2,209,498	1,976,197	253,310
Other operating expenses	4,864,175	2,249,534	2,649,895	339,665	1,243,758	1,022,894	131,115
Depreciation and amortization	2,922,543	2,915,423	2,624,970	336,470	1,401,350	1,134,843	145,465
Property charges and other	34,044	186,201	104,412	13,384	37,796	63,961	8,199
Total operating costs and expenses	29,796,477	13,011,006	14,376,875	1,842,835	7,700,810	5,456,343	699,397
Operating profit/(loss)	6,365,214	(5,398,594)	(2,651,449)	(339,864)	(938,280)	(2,208,059)	(283,030)
Finance revenues	76,052	84,828	19,857	2,545	10,737	15,555	1,994
Finance costs	(1,486,404)	(1,952,448)	(2,341,597)	(300,147)	(1,168,314)	(1,201,772)	(154,044)
Net foreign currency differences	114,226	97,784	(175,677)	(22,518)	(42,795)	(197,275)	(25,287)
Loss on extinguishment of debt	—	(36,015)	(18,002)	(2,308)	(11,951)	—	—
	(1,296,126)	(1,805,851)	(2,515,419)	(322,428)	(1,212,323)	(1,383,492)	(177,337)
Profit/(loss) before tax	5,069,088	(7,204,445)	(5,166,868)	(662,292)	(2,150,603)	(3,591,551)	(460,367)
Income tax expense	12,427	12,427	12,427	1,593	6,214	6,078	779
Net profit/(loss) attributable to owners of the Company	5,056,661	(7,216,872)	(5,179,295)	(663,885)	(2,156,817)	(3,597,629)	(461,146)

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for per share data)						
Other comprehensive income/(loss)							
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>							
Currency translation reserve	(1,233)	—	—	—	—	—	—
Other comprehensive income/(loss) for the period	(1,233)	—	—	—	—	—	—
Total comprehensive income/(loss) attributable to owners of the Company	5,055,428	(7,216,872)	(5,179,295)	(663,885)	(2,156,817)	(3,597,629)	(461,146)
Basic earnings/(loss) per share	0.98	(1.39)	(1.00)	(0.13)	(0.42)	(0.69)	(0.09)
Diluted earnings/(loss) per share	0.97	(1.39)	(1.00)	(0.13)	(0.42)	(0.69)	(0.09)
Adjusted EBITDA⁽¹⁾	9,568,361	(2,063,836)	383,800	49,196	660,401	(873,101)	(111,915)

Notes:

- (1) Adjusted EBITDA is earnings or losses before finance costs, finance revenues, net foreign currency differences, loss on extinguishment of debt, income taxes, depreciation, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts, Limited for its Macau segments in its filings with the SEC, primarily due to the inclusion of license fees, adjustments for IFRS differences with U.S. GAAP, corporate support and other support services in arriving at operating profit/(loss).

Operating data

The following table presents our selected operating data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)						
Wynn Palace:							
VIP:							
VIP table games turnover	359,366,164	74,808,668	49,991,814	6,407,975	31,127,028	10,230,975	1,311,411
VIP table games win ⁽¹⁾	11,909,047	1,310,420	1,970,828	252,622	1,303,680	102,011	13,076
VIP table games win as a percentage of turnover	3.31%	1.75%	3.94%	3.94%	4.19%	1.00%	1.00%
Average number of gaming tables ⁽²⁾	109	99	93	93	99	56	56
Table games win per unit per day ⁽³⁾	299,636	37,731	57,806	7,410	72,945	10,010	1,283
Mass market:							
Mass market table drop	40,149,551	9,643,647	18,774,101	2,406,473	10,206,084	5,799,923	743,437
Mass market table games win ⁽¹⁾	9,811,997	2,323,246	4,198,287	538,138	2,291,083	1,193,176	152,942
Mass market table games win percentage.	24.44%	24.09%	22.36%	22.36%	22.45%	20.57%	20.57%
Average number of gaming tables ⁽²⁾	216	212	229	229	225	232	232
Table games win per unit per day ⁽³⁾	124,633	31,135	50,223	6,438	56,264	28,355	3,635
Slot machine handle	30,709,664	7,764,571	11,302,943	1,448,817	6,053,724	2,980,173	382,000
Slot machine win ⁽¹⁾	1,531,101	304,230	451,867	57,921	256,253	137,268	17,595
Average number of slots ⁽²⁾	1,054	591	710	710	707	652	652
Slot machine win per unit per day ⁽³⁾	3,981	1,463	1,743	223	2,004	1,163	149
Wynn Macau:							
VIP:							
VIP table games turnover	277,690,676	45,375,588	42,629,913	5,464,323	25,562,099	9,285,256	1,190,189
VIP table games win ⁽¹⁾	8,481,086	1,438,161	1,204,336	154,372	760,497	379,109	48,594

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)						
VIP table games win as a percentage of turnover.	3.05%	3.17%	2.83%	2.83%	2.98%	4.08%	4.08%
Average number of gaming tables ⁽²⁾	106	89	81	81	87	37	37
Table games win per unit per day ⁽³⁾	218,421	46,043	40,778	5,227	48,111	56,164	7,199
Mass market:							
Mass market table drop.	42,402,598	10,751,051	17,331,890	2,221,610	9,789,245	5,355,297	686,445
Mass market table games win ⁽¹⁾	8,615,621	2,014,224	3,207,517	411,141	1,816,991	881,626	113,007
Mass market table games win percentage	20.32%	18.74%	18.51%	18.51%	18.56%	16.46%	16.46%
Average number of gaming tables ⁽²⁾	207	225	240	240	240	247	247
Table games win per unit per day ⁽³⁾	113,783	25,462	36,681	4,702	41,832	19,700	2,525
Slot machine handle.	27,790,245	6,451,128	8,215,746	1,053,098	4,670,190	3,775,660	483,966
Slot machine win ⁽¹⁾	1,335,140	241,864	275,678	35,337	150,786	132,453	16,978
Average number of slots ⁽²⁾	807	504	587	587	588	625	625
Slot machine win per unit per day ⁽³⁾	4,532	1,365	1,286	165	1,416	1,170	150

Notes:

- (1) Total casino revenues do not equal the sum of “VIP table games win,” “mass market table games win” and “slot machine win” primarily because casino revenues are reported net of the relevant commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues). The following table presents a reconciliation of the sum of “VIP table games win”, “mass market table games win” and “slot machine win” to total casino revenues.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands)						
	(Unaudited)						
VIP table games win	20,390,133	2,748,581	3,175,164	406,994	2,064,177	481,120	61,670
Mass market table games win	18,427,618	4,337,470	7,405,804	949,279	4,108,074	2,074,802	265,949
Slot machine win	2,866,241	546,094	727,545	93,258	407,039	269,721	34,573
Poker revenues	163,286	16,209	—	—	—	469	60
Commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)	(10,997,022)	(2,109,658)	(2,335,033)	(299,306)	(1,307,342)	(607,396)	(77,856)
Total casino revenues	<u>30,850,256</u>	<u>5,538,696</u>	<u>8,973,480</u>	<u>1,150,225</u>	<u>5,271,948</u>	<u>2,218,716</u>	<u>284,396</u>

- (2) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average numbers of gaming tables and slot machines in service on each day in the applicable period.
- (3) Table games win per unit per day and slot machine win per unit per day are presented in this table on the basis of the average number of gaming tables and average number of slots, respectively, over the number of days Wynn Palace, Wynn Macau and Encore were open in the applicable period.

Consolidated statements of financial position data

The following table presents our consolidated statements of financial position data as of the dates indicated.

	As of December 31,				As of June 30,	
	2019	2020	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
	(in thousands)					
	(Unaudited)					
Non-current assets						
Property and equipment and construction in progress	30,885,928	28,560,638	26,486,155	3,395,008	25,561,342	3,276,465
Right-of-use assets	2,019,444	1,651,637	1,495,132	191,647	1,420,782	182,117
Goodwill	398,345	398,345	398,345	51,060	398,345	51,060

	As of December 31,				As of June 30,	
	2019	2020	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
		(in thousands)			(Unaudited)	
Deposits for acquisition of property and equipment . . .	28,290	6,592	4,593	589	5,303	680
Other non-current assets	606,803	572,232	762,915	97,791	797,628	102,240
Restricted cash and cash equivalents	17,471	12,437	8,827	1,131	8,316	1,066
Total non-current assets	33,956,281	31,201,881	29,155,967	3,737,226	28,191,716	3,613,628
Current assets						
Inventories	346,604	286,808	296,165	37,962	278,219	35,662
Trade and other receivables	1,552,991	1,047,020	498,444	63,890	351,526	45,059
Prepayments and other current assets	143,212	100,772	101,050	12,953	101,304	12,985
Amounts due from related companies	187,097	183,222	177,725	22,781	124,483	15,956
Restricted cash and cash equivalents	16,331	5,380	3,546	455	928	119
Cash and cash equivalents	14,087,486	18,831,109	11,664,100	1,495,110	8,688,653	1,113,716
Total current assets	16,333,721	20,454,311	12,741,030	1,633,151	9,545,113	1,223,497
Current liabilities						
Accounts payable	402,395	438,472	393,618	50,454	281,910	36,135
Interest-bearing borrowings	2,132,855	4,236,095	—	—	—	—
Lease liabilities	109,024	68,160	52,595	6,742	49,728	6,374
Construction payables and accruals	490,380	295,300	243,496	31,212	157,006	20,125
Other payables and accruals	7,769,824	6,139,307	4,285,475	549,314	3,542,139	454,033
Amounts due to related companies	111,527	46,705	46,125	5,912	110,096	14,112
Income tax payables	12,427	12,427	12,427	1,593	6,078	779
Other current liabilities	24,652	127,306	56,780	7,278	52,730	6,760
Total current liabilities	11,053,084	11,363,772	5,090,516	652,505	4,199,687	538,318
Net current assets	5,280,637	9,090,539	7,650,514	980,646	5,345,426	685,179
Total assets less current liabilities	39,236,918	40,292,420	36,806,481	4,717,872	33,537,142	4,298,807
Non-current liabilities						
Interest-bearing borrowings	36,461,883	44,963,402	46,537,145	5,965,154	46,803,022	5,999,234
Lease liabilities	453,770	205,560	162,087	20,776	132,551	16,990
Construction retentions payable	1,315	1,182	1,978	254	2,412	309
Other payables and accruals	144,297	70,157	—	—	—	—
Other long-term liabilities	188,897	108,541	127,870	16,390	121,783	15,611
Total non-current liabilities	37,250,162	45,348,842	46,829,080	6,002,574	47,059,768	6,032,144
Net assets/(liabilities)	1,986,756	(5,056,422)	(10,022,599)	(1,284,702)	(13,522,626)	(1,733,337)
Equity						
Equity/(deficiency in assets) attributable to owners of the Company						
Issued capital	5,197	5,197	5,206	667	5,229	670
Share premium account	388,533	386,521	393,901	50,490	412,899	52,925
Shares held for employee ownership scheme	(178,785)	(117,327)	(31,785)	(4,074)	(32)	(4)
Reserves/(deficit)	1,771,811	(5,330,813)	(10,389,921)	(1,331,785)	(13,940,722)	(1,786,928)
Total equity/(deficiency in assets)	1,986,756	(5,056,422)	(10,022,599)	(1,284,702)	(13,522,626)	(1,733,337)

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 Bonds, and you could lose all or part of your investment.

Risks Related to Our Business

The COVID-19 Pandemic has had and may continue to have an adverse effect on our business, operations, financial condition and operating results.

Since the outbreak of COVID-19, visitation to Macau has fallen significantly, driven by the strong deterrent effect of the COVID-19 Pandemic on travel and social activities, quarantine measures put in place in Macau and elsewhere. Although these containment measures and restrictions had generally been lifted in the U.S. by early 2022, they remained in place in Macau, the PRC, Hong Kong and Taiwan for most of 2022. Over the course of December 2022 and January 2023, Macau authorities relaxed or eliminated most COVID-19 related protective measures, and currently, there are no remaining entry restrictions or mandatory quarantine requirements in place for travelers to Macau, and testing requirements for inbound travelers from the PRC, Hong Kong, and Taiwan have been discontinued. Nevertheless, regional demand for casino resorts may remain weak for a significant length of time and inbound tourism to Macau may be slow to recover. As a result, we cannot predict when, or even if, operations at our properties in Macau will return to pre-pandemic levels.

Given ongoing uncertainty around the likelihood, extent, and timing of a potential reimposition of restrictions on the general public, travel or certain activities and their effect on our Macau Operations in the future, we are unable to reasonably estimate the impact on our financial condition, results of operations and cash flows. To the extent the reimposition of these conditions and/or a slow pace of recovery at our Macau Operations adversely affects our business, operations, financial condition and operating results, such factors also have the effect of heightening many of the other risks related to our business, including those relating to our ability to raise capital, our high level of indebtedness, our need to generate sufficient cash flows to service our indebtedness, and our ability to comply with the covenants or other restrictions contained in the agreements that govern our indebtedness.

We are entirely dependent on a limited number of resorts for all of our cash flow, which subjects us to greater risks than a gaming company with more operating properties.

We are currently entirely dependent upon our Macau Operations for all of our operating cash flow. As a result, we are subject to a greater degree of risk than a gaming company with more operating properties or greater geographic diversification. The risks to which we have a greater degree of exposure include changes in local economic and competitive conditions; changes in local and state governmental laws and regulations, including gaming laws and regulations, and the way in which those laws and regulations are applied; natural and other disasters, including the potential effects of climate change such as severe storms, hurricanes, typhoons, rising sea levels, severe drought, or the outbreak of infectious diseases such as COVID-19; an increase in the cost of maintaining our properties; a decline in the number of visitors to Macau; and a decrease in gaming and non-casino activities at our resorts. Any of these factors could negatively affect our results of operations and our ability to generate sufficient cash flow to make payments or maintain our covenants with respect to our debt.

Our casino, hotel, convention and other facilities and offerings face intense competition, which may increase in the future.

The casino/hotel industry is highly competitive. We hold one of six gaming concessions authorized by the Macau government for the operation of casinos in Macau. If the Macau government were to allow additional competitors to operate in Macau, we would face additional competition, which could have a material adverse effect on our business, financial condition, results of operations and cash flows. Several of the current concessionaires have opened facilities in the Cotai area over the past few years, which has significantly increased gaming and non-gaming offerings in Macau, with continued development expected in the near future.

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

Increased competition could result in a loss of customers which may negatively affect our cash flows and results of operations.

We are subject to Macau Laws and Regulations. The cost of compliance or failure to comply with such regulations and authorities could have a negative effect on our business.

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

WRM and its directors, key employees, managing companies and shareholders who own 5% or more of WRM's shares must be found suitable and are subject to the continuous monitoring and supervision of the Macau government for the term of the Gaming Concession Contract to ensure that they are suitable to conduct a gaming business in Macau. The objectives of the Macau government's supervision are to preserve the conduct of gaming in Macau in a fair and honest manner and to safeguard and protect the interests of Macau in receiving taxes from the operation of casinos in the jurisdiction. Our activities are also subject to administrative review and approval by various agencies of the Macau government, including DICJ, Health Bureau, Labor Affairs Bureau, Land, Public Works and Transport Bureau, Fire Services Bureau, Financial Services Bureau (including the Tax Department), Monetary Authority of Macau, Financial Intelligence Office and Macau Government Tourism Office. We cannot assure you that we will be able to maintain all necessary approvals and licenses, and our failure to do so may materially affect our business and operations. Failure to comply with the terms of the Gaming Concession Contract and adapt to the regulatory and gaming requirements in Macau could result in the revocation of the Gaming Concession Contract or otherwise negatively affect our operations in Macau. Developments in the regulation of the gaming industry could be difficult to comply with and significantly increase our costs, which could adversely affect our business. Moreover, we are a subsidiary of WRL and therefore are subject to the risk that U.S. regulators may not permit us to conduct operations in Macau in a manner consistent with the way in which we intend, or the applicable U.S. gaming authorities require us, to conduct our operations in the United States.

We are a parent company and our primary source of cash is and will be distributions from our subsidiaries.

We are a holding company and our main operating subsidiary, WRM, owns and operates the destination casino resorts "Wynn Palace" in the Cotai area of Macau and "Wynn Macau" on the Macau peninsula.

Accordingly, our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties. Our subsidiaries might not generate sufficient earnings and cash flow to pay dividends or distributions in the future. For example, the Board concluded not to recommend the payment of a dividend with respect to the years ended December 31, 2022, 2021 and 2020 due to the financial impact of the COVID-19 Pandemic. If our Macau Operations' gaming business is slow to recover to pre-pandemic levels following the recent discontinuation of travel-related restrictions and conditions which materially impacted visitation to Macau, it may continue to have an adverse effect on our subsidiaries' results of operations and their ability to pay dividends or distributions to us in the future.

Our subsidiaries' payments to us will be contingent upon their earnings and upon other business considerations, and may be impacted by potential changes in laws and regulations. In addition, our subsidiaries' debt instruments and other agreements limit or prohibit certain payments of dividends or other distributions to us. We expect that future debt instruments for the financing of our other developments will contain similar restrictions. An inability of our subsidiaries to pay us dividends and distributions would have a significant negative effect on our liquidity.

We recorded net losses in 2020 and 2021 and the six months ended June 30, 2022. In addition, we had a deficit position as of December 31, 2020 and 2021 and June 30, 2022.

Due to COVID-19 Pandemic, our financial performance was adversely affected. In 2020 and 2021 and the six months ended June 30, 2022, we recorded total comprehensive loss attributable to owners of the Company of HK\$7,216.9 million, HK\$5,179.3 million and HK\$3,597.6 million. In addition, we also recorded a deficiency in assets of HK\$5,056.4 million, HK\$10,022.6 million and HK\$13,522.6 million as of December 31, 2020 and 2021 and June 30, 2022. While we are gradually recovering from the COVID-19 Pandemic, we cannot predict when, or even if, our financial condition and results of operations will return to pre-pandemic levels. Please also see “—The COVID-19 Pandemic has had and may continue to have an adverse effect on our business, operations, financial condition and operating results.”

Our business relies on premium customers. We often extend credit, and we may not be able to collect gaming receivables from our credit players or credit play may decrease.

A significant portion of our table games revenue at our resorts is attributable to the play of a limited number of premium customers. The loss or a reduction in the play of the most significant of these customers could have a material adverse effect on our business, financial condition, results of operations and cash flows. Adverse global or regional economic conditions, as discussed above, could also reduce the frequency of visits by these customers and revenue we generate from them.

We conduct our gaming activities on a credit, as well as a cash, basis. The casino credit we extend is generally unsecured and due on demand. We will extend casino credit to those customers whose level of play and financial resources, in the opinion of management, warrant such an extension. Table games players typically are extended more credit than slot players, and high-value players typically are extended more credit than customers who tend to wager lower amounts. The collectability of receivables from customers could be negatively affected by future business or economic trends or by significant events in the countries in which these customers reside. In addition, premium gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-value gaming may have a positive or negative impact on cash flow and earnings in a particular quarter.

Although the law in Macau permits casino operators to extend credit to gaming customers, our Macau Operations may not be able to collect all of our gaming receivables from our credit players. We expect that our Macau Operations will be able to enforce these obligations only in a limited number of jurisdictions, including Macau. To the extent our gaming customers are visitors from other jurisdictions, we may not have access to a

forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts of many jurisdictions do not enforce gaming debts and we may encounter forums that will refuse to enforce such debts. Our inability to collect gaming debts could have a significant negative impact on our financial condition and results of operations.

Currently, the gaming tax in Macau is calculated as a percentage of gross gaming revenue, including the face value of credit instruments issued. The gross gaming revenues calculation in Macau does not include deductions for uncollectible gaming debts. As a result, if we extend credit to our customers in Macau and are unable to collect on the related receivables from them, we remain obligated to pay taxes on our winnings from these customers regardless of whether we collect on the credit instrument.

We depend on the continued services of key managers and employees. If we do not retain our key personnel or attract and retain other highly skilled employees, our business will suffer.

Our ability to maintain our competitive position is dependent to a large degree on the services of our senior management team. Our success depends upon our ability to attract, hire, and retain qualified operating, marketing, financial, and technical personnel in the future. Given the intense competition for qualified management personnel in our industry, we may not be able to hire or retain the required personnel. The loss of key management and operating personnel would likely have a material adverse effect on our business, prospects, financial condition, and results of operations.

Win rates for our gaming operations depend on a variety of factors, some of which are beyond our control.

The gaming industry is characterized by an element of chance. Win rates are also affected by other factors, including players' skill and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume of bets played, the amount of time played and undiscovered acts of fraud or cheating. In addition, premium gaming is more volatile than other forms of gaming, and variances in win-loss results attributable to high-end gaming may have a positive or negative impact on cash flow and earnings in a particular quarter. Our gross gaming revenues are mainly derived from the difference between our casino winnings and the casino winnings of our gaming customers. Since there is an inherent element of chance in the gaming industry, we do not have full control over our winnings or the winnings of our gaming customers.

Acts of fraud or cheating through the use of counterfeit chips, covert schemes and other tactics, possibly in collusion with our employees, may be attempted or committed by our gaming customers with the aim of increasing their winnings. Our gaming customers, visitors and employees may also commit crimes such as theft in order to obtain chips not belonging to them. We have taken measures to safeguard our interests including the implementation of systems, processes and technologies to mitigate against these risks, extensive employee training, surveillance, security and investigation operations and adoption of appropriate security features on our chips such as embedded radio frequency identification tags. Despite our efforts, we may not be successful in preventing or detecting such culpable behavior and schemes in a timely manner and the relevant insurance we have obtained may not be sufficient to cover our losses depending on the incident, which could result in losses to our gaming operations and generate negative publicity, both of which could have an adverse effect on our reputation, business, results of operations and cash flows.

Our business may be adversely affected by fraudulent websites.

There has been a substantial increase in the international operation of fraudulent online gambling and investment websites attempting to scam and defraud members of the public. These fraudulent websites mainly target PRC citizens and often falsely represent affiliates of one or more Macau casinos and even the Macau government. These fraudulent websites can appear highly professional and will often feature false statements on their websites in an attempt to pass off as a legitimate business or purport to be in association with, or be accredited by, a legitimate business or governmental authority. Such websites may also wrongfully display logos

and trademarks owned by legitimate businesses or governmental authorities, or use deceptively similar logos and imagery, to appear legitimate. We do not offer online gambling or investment accounts of any kind. Websites offering these or similar activities and opportunities that use our names, such as “Wynn Resorts (Macau) S.A.”, “Wynn”-related trademarks, including our marks for “Wynn Palace” and “Wynn Macau”, or similar names or images in likeness to ours, are doing so without our authorization and possibly unlawfully and with criminal intent. The Group is not responsible for the contents of such websites.

If our efforts to cause these sites to be shut down through civil action and by reporting these sites to the appropriate authorities (where applicable, including for possible criminal prosecution) are unsuccessful or not timely completed, these unauthorized activities may continue and harm our reputation and negatively affect our business. Efforts we take to acquire and protect our intellectual property rights against unauthorized use throughout the world, may be costly and may not be successful in protecting and preserving the status and value of our intellectual property assets.

Our business is particularly sensitive to reductions in discretionary consumer spending, and deterioration or a protracted extension of the current negative macroeconomic environment, including an economic downturn or recession, or geopolitical tensions could adversely impact our business, results of operations, financial condition and cash flows.

Our financial results have been, and are expected to continue to be, affected by the global and regional economies in which we have operations. Consumer demand for hotels, casino resorts, trade shows, conventions and the type of luxury amenities that we offer is particularly sensitive to downturns in the economies in which we operate, which could harm consumer confidence in the economy and adversely affect discretionary spending. Because a significant number of our customers come from the PRC, Hong Kong and Taiwan, the economic condition of Macau and its surrounding region, in particular, affects the gaming industry in Macau and our Macau Operations. As a result, changes in discretionary spending or consumer preferences brought about by factors such as perceived or actual negative general economic conditions, perceived or actual changes in disposable consumer income and wealth, inflationary pressures, economic recession, changes in consumer confidence, including fears of war and acts of terrorism could reduce customer demand for the luxury amenities and leisure activities we offer and may negatively impact our results of operations.

Current macroeconomic conditions, including historic levels of inflation and relatively low levels of unemployment, have led to rising interest rates, disruption and volatility within the capital markets, and fiscal and monetary policy uncertainty. As a result, our gaming revenues, financial condition, results of operations and cash flows could be adversely affected by a deterioration of the current macroeconomic environment, an economic slowdown or recession in the PRC or global economy, or perception that any of these events may occur.

Our new projects may not be successful. Construction projects will be subject to development and construction risks, which could have an adverse effect on our financial condition, results of operations or cash flows.

In addition to the construction and regulatory risks associated with our current and future construction projects, we cannot assure you that the level of consumer demand for our casino resorts or for the type of luxury amenities that we will offer will meet our expectations. The operating results of our new projects may be materially different than the operating results of our current integrated resorts due to, among other reasons, differences in consumer and corporate spending and preferences in new geographic areas, increased competition from other markets or other developments that may be beyond our control. In addition, our new projects may be more sensitive to certain risks, including risks associated with downturns in the economy, and risks associated with disruptions of the supply chains through which we obtain construction materials and furniture, fixtures, and equipment, than the resorts we currently operate. The demands imposed by new developments on our managerial, operational and other resources may impact our operation of our existing resorts. Construction,

equipment or staffing problems or difficulties in obtaining any of the requisite licenses, permits and authorizations from regulatory authorities could increase the total cost, delay or prevent the construction or opening or otherwise affect the design and features of our projects. If any of these issues were to occur, it could adversely affect our prospects, financial condition, or results of operations.

We could encounter higher than expected cost increases in the development of our projects.

The projected development costs for our projects reflect our best estimates and the actual development costs may be higher than expected. Contingencies that have been set aside by us to cover potential cost overruns or potential delays may be insufficient to cover the full amount of such overruns or delays. If these contingencies are not sufficient to cover these costs, or if we are not able to recover damages for these delays and contingencies, we may not have the funds required to pay the excess costs and our projects may not be completed. Failure to complete our projects may negatively affect our financial condition, our results of operations and our ability to pay our debt.

The smoking control legislation in Macau could have an adverse effect on our business, financial condition, results of operations and cash flows.

Under the Macau Smoking Prevention and Tobacco Control Law, as of January 1, 2019, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to comply with the conditions set out in the regulations. The existing smoking legislation, and any smoking legislation intended to fully ban all smoking in casinos, may deter potential gaming customers who are smokers from frequenting casinos in Macau, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

System failure, information leakage and the cost of maintaining sufficient cybersecurity could adversely affect our business.

We rely on information technology and other systems (including those maintained by third parties with whom we contract to provide data services) to maintain and transmit large volumes of customer financial information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the ever-changing risk of compromised security. These risks include cyber and physical security breaches, system failure, computer viruses, and negligent or intentional misuse by customers, company employees, or employees of third-party vendors. The steps we take to deter and mitigate these risks may not be successful and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such parties' information security operations.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors and other events. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems from being breached or compromised could become outdated due to advances in computer capabilities or other technological developments.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, including penetration of our network security, whether by us or by a third party, could disrupt our business, damage our reputation and our relationships with our customers or employees, expose us to risks of litigation, significant fines and penalties and

liability, result in the deterioration of our customers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition. Since we do not control third-party service providers and cannot guarantee that no electronic or physical computer break-ins and security breaches will occur in the future, any perceived or actual unauthorized disclosure of personally identifiable information regarding our employees, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees and customers. As these threats develop and grow, we may find it necessary to make significant further investments to protect data and our infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

The failure to protect the integrity and security of company employee and customer information could result in damage to reputation and/or subject us to fines, payment of damages, lawsuits or restrictions on our use or transfer of data.

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

Our business could suffer if our computer systems and websites are disrupted or cease to operate effectively.

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

Extreme weather conditions have had and may in the future have an adverse impact on our Macau Operations.

Macau's subtropical climate and location on the South China Sea are subject to extreme weather conditions including typhoons and heavy rainstorms, such as Typhoon Mangkhut in 2018 and Typhoon Hato in 2017. Unfavorable weather conditions could negatively affect the profitability of our resorts and prevent or discourage

guests from traveling to Macau. Flooding, unscheduled interruption in the technology or transportation services or interruption in the supply of public utilities may lead to a shutdown of any of our resorts in Macau. The occurrence and timing of such events cannot be predicted or controlled by us and may have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Demand for our products and services may be negatively impacted by geopolitical tensions, economic disruptions, visa and travel restrictions or difficulties, restrictions on international money transfers and other policies or campaigns implemented by regional governments.

Geopolitical tensions, notably with respect to international trade, including increases in tariffs and company and industry specific restrictions, in addition to changes in national security policies and other similar and geopolitical events, could cause economic disruption and adversely impact our business and results of operations. Various types of restrictions and sanctions have been placed by government agencies on targeted industries and companies which could potentially negatively impact the intended subject as well as other companies and persons sharing a common country of operations. These types of events have also caused significant volatility in global equity and debt capital markets which could trigger a severe contraction of liquidity in the global credit markets.

In addition, policies adopted from time to time by governments, including any visa and travel restrictions or difficulties faced by our customers such as restrictions on exit visas for travelers requiring them or restrictions on visitor entry visas for the jurisdictions in which we operate, have and may in the future decrease the number of visitors to our properties from those affected places, including from the PRC, Hong Kong and Taiwan. It is not known when, or if, policies restricting visitation by PRC citizens will be put in place and such policies may be adjusted, without notice, in the future. Furthermore, anticorruption campaigns may influence the behavior of certain of our customers and their spending patterns. Such campaigns, as well as monetary outflow policies have specifically led to tighter monetary transfer regulations in a number of areas. These policies may affect and impact the number of visitors and the amount of money they are willing to spend. The overall effect of these campaigns and monetary transfer restrictions may negatively affect our revenues, results of operations and cash flows.

Our insurance coverage may not be adequate to cover all possible losses that we could suffer, including losses resulting from terrorism, and our insurance costs may increase.

We have comprehensive property and liability insurance policies for our properties with coverage features and insured limits that we believe are customary in their breadth and scope. However, 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 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.

Market forces beyond our control may limit the scope of the insurance coverage we can obtain in the future or our ability to obtain coverage at reasonable rates. Certain catastrophic losses may be uninsurable or too expensive to justify obtaining insurance. As a result, if we suffer such a catastrophic loss, we may not be successful in obtaining future insurance without increases in cost or decreases in coverage levels. Furthermore, 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, which would negatively affect our business and financial condition.

Our Macau Operations may be affected by adverse political and economic conditions.

Our Macau Operations are subject to significant political, economic and social risks inherent in doing business in an emerging market. The future success of our Macau Operations depends on political and economic

conditions in Macau and PRC. For example, fiscal decline, international relations, and civil, domestic or international unrest in Macau, China or the surrounding region could significantly harm our business, not only by reducing customer demand for casino resorts, but also by increasing the risk of imposition of taxes and exchange controls or other governmental restrictions, laws or regulations that might impede our Macau Operations or our ability to repatriate funds.

If our Macau Operations fail to comply with the Gaming Concession Contract, or applicable Macau laws, the Macau government may rescind our concession without compensation to us, which would have a material adverse effect on our business and financial condition.

Pursuant to the Gaming Concession Contract and applicable Macau laws, the Macau government may rescind the gaming concession if WRM fails to fulfill its obligations under the Macau law or the Gaming Concession Contract, including in the circumstances of (i) endangerment to the national security of mainland China or Macau, (ii) failure on the part of WRM to perform its obligations under the Gaming Concession Contract, (iii) public interest, and (iv) WRM ceasing to be eligible for the gaming concession under the Macau gaming law. If the Macau government rescinds the Gaming Concession Contract due to the WRM's non-fulfillment, or perceived non-fulfillment, of its obligations, WRM will be required to transfer to the Macau government, free from any encumbrance or lien and without compensation, all of its casinos, gaming assets and equipment and ownership rights to its casino areas in Macau. Beginning in the eighth year of WRM's concession, the Macau government may exercise its right to redeem the concession by providing WRM with at least one-year prior written notice. In such event, WRM would be entitled to fair and equitable compensation pursuant to the Macau gaming law. The amount of such compensation relating to the projects agreed with the Macau government would be determined based on the earnings of these projects, before interest, depreciation and amortization for the fiscal year immediately preceding the date the redemption is declared, multiplied by the number of years remaining on the term of the Gaming Concession Contract. WRM is currently in its first year of concession. The loss of our concession would prohibit us from conducting gaming operations in Macau, which would have a material adverse effect on our business and financial condition.

The Macau government has established a maximum number of gaming tables that can be operated in Macau and has limited the number of new gaming tables at new gaming areas in Macau.

As of December 31, 2022, we had a total of 323 table games at Wynn Palace and 331 at Wynn Macau approved by the Macau's DICJ. We are approved by the Macau government to operate 570 gaming tables and 1,100 gaming machines at our Macau Operations currently. The mix of table games in operation at Wynn Palace and Wynn Macau changes from time to time as a result of marketing and operating strategies in response to changing market demand and industry competition. Failure to shift the mix of our table games in anticipation of market demands and industry trends may negatively impact our operating results.

Unfavorable changes in currency exchange rates may increase our Macau Operations' obligations under the Gaming Concession Contract and cause fluctuations in the value of our investment in Macau.

The currency delineated in our Macau Operations' Gaming Concession Contract with the government of Macau is the Macau pataca. The Macau pataca is linked to the Hong Kong dollar, and the two are often used interchangeably in Macau. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years.

If the Hong Kong dollar and the Macau pataca are no longer linked to the U.S. dollar, the exchange rate for these currencies may severely fluctuate. The current rate of exchange fixed by the applicable monetary authorities for these currencies may also change.

Many of our Macau Operations' payment and expenditure obligations are in Macau patacas. We expect that most of the revenues for any casino that we operate in Macau will be in Hong Kong dollars. As a result, we are

subject to foreign exchange risk with respect to the exchange rate between Macau patacas and Hong Kong dollars and the Hong Kong dollar and the U.S. dollar. Because certain debt obligations of our Macau-related entities have incurred U.S. dollar-denominated debt, fluctuations in the exchange rates of the Macau pataca or the Hong Kong dollar, in relation to the U.S. dollar, could have adverse effects on our results of operations, financial condition and ability to service our debt.

Currency exchange controls and currency export restrictions could negatively impact our Macau Operations.

Currency exchange controls and restrictions on the export of currency by certain countries may negatively impact the success of our Macau Operations. For example, there are currently existing currency exchange controls and restrictions on the export of the renminbi, the currency of the PRC. Restrictions on the export of the renminbi may impede the flow of gaming customers from the PRC to Macau, inhibit the growth of gaming in Macau and negatively impact our Macau Operations.

We are subject to taxation by various governments and agencies. The rate of taxation could change.

We are subject to taxation by various governments and agencies in the jurisdictions in which we operate. Changes in the laws and regulations related to taxation, including changes in the rates of taxation, the amount of taxes we owe and the time when income is subject to taxation, our failure to renew our Macau dividend agreement and Macau income tax exemption on gaming profits and the imposition of foreign withholding taxes could change our overall effective rate of taxation.

Because we own real property, we are subject to extensive environmental regulation, which creates uncertainty regarding future environmental expenditures and liabilities.

We have incurred, and may in the future incur, costs to comply with environmental requirements, such as those relating to discharges into the air, water and land, the handling and disposal of solid and hazardous waste and the cleanup of properties affected by hazardous substances. Under these and other environmental requirements we have been and may be required to investigate and clean up hazardous or toxic substances or chemical releases at our property. As an owner or operator, we could also be held responsible to a governmental entity or third parties for property damage, personal injury and investigation and cleanup costs incurred by them in connection with any contamination.

These laws typically impose cleanup responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. The liability under those laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of the responsibility. The costs of investigation, remediation or removal of those substances may be substantial, and the presence of those substances, or the failure to remediate a property properly, may impair our ability to use our property.

Adverse incidents or adverse publicity concerning our resorts or our corporate responsibilities could harm our brand and reputation and negatively impact our financial results.

Our reputation and the value of our brand, including the perception held by our customers, business partners, other key stakeholders and the communities in which we do business, are important assets. Our business faces increasing scrutiny related to environmental, social and governance activities, and risk of damage to our reputation and the value of our brands if we fail to act responsibly in a number of areas, such as diversity and inclusion, environmental stewardship, supply chain management, sustainability, workplace conduct, human rights, philanthropy, and support for local communities. Any harm to our reputation could have a material adverse effect on our business, results of operations, and cash flows.

Labor actions and other labor problems could negatively impact our operations.

Some of our employees are represented by labor unions. From time to time, we have experienced attempts by labor organizations to organize certain of our non-union employees. These efforts have achieved some success to date. We cannot provide any assurance that we will not experience additional and successful organizing activity in the future. The impact of any future organizing activity or labor dispute or work stoppage with respect to those of our employees who are represented by labor unions could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our largest shareholder is able to exert significant influence over our operations and future direction.

WRL beneficially owns approximately 72% of our outstanding shares. As a result, WRL may be able to exert significant influence over all matters requiring our shareholders' approval, including the approval of significant corporate transactions. WRL may have interests that differ from the Bondholders and may take actions that are not in the best interests of the Bondholders. Further, certain of our directors and officers also serve as directors and/or officers of WRL. Decisions that could have different implications for us and WRL, including contractual arrangements that we have entered into or may in the future enter into with WRL, may give rise to the appearance of a potential conflict of interest. Additionally, our reputation and/or business may be negatively impacted by any negative publicity relating to WRL, whether as a result of legal proceedings, investigations, alleged violations of applicable laws or other events.

If a third party successfully challenges our ownership of, or right to use, the Wynn-related trademarks and/or service marks, our business or results of operations could be harmed.

We have licensed the right to use certain "WYNN"-related trademarks and service marks from Wynn Resorts, Limited and Wynn Resorts Holdings, LLC, an affiliate of Wynn Resorts, Limited. Our intellectual property assets, especially the logo version of "WYNN," are among our most valuable assets. Pursuant to the licensing arrangement, WRM licenses the right to use the "WYNN" trademark in connection with WRM's operation of hotel casinos in Macau in return for a monthly royalty payment. The licensing arrangement is not a fixed term arrangement; it is terminable on the occurrence of certain events, including if the WRL Group loses its rights in the "WYNN" mark, if Wynn Resorts, Limited ceases to hold more than a 50% voting interest in WRM or by the court appointed administrator in the event Wynn Resorts, Limited or Wynn Resorts Holdings, LLC enters into bankruptcy proceedings. If the existing licensing arrangement were terminated and we fail to enter into new arrangements with the WRL Group in respect of the "WYNN" mark, we would lose our rights to use the "WYNN" brand name, and "WYNN" trademarks and domain names. The loss of our ability to use these "WYNN"-related marks could cause severe disruption to our business and have an adverse effect on our business, financial condition and results of operations.

Wynn Resorts Holdings, LLC has filed applications with the United States Patent and Trademark Office (the "PTO") and trademark registries including registries in Macau, the PRC, Hong Kong, Singapore, Taiwan, Japan, certain European countries and various other jurisdictions throughout the world, to register a variety of "WYNN"-related trademarks and service marks in connection with a variety of goods and services.

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

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

Investigations, litigation and other disputes could distract management, damage our reputation, and result in negative publicity and additional scrutiny from regulators.

As discussed in “Business— Legal Proceedings,” the Company is subject to various investigations, litigation and other disputes related to our operations. These and any additional such matters that may arise in the future, even if routine, are expensive and divert management’s attention from the operations of our businesses. In addition, improper conduct by our employees, agents or gaming promoters could damage our reputation and/or lead to litigation or legal proceedings that could result in civil or criminal penalties, including substantial monetary fines. In certain circumstances, it may not be economical to defend against such matters and/or our legal strategy may not ultimately result in us prevailing in a matter. Investigations, litigation and other disputes have in the past, and may in the future, lead to additional scrutiny from regulators, which could lead to investigations relating to, and possibly a negative impact on, the Company’s gaming licenses and the Company’s ability to bid successfully for new gaming market opportunities. In addition, publicity from these matters have, or in the future, could negatively impact our business, reputation and competitive position and reduce investor demand for shares of the Company and negatively impact its trading price.

Our continued success depends on our ability to maintain the reputation of our resorts.

Our strategy and integrated resort business model rely on positive perceptions of our resorts and the level of service we provide. Any deterioration in our reputation could have a material adverse effect on our business, results of operations and cash flows. Our reputation could be negatively impacted by our failure to deliver the superior design and customer service for which we are known or by events that are beyond our control. Our reputation may also suffer as a result of negative publicity regarding the Company or our resorts, including as a result of social media reports, regardless of the accuracy of such publicity. The continued expansion of media and social media formats has compounded the potential scope of negative publicity and has made it more difficult to control and effectively manage negative publicity.

Any violation of applicable Anti-Money Laundering laws, regulations or the Foreign Corrupt Practices Act or sanctions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

We deal with significant amounts of cash in our operations and are subject to various jurisdictions’ reporting and anti-money laundering laws and regulations. Macau governmental authorities focus heavily on the gaming industry and compliance with anti-money laundering laws and regulations. From time to time, the Company may receive governmental and regulatory inquiries about compliance with such laws and regulations. The Company will cooperate with all such inquiries. Any violation of anti-money laundering laws or regulations could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

Further, as a subsidiary of WRL, we are subject to regulations imposed by the Foreign Corrupt Practices Act (the “FCPA”) and other anti-corruption laws that generally prohibit U.S. companies and their intermediaries from offering, promising, authorizing or making improper payments to foreign government officials for the purpose of obtaining or retaining business. Violations of the FCPA and other anti-corruption laws may result in severe criminal and civil sanctions as well as other penalties, and the SEC and U.S. Department of Justice have increased their enforcement activities with respect to such laws and regulations. The Office of Foreign Assets Control and the Commerce Department administer and enforce economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals. Failure to comply with these laws and regulations could increase our cost of operations, reduce our profits, or otherwise adversely affect our business, financial condition, and results of operations. Internal control policies and procedures and employee training and compliance programs that we have implemented to deter prohibited practices may not be effective in prohibiting our and our affiliates’ directors, employees, contractors or agents from violating or circumventing our policies and the law. If we or our affiliates, or either of our respective directors, employees or agents fail to comply with applicable laws or Company policies governing our

operations, the Company may face investigations, prosecutions and other legal proceedings and actions, which could result in civil penalties, administrative remedies and criminal sanctions. Any such government investigations, prosecutions or other legal proceedings or actions could adversely affect our business, performance, prospects, value, financial condition, and results of operations.

We compete for limited labor resources in Macau and local policies may also affect our ability to employ imported labor.

The success of our operations in Macau will be affected by our success in hiring and retaining employees. We compete with a large number of casino resorts in Macau for a limited number of qualified employees. In addition, only Macau residents are eligible for the majority of positions within the casino including dealers and other gaming staff. Competition for these individuals in Macau has increased and is expected to continue to increase as other competitors enter into the market or expand their operations. We seek employees from outside Macau to adequately staff our resorts where permitted and certain local policies affect our ability to import labor in certain job classifications. We coordinate with the labor and immigration authorities to ensure our labor needs are satisfied, but cannot be certain that we will be able to recruit and retain a sufficient number of qualified employees for our Macau Operations or that we will be able to obtain required work permits for those employees. If we are unable to obtain, attract, retain and train skilled employees, our ability to adequately manage and staff our existing and planned casino and resort properties and operations in Macau could be impaired, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are exposed to interest rate risks associated with our credit facilities, which bear interest based on floating rates.

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

On July 27, 2017, the UK Financial Conduct Authority (the “FCA”) announced that it intended to phase out LIBOR by the end of 2021. On March 5, 2021, the FCA extended the transition dates of certain LIBOR tenors to June 30, 2023, after which LIBOR reference rates will cease to be provided. As of December 31, 2021, all non-U.S. dollar LIBOR publications have been phased out. Accordingly, we will need to renegotiate our credit agreements extending beyond June 30, 2023 that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with a new reference rate, such as the Secured Overnight Financing Rate. At the date of this offering memorandum, it is not possible to predict the effect that any discontinuance, modification or other reforms to LIBOR or any other reference rate, or the establishment of alternative reference rates may have on LIBOR or other benchmarks. Furthermore, the use of alternative reference rates or other reforms could cause the interest rate calculated on certain debt instruments to be materially different from the rate that is currently expected.

The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR (as applicable) plus a margin based on the leverage ratio of WM Cayman II on a consolidated basis. If it is not possible to determine LIBOR (or HIBOR) in accordance with the terms of the credit facilities agreement or if notice is served to us that the funding cost of our majority lender(s) exceeds LIBOR (or HIBOR), we must enter into good faith negotiations for a period of up to 30 days with a view to agreeing an alternative basis for determining the rate of interest applicable to our affected borrowings. Failing such agreement within the prescribed time, each relevant lender, acting reasonably, is to certify an alternative basis for maintaining its participation in the affected borrowings which may include an alternative method of fixing the applicable interest rate, alternative interest periods and/or alternative currencies provided such basis reflects the cost of funding its participation from whatever sources it may in good faith select. Each certified alternative basis is binding on WM Cayman II and

treated as part of the credit facilities agreement and applicable related agreements. WM Cayman II may then seek to settle the affected outstanding borrowings. The potential effect of any such event could have on our business and financial condition cannot yet be determined.

Our business is particularly sensitive to the willingness of our customers to travel to and spend time at our resorts. Acts or the threat of acts of terrorism, outbreak of infectious disease, regional political events and developments in certain countries could cause severe disruptions in air and other travel and may otherwise negatively impact tourists' willingness to visit our resorts. Such events or developments could reduce the number of visitors to our facilities, resulting in a material adverse effect on our business and financial condition, results of operations or cash flows.

We are dependent on the willingness of our customers to travel. Most of our revenue is from customers who travel to our properties. Acts of terrorism or concerns over the possibility of such acts have and may again severely disrupt domestic and international travel, which has and could in the future result in a decrease in customer visits to our properties. Regional conflicts could have a similar effect on domestic and international travel. Disruptions in air or other forms of travel as a result of any terrorist act, outbreak of hostilities, escalation of war or worldwide infectious disease outbreak have and could in the future have a material and adverse effect on our business and financial condition, results of operations and cash flows. In addition, governmental action and uncertainty resulting from global political trends and policies of major global economies, including potential barriers to travel, trade and immigration have reduced demand for hospitality products and services, including visitation to our resorts.

The agreements governing our debt facilities contain certain covenants that restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions.

Some of our debt facilities require us to satisfy various financial covenants, which include requirements for minimum interest coverage ratios and leverage ratios pertaining to total debt to earnings before interest, tax, depreciation and amortization and a minimum earnings before interest, tax, depreciation and amortization. Future indebtedness or other contracts could contain covenants more restrictive than those contained in our existing debt facilities.

The agreements governing our debt facilities also contain restrictions on our ability to engage in certain transactions and may limit our ability to respond to changing business and economic conditions. These restrictions include, among other things, limitations on our ability and the ability of our restricted subsidiaries to pay dividends or distributions or repurchase equity; incur additional debt; make investments; create liens on assets to secure debt; enter into transactions with affiliates; issue stock of, or member's interests in, subsidiaries; enter into sale-leaseback transactions; engage in other businesses; merge or consolidate with another company; undergo a change of control; transfer, sell or otherwise dispose of assets; issue disqualified stock; create dividend and other payment restrictions affecting subsidiaries; and designate restricted and unrestricted subsidiaries.

Our ability to comply with the terms of our outstanding facilities may be affected by general economic conditions, industry conditions and other events outside of our control. As a result, we may not be able to maintain compliance with these covenants. If our properties' operations fail to generate adequate cash flow, we may violate those covenants, causing a default under our agreements, which would materially and adversely affect our financial condition and results of operations or result in our lenders or holders of our debt taking action to enforce their security interests in our various assets or cause all outstanding amounts to be due and payable immediately.

Compliance with evolving laws and regulations, and the interpretations thereof, is expensive and results in compliance risks.

Evolving laws and regulations create uncertainty for gaming companies. These evolving laws and regulations are subject to varying interpretations in many cases due to their complexity, ambiguity and/or lack of

guidance. As a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. In addition, public companies, financial institutions, the gaming industry and casinos are highly regulated, and compliance with such regulations is costly and subjects us to liability if we are not, or are perceived to not be, compliant. This could result in continuing uncertainty and higher costs regarding compliance matters. Due to our commitment to maintain high standards of compliance with laws and public disclosure, our efforts to comply with evolving laws, regulations and standards have resulted in and are likely to continue to result in increased general and administrative expense.

Risks Related to Our Bonds and Our Shares

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

We will have a substantial amount of debt in relation to our equity. For details, see “Capitalization and Indebtedness.”

Our substantial indebtedness may make it more difficult for us to satisfy our obligations with respect to the Bonds, 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 Bonds.

We are highly leveraged and future cash flow may not be sufficient for us to meet our obligations, and we might have difficulty obtaining more financing.

We have a substantial amount of consolidated debt in relation to our equity. However, we are permitted to incur additional indebtedness if certain conditions are met, including conditions under our WM Cayman II Revolver.

Our indebtedness could have important consequences. For example:

- failure to meet our payment obligations or other obligations could result in acceleration of our indebtedness, foreclosure upon our assets that serve as collateral or bankruptcy and trigger cross defaults under other agreements;
- servicing our indebtedness requires a substantial portion of our cash flow from our operations and reduces the amount of available cash, if any, to fund working capital and other cash requirements or pay for other capital expenditures;
- we may not be able to obtain additional financing, if needed; and
- rates with respect to a portion of the interest we pay will fluctuate with market rates and, accordingly, our interest expense will increase if market interest rates increase.

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

Our subsidiaries will not have any obligations to pay amounts due under the Bonds 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 Bonds) 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 Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.

In certain circumstances (including, without limitation, the giving of notice to the Issuer pursuant to Condition 10 of the Conditions and the taking of enforcement steps pursuant to Condition 12 of the Conditions), the Trustee may request Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any steps and/or actions and/or institute any proceedings on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions and/or institute any such proceedings if it is not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding could be a lengthy process and may affect when such actions can be taken. The Trustee may not be able to take steps and/or actions and/or institute proceedings, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deeds and/or the Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable law or regulations, to the extent permitted by the agreements and the applicable law and regulations, it would be for the Bondholders to take such steps and/or actions and/or institute such proceedings directly.

Servicing our debt requires a significant amount of cash, and we may not have sufficient cash flow from our business to pay our substantial debt.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. Our business may not continue to generate cash flow from operations in the future sufficient to service our debt and make necessary capital expenditures. If we are unable to generate such cash flow, we may be required to adopt one or more alternatives, such as selling assets, restructuring debt or obtaining additional equity capital on terms that may be onerous or highly dilutive. Our ability to refinance our indebtedness will depend on the capital markets and our financial condition at such time. We may not be able to engage in any of these activities or engage in these activities on desirable terms, which could result in a default on our debt obligations.

Bondholders will have no rights as holders of the Shares prior to conversion of the Bonds.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, Bondholders will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Upon conversion of the Bonds, these holders would be entitled to exercise the rights of holders of the Shares only as to actions for which the applicable record date occurs after the date of conversion.

Securities law restrictions on the resale and conversion of the Bonds may limit Bondholders' ability to sell the Bonds in the United States.

The Bonds and the Shares into which the Bonds are convertible have not been and will not be registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds 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. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

The Bondholders may be subject to tax on their income or gain from the Bonds.

Prospective purchasers of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including upon conversion of the Bonds) of the Bonds or the Shares. See "Taxation" for certain Cayman Islands, Hong Kong and United States tax consequences.

The market value of the Bonds may fluctuate.

Trading prices of the Bonds are influenced by numerous factors, including the results of operations and/or financial condition and business strategy (in particular further issuance of debt or corporate events such as share sales, reorganizations, takeovers or share buybacks) of the Group and/or the subsidiaries and/or associated companies of the Group, political, economic, financial, regulatory and any other factors that can affect the capital markets, the industry, the Group and/or the subsidiaries and/or associated companies of the Group generally. Because a significant number of our customers come from the PRC, Hong Kong and Taiwan, the economic condition of our surrounding region, in particular, affects the gaming industry in Macau and our business, results of operations and/or financial condition.

In addition, the market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares. There can be no certainty as to the effect, if any, that future issues or sales of Shares, or the availability of such Shares for future issue or sale, would have on the market price of the Shares prevailing from time to time and therefore on the market price of the Bonds. Disposals of the Shares by shareholders or a perception in the market that such disposals could occur, may adversely affect the prevailing market price of the Shares and the Bonds.

The return on the Bonds may decrease due to inflation.

Bondholders may suffer erosion on the return of their investments due to inflation. Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

An active trading market for the Bonds may not develop.

The Bonds will be a new issue of securities for which there is currently no trading market. Application will be made to the Hong Kong Stock Exchange for the listing, and permission to deal in, the Bonds by way of debt issues to Professional Investors only. However, no assurance can be given that an active trading market for the Bonds would develop or as to the liquidity or sustainability of any such market, the ability of Bondholders to sell their Bonds or the price at which Bondholders would be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall.

If an active trading market were to develop, the Bonds could trade at prices that may be lower than their initial offering price. Whether or not the Bonds would trade at lower prices depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- the price of the Shares;
- the market prices of the Bonds;
- the publication of earnings estimates or other research reports and speculation in the press or the investment community;
- changes in the Group's industry and competition, and general market and economic conditions; or
- the Group's financial condition and historical financial performance and future prospects.

The Bonds are not a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this offering memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or default interest is payable in one or more currencies, or where the currency for principal or default interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Bonds will be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Bonds unless he/she has the expertise (either alone or with a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The Bonds contain provisions regarding modification and waivers, which could affect the rights of Bondholders.

The Conditions and the Trust Deed will contain provisions for calling meetings (which need not be a physical place and instead may be by way of a teleconference or video conference call) of Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of holders of the Bonds may be adverse to the interests of individual holders of the Bonds.

The Conditions will also provide that the Trustee may, without the consent of the holders of the Bonds, agree to (i) any modification (except as mentioned in the Trust Deed) to, or the waiver or authorization of any breach or proposed breach of, the Bonds, these Conditions, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders or (ii) any other modification to the Bonds, these Conditions, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

If we or any of our subsidiaries are unable to comply with the restrictions and covenants in our respective debt agreements, our existing notes or the Bonds, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If we or any of our subsidiaries are unable to comply with the restrictions and covenants in our respective current or future debt obligations and other agreements, including the 2024 Notes, the 2027 Notes, the 2028 Notes, the 2029 Notes, WM Cayman II Revolver and the Bonds, 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, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. Furthermore, some of our debt agreements, contain cross-acceleration or cross-default provisions. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under our other debt agreements. If any of these events occur, there is no assurance that we would have sufficient assets and cash flow to repay in full all of its indebtedness, or that we would be able to find alternative financing. Even if we could obtain alternative financing, it could not guarantee that it would be on terms that are favorable or acceptable to us.

Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.

We will pay principal on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency-equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

Because the Bonds will initially be issued in book-entry form, holders must rely on DTC's procedures to receive communications relating to the Bonds and exercise their rights and remedies.

We will initially issue the Bonds in the form of one or more global bonds registered in the name of a nominee of DTC. Beneficial interests in global bonds will be shown on, and transfers of global bonds be effected only through, the records maintained by DTC. Except in limited circumstances, we will not issue certificated bonds. Accordingly, if you own a beneficial interest in a global bond, then you will not be considered an owner or holder of the Bonds. Instead, DTC or its nominee will be the sole holder of global bonds. Unlike persons who have certificated bonds registered in their names, owners of beneficial interests in global bonds will not have the direct right to act on our solicitations for consents or requests for waivers or other actions from holders. Instead, those beneficial owners will be permitted to act only to the extent that they have received appropriate proxies to do so from DTC or, if applicable, a DTC participant. The applicable procedures for the granting of these proxies may not be sufficient to enable owners of beneficial interests in global bonds to vote on any requested actions on a timely basis. In addition, notices and other communications relating to the Bonds will be sent to DTC. We

expect DTC to forward any such communications to DTC participants, which in turn would forward such communications to indirect DTC participants. But we can make no assurances that you timely will receive any such communications.

Any adverse rating of the Bonds may cause their trading price to fall.

We do not intend to seek a rating on the Bonds. However, if a rating service were to rate the Bonds and if such rating service were to lower its rating on the Bonds below the rating initially assigned to the Bonds or otherwise announces its intention to put the Bonds on credit watch, the trading price of the Bonds could decline.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent:

- the Bonds are legal investments for it;
- the Bonds can be used as collateral for various types of borrowing; and
- any other restrictions apply to its purchase or pledge of the Bonds.

Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

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 Macau 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, Macau, the Isle of Man 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, Macau, the Isle of Man 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, Macau, the Isle of Man or Hong Kong courts would be competent to hear original actions brought in the Cayman Islands, Macau, the Isle of Man or Hong Kong against us or such persons predicated upon the securities laws of the United States or any state.

Potential dilution of the ownership interest of existing Shareholders.

The conversion of some or all of the Bonds will dilute the ownership interests of our existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing

market prices for the Shares. In addition, the existence of the Bonds may facilitate short selling of the Shares by market participants.

The liquidity and price of the Bonds following the offering may be volatile.

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in our revenue, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

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 Bonds. 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. Certain of our subsidiaries have incurred debt in their own name and may do so again in the future, 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. In addition, if any of our subsidiaries raise capital by issuing equity securities to third parties, dividends declared and paid with respect to such shares would not be available to us to make payments on the Bonds. These restrictions could reduce the amounts that we receive from our subsidiaries, which would restrict our ability to meet our payment obligations under the Bonds.

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 Bonds.

We may not have the ability to redeem the Bonds.

Bondholders may require us, subject to certain conditions, to redeem for cash some or all of their Bonds at the option of the Bondholders upon a Relevant Event or on the Put Option Date as described. We may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. Our ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by us would constitute an event of default under the Bonds, which may also constitute a default under the terms of other indebtedness held by us.

The Bonds may be early redeemed at our option.

We may, on giving not less than 30 nor more than 60 days' notice, redeem the Bonds in whole, but not in part, at their principal amount, together with interest accrued but unpaid to (but excluding), the redemption date under certain circumstances. In addition, the Bonds may be redeemed at our option in whole and not in part, on giving not less than 30 days' nor more than 60 days' notice, at their principal amount, together with interest accrued but unpaid to (but excluding), the redemption date, if we satisfy the Trustee immediately prior to the giving of such notice that we have or will become obliged to pay Additional Tax Amounts as a result of certain events set out in the Conditions and such obligation cannot be avoided by taking reasonable measures available to us. As a result, the trading price of the Bonds may be affected when any redemption option of the Issuer in respect of the Bonds becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby having a material adverse effect on the trading price and liquidity of the Bonds.

Bondholders have limited anti-dilution protection.

The Conversion Price will be adjusted in the event that there is a sub-division, consolidation or re-denomination, rights issues, bonus issue, reorganization, capital distribution or other adjustment including an offer or scheme which affects the Shares, but only in the circumstances and only to the extent provided in “Terms and Conditions of the Bonds – Conversion.” There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

Future issuances of any Shares or equity-related securities may depress the trading price of the Shares.

Any issuance of our equity securities after this offering could dilute the interest of the existing shareholders and could substantially decrease the trading price of the Shares. We may issue equity securities in the future for a number of reasons, including to finance our operations and business strategy (including in connection with acquisitions, strategic collaborations or other transactions), to adjust our ratio of debt-to-equity, to satisfy our obligations upon the exercise of outstanding warrants, options or other convertible bonds or for other reasons. Sales of a substantial number of Shares or other equity-related securities in the public market (or the perception that such sales may occur) could depress the market price of the Shares. We cannot predict the effect that future sales of the Shares or other equity-related securities would have on the market price of the Shares. In addition, the price of the Shares could be affected by possible sales of the Shares by investors who view the Bonds as a more attractive means of obtaining equity participation in the Company and by hedging or engaging in arbitrage trading activity involving the Bonds.

Adjustments by the Bondholders of their hedging positions in the Shares and the expectation thereof may have a negative effect on the market price of the Shares

Shares borrowed by Goldman Sachs International under the Securities Lending Agreement entered into between WM Cayman Holdings Limited I and Goldman Sachs International may be used by investors to establish hedging positions with respect to the Shares through short sale transactions or privately negotiated derivative transactions. Any buying or selling of the Shares by investors in the Bonds to adjust their hedging positions in connection with this offering or in the future may have a negative effect on the market price of the Shares. Whilst the Issuer is not a party to any of the Securities Lending Agreement and has no obligations or liabilities thereunder, and all terms and conditions of the Securities Lending Agreement are between the parties thereto and are beyond the Issuer’s control, there can be no assurance that the Securities Lending Agreement and any other similar arrangements in the future will not have a negative effect on the market price of the Shares.

Any stock loan under the Securities Lending Agreement may be terminated by the Lender by providing five business days’ notice

Under the Securities Lending Agreement, the Lender may, at its sole discretion, terminate any stock loan under the Securities Lending Agreement by giving the Borrower no less than five business days’ notice (a “Loss of Stock Borrow Event”). In such event, a Bondholder who benefits from the stock loan pursuant to arrangements under the Securities Lending Agreement will have to return the Shares borrowed, and seek other sources of stock borrow or employ alternative hedging strategies if it wishes to continue to hedge its exposures under the Bonds. Bondholders should be aware that such other sources of securities lending or alternative hedging strategies may only be available at a higher costs or may not be available at all, and Bondholders may incur additional expenses in hedging the exposure of their Bonds and/or suffer loss as a result.

Clearing of Bonds and Trading of Shares issued upon conversion of the Bonds

Upon issuance, the Bonds will be represented by a Regulation S Global Certificate and a Rule 144A Global Certificate, each deposited with a custodian for and will be registered in the name of a nominee for DTC. The

Shares that are issued upon conversion of the Bonds pursuant to the Conditions will be listed on the Hong Kong Stock Exchange. Bondholders should note that the available exchange trading venue of the Shares issued upon conversion of the Bonds may be limited to the Hong Kong Stock Exchange only and trading of such Shares through the Hong Kong Stock Exchange is settled on a continuous net settlement basis by electronic book entries to stock accounts of participants in CCASS and all activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. In order to settle securities through CCASS, investors must have a securities account that is capable of receiving securities cleared and settled in CCASS.

The trading price of our Shares may be volatile regardless of our operating performance.

The trading price of our Shares may be volatile and subject to wide fluctuations in response to factors including but not limited to, the following:

- actual or anticipated fluctuations in our quarterly results of operations;
- changes in financial estimates by securities research analysts;
- condition in the market we operate in;
- changes in the operating performance or market valuations of our peer companies;
- announcements by us or our competitors of new products, new services, acquisitions, strategic partnerships, joint ventures or capital commitments;
- addition or departure of key personnel;
- fluctuations of exchange rates between RMB, HKD and/or MOP;
- litigation, government investigation or other legal or regulatory proceeding;
- release of lock-up and other transfer restrictions on our Shares or sales of additional Shares; and
- general economic or political conditions.

Volatility or a lack of positive performance in our Share price may also adversely affect our ability to retain key employees who have been granted options or other equity incentives.

The Company may, in our discretion, require holders and beneficial owners of Bonds to dispose of their Bonds, or the Company may redeem the Bonds, due to regulatory considerations.

We may redeem the Bonds due to regulatory considerations, either as required by gaming authorities or in our discretion. The Conditions will grant the Company the power to redeem the Bonds that a Bondholder owns or controls if any gaming authority requires that Bondholder, or a beneficial owner of the Bonds, to be licensed, qualified or found suitable under any applicable gaming law and:

- you or such beneficial owner fails to apply for a license, qualification or finding of suitability within 30 days after being requested to do so (or such lesser period as required by the relevant gaming authority); or
- you or such beneficial owner is determined by a gaming authority to be unsuitable to own or control the Bonds.

Under the foregoing circumstances, under the Conditions, the Company may redeem, and if required by the applicable gaming authority, the Company must redeem, such Bonds to the extent required by the gaming authority or deemed necessary or advisable by the Company.

The redemption price will be equal to:

- the price required by applicable law or by order of any gaming authority; or

- the lesser of (1) the principal amount of the Bonds, as applicable, and (2) the price that such Bondholder or the beneficial owner paid for the Bonds, as applicable, in either case, together with accrued and unpaid interest on the Bonds, as applicable.

See “Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation—Gaming Redemption.”

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our Shares, the market price for our Shares and trading volume could decline.

The trading market for our Shares will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our Shares, the market price for our Shares would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our Shares to decline.

Because we do not expect to pay dividends in the foreseeable future after this offering, the holders of our Shares must rely on price appreciation of our Shares for return on their investment.

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our Shares as a source for any future dividend income.

Our Directors have complete discretion as to whether to distribute dividends. Even if our Directors decide to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return to our shareholders will likely depend entirely upon any future price appreciation of our Shares.

Our shareholders may face difficulties in protecting their interests, and ability to protect their rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.

We are a company with limited liabilities incorporated under the laws of the Cayman Islands. The rights of shareholders to take action against our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands-incorporated companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our Directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them

available to our shareholders. This may make it more difficult for our shareholders to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the United States.

There can be no assurance that we will not be classified as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. holders of our Shares or, possibly, our Bonds.

We will be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if, applying the applicable look-through rules, either (a) at least 75% of our gross income for such year is passive income or (b) at least 50% of the value of our assets (generally determined based on an average of the quarterly values of the assets) during such year is attributable to assets that produce or are held for the production of passive income. Based on the current and anticipated value of our assets and the current and anticipated nature and composition of our income and assets, we do not expect to be a PFIC for United States federal income tax purposes for our current taxable year ending December 31, 2023, although there can be no assurances in this regard. PFIC status is based on an annual determination that cannot be made until the close of a taxable year and involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn. Moreover, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that the United States Internal Revenue Service, or IRS, will not take a position contrary to any position that we take regarding the determination of our PFIC status.

Changes in the nature or composition of our income or assets may cause us to be or become a PFIC for the current or subsequent taxable years. The determination of whether we will be a PFIC for any taxable year will also depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may depend upon the market price of our Shares from time to time, which may fluctuate significantly) and also may be affected by how, and how quickly, we spend our liquid assets, the cash we generate from our operations and the cash raised in this offering, which generally will be considered a passive asset. Among other matters, if our market capitalization is less than anticipated or subsequently declines, we may be or become a PFIC for the current or one or more future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of the value of our overall assets. Further, while we believe our classification methodology and valuation approach are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our being or becoming a PFIC for the current or one or more future taxable years.

If we are a PFIC for any taxable year during which a United States Holder (as defined in “*Taxation—Certain United States Federal Income Tax Considerations*”) holds Shares (and, potentially the Bonds), certain adverse United States federal income tax consequences could apply to such United States Holder. See “*Taxation—Certain United States Federal Income Tax Considerations*.”

Certain facts and statistics are derived from publications not independently verified by us, the Initial Purchasers or our respective advisers.

Market data, industry forecast and gaming industry statistics in this offering memorandum are derived from public sources, including publicly available information and industry publications. While we have taken reasonable care to ensure that the facts and statistics presented are accurately reproduced from such sources and believe this information to be reliable, they have not been independently verified by us or the Initial Purchasers or our or their respective directors and advisers, and neither we, the Initial Purchasers nor our or their respective directors and advisers make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection methods and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and gaming industry statistics.

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 Bonds 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 Bonds are accustomed to.

USE OF PROCEEDS

We estimate that the net proceeds from the offering of the Bonds will be approximately US\$586 million, after deducting discounts of the Initial Purchasers and estimated offering expenses payable by us. Subject to compliance with applicable laws and regulations, we intend to use the net proceeds for general corporate purposes.

DIVIDEND POLICY

The payment of dividends is at the discretion of our board of directors, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

CAPITALIZATION AND INDEBTEDNESS

The following table sets forth on an actual basis our consolidated total cash and capitalization as of June 30, 2022 and as adjusted basis to give effect to the net proceeds from the issuance of the Bonds after deducting the discounts of the Initial Purchasers and other estimated expenses of this offering payable by us.

The following table should be read in conjunction with the summary financial information and financial statements and related notes included elsewhere in this offering memorandum.

	As of June 30, 2022			
	Actual		Adjusted	
	HK\$	US\$	HK\$	US\$
	(in thousands)			
Cash and cash equivalents ⁽³⁾	8,688,653	1,113,716	13,260,332	1,699,716
Restricted cash ⁽²⁾	9,244	1,185	9,244	1,185
<i>Total cash</i>	<u>8,697,897</u>	<u>1,114,901</u>	<u>13,269,576</u>	<u>1,700,901</u>
Long-term debt:				
WM Cayman II Revolver ⁽³⁾	10,055,365	1,288,901	10,055,365	1,288,901
2024 Notes, 2026 Notes, 2027 Notes, 2028 Notes and 2029 Notes	36,885,417	4,727,991	36,885,417	4,727,991
Bonds to be issued in this offering ⁽¹⁾	—	—	4,680,900	600,000
<i>Total long-term debt</i>	<u>46,940,782</u>	<u>6,016,892</u>	<u>51,621,682</u>	<u>6,616,892</u>
Share capital and share premium	418,128	53,595	418,128	53,595
Shares held for employee ownership scheme	(32)	(4)	(32)	(4)
Deficit	(13,940,722)	(1,786,928)	(13,940,722)	(1,786,928)
Equity attributable to equity holders of the Company	<u>(13,522,626)</u>	<u>(1,733,337)</u>	<u>(13,522,626)</u>	<u>(1,733,337)</u>
Total capitalization ⁽⁴⁾	<u>33,418,156</u>	<u>4,283,555</u>	<u>38,099,056</u>	<u>4,883,555</u>

Notes:

- (1) Under IFRS, the Bonds might be bifurcated into, and separately accounted for, as a debt component and an equity or a derivative liability component. For illustrative purposes only, the proceeds from issuance of the Bonds as a whole have been presented as the Bonds to be issued under “Long-term debt”.
- (2) Represents funds received at the trust to fund our employee ownership scheme and deposits placed with banks for certain bank guarantees provided for operational purpose. The adjusted column does not give effect to the HK\$970.9 million (US\$124.4 million) held in the form of a first demand bank guarantee in favor of the Macau government to support WRM’s legal and contractual obligations under the Gaming Concession subsequent to June 30, 2022.
- (3) The adjusted column does not give effect to the drawdown of US\$211.4 on the WM Cayman II Revolver subsequent to June 30, 2022.
- (4) Total capitalization represents total long-term debt and equity attributable to equity holders of the Company.

Except as otherwise disclosed above, there has been no material change in our capitalization since June 30, 2022.

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

The following discussion should be read in connection with "Summary Financial Information", "Capitalization and Indebtedness" 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 our results of operations for the twelve months ended December 31, 2022 and 2021 and certain other financial information as of December 31, 2022, which are presented as the Macau Operations of Wynn Resorts and extracted from the Wynn Resorts Annual Report, see "Recent Developments." Such selected financial information of Wynn Resorts has been prepared in accordance with U.S. GAAP. IFRS differs in certain respects from U.S. GAAP and generally accepted accounting principles 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 Bonds and the financial information we present herein. Potential investors should consult their own professional advisers for an understanding of the differences between IFRS, U.S. GAAP and accounting principles generally accepted in other countries and how those differences might affect the financial information presented herein.

Overview

We are a developer, owner and operator of two integrated destination casino resorts, Wynn Palace and Wynn Macau, located in the Greater Bay Area region of the People's Republic of China. Our resorts in Macau include world-class hotel facilities, a variety of regional and international dining options, retail outlets and an array of one-of-a-kind entertainment options, many of which are free to the general public.

Our strategy in the Greater Bay Area encompasses investment in our integrated resorts, in our people and in the broader community. To attract and retain our customers, we design and continually make enhancements to refresh, improve and expand our resorts. We are in the design stages of developing the next phase of Wynn Palace. We currently expect that the next phase at Wynn Palace will incorporate an array of amenities such as theater and event space, interactive entertainment installations, food and beverage features, and other non-gaming offerings. We also maintain numerous programs to invest in our approximately 11,500 Macau-based employees. Through a robust emphasis on human resources and staff training, we provide opportunities for movement within our Group to ensure employees can pursue their career goals with us and to elevate their functional and leadership skills. Through our "Wynn Care" program, we facilitate reinvestment in our community, encourage volunteerism and promote responsible gaming. Since launching this program, we have centralized our community-focused initiatives under one umbrella and expanded our efforts from various volunteer activities and community events in Macau into the Greater Bay Area and beyond. Through our charitable foundation "Wynn Care Foundation", we continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. We are also fully committed to supporting sustainable development for the benefit of Macau and the planet by monitoring and reducing inefficient energy and resource consumption and embracing technologies that help us to responsibly use our resources.

For the years ended December 31, 2019, 2020 and 2021, our total operating revenues were HK\$36,161.7 million, HK\$7,612.4 million and HK\$11,725.4 million (US\$1,503.0 million), respectively. For the year ended December 31, 2019, we had net profit of HK\$5,056.7 million. For the years ended December 31, 2020 and 2021, we recorded net loss of HK\$7,216.9 million and HK\$5,179.3 million (US\$663.9 million), respectively. For the six months ended June 30, 2022, our total operating revenues were HK\$3,248.3 million (US\$416.4 million) compared to HK\$6,762.5 million for the same period in 2021, and our net loss was HK\$3,597.6 million (US\$461.1 million) compared to HK\$2,156.8 million for the same period in 2021.

Factors Affecting Our Results of Operations and Financial Condition

Our business and historical financial condition and results of operations are affected by a number of important factors, including the following:

Macau

Macau, which was a territory under Portuguese administration for approximately 450 years, was transferred from Portuguese to Chinese political control in December 1999. Macau is governed as a special administrative region of China and is located in the Greater Bay Area and approximately 37 miles southwest of Hong Kong. The journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road via the opening of the Hong Kong—Zhuhai—Macau Bridge and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 55 years, consists principally of a peninsula on mainland China and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In addition to WRM, SJM, Galaxy, Venetian Macau, Melco and MGM Macau are permitted to operate casinos in Macau.

We believe that Macau is located in one of the world's largest concentrations of potential gaming and tourism customers. Since the introduction of new casinos starting in 2004, the Macau market has experienced a significant increase in annual gaming revenue. According to Macau statistical information, the annual gaming revenues grew from HK\$21.53 billion in 2002 to HK\$283.94 billion in 2019 (pre-pandemic), before falling to HK\$58.68 billion in 2020 and HK\$84.33 billion in 2021, respectively, due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. Casinos in Macau generated HK\$25.50 billion in gaming revenue during the six months ended June 30, 2022, a decrease of 46.4% compared to the HK\$47.60 billion generated in the six months ended June 30, 2021, as a result of decreased visitation to Macau as tighter border restrictions and certain strict measures were enacted to curb increased COVID-19 cases in Macau and the surrounding regions. See “Recent Developments” and “Risk Factors—Risks Related to Our Business—The COVID-19 Pandemic has had and may continue to have an adverse effect on our business, operations, financial condition and operating results.” We continue to believe that Macau's stated goal of becoming a world-class tourism destination will continue to drive additional visitation to the market and create future opportunities for us to invest and grow. Furthermore, the internationalization of the gaming clientele is also a stated goal of the new local government policies related to the gaming industry.

Our Macau Operations face competition primarily from the 28 other casinos located throughout Macau in addition to casinos located throughout the world, including Singapore, South Korea, the Philippines, Vietnam, Cambodia, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally, certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan and Thailand, which could increase competition for our Macau Operations.

Tourism

The levels of tourism and overall gaming activities in Macau are key drivers of our business. Both the Macau gaming market and visitation to Macau grew significantly from liberalization in 2002 leading up to the outbreak of COVID-19 in December 2019, but has since fallen meaningfully, primarily due to certain border control and other travel related restrictions which were put in place as a result of the pandemic. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, visitation to Macau decreased 11.8% and 82.9% in the first half of 2022 as compared to same period of 2021 and 2019, respectively. See “Recent Developments” and “Risk Factors—Risks Related to Our Business—The COVID-19 Pandemic has had and may continue to have an adverse effect on our business, operations, financial condition and operating results.”

Tourism levels in Macau are affected by a number of factors which are beyond our control. Factors affecting tourism levels in Macau may include, among others: the prevailing economic conditions in the PRC and Asia; restrictions, conditions or other factors which affect visitation by citizens of the PRC and other regions to Macau;

various countries' policies on currency exchange controls, currency export, currency withdrawal, credit and debit card usage and travel restrictions or policies impacting the issuance of travel visas that may be in place from time to time; and competition from other destinations which offer gaming and/or leisure activities.

Natural and man-made disasters, extreme weather conditions (such as typhoons and heavy rainstorms), outbreaks of highly infectious diseases (including the COVID-19 Pandemic), public incidents of violence, security alerts, riots and demonstrations, war and other events, particularly in Macau and nearby regions, may result in decreases to visitor arrivals to Macau from the PRC and elsewhere and disrupt travel to and between our resorts. Any of these events may also interfere with our operations and could have a material adverse effect on our business, financial condition and results of operations.

Although we have insurance coverage with respect to some of these events, we cannot assure you that any such coverage will be sufficient to indemnify us fully against all direct and indirect costs, including any loss of business that could result from substantial damage to, or partial or complete destruction of, any of our properties.

Macau Laws and Regulations

On December 16, 2022, WRM, an indirect subsidiary of the Company, entered into the Gaming Concession Contract with the Macau government, pursuant to which WRM was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau.

As a casino concessionaire, WRM is subject to the regulatory control of the government of Macau. The government has adopted laws and administrative regulations governing the operation of casinos in Macau, or the Laws and Administrative Regulations. Only concessionaires are permitted to operate casinos. Each concessionaire was required to enter into a concession agreement with the Macau government which, together with the Laws and Administrative Regulations, form the framework for the regulation of the activities of the concessionaire.

Under the Law and Administrative Regulations, concessionaires are subject to suitability requirements relating to background, associations and reputation, as are stockholders of 5% or more of a concessionaire's equity securities, officers, directors and key employees. The same requirements apply to any entity engaged by a concessionaire to manage casino operations. Concessionaires are required to satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession and submit to continuous monitoring of their casino operations by the Macau government. Concessionaires also are subject to periodic financial reporting requirements and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Transfers or the encumbering of interests in concessionaires must be reported to the Macau government and are ineffective without government approval.

Each concessionaire is required to engage a managing director who must be a permanent resident of Macau and the holder of at least 15% of the capital stock of the concessionaire. The appointment of the managing director and of any successor is ineffective without the approval of the Macau government. All contracts placing the management of a concessionaire's casino operations with a third party also are ineffective without the approval of the Macau government.

Concessionaires are subject to a special gaming tax of 35% of gross gaming revenue, and must also make an annual contribution of up to 5% of gross gaming revenue for the promotion of public interests, social security, infrastructure and tourism. Concessionaires are obligated to withhold applicable taxes, according to the rate in effect as set by the government, from any commissions paid to gaming promoters. The withholding rate may be adjusted from time to time.

The Gaming Concession Contract between WRM and the Macau government requires WRM to operate two casinos: “Casino Wynn Macau” and “Casino Wynn Palace”.

Under the Gaming Concession Contract, WRM provided a first demand bank guarantee of MOP1.00 billion (approximately US\$124.4 million) in favor of the Macau government to support WRM’s legal and contractual obligations, from January 1, 2023 until one hundred and eighty days after the term of the Gaming Concession Contract expires or the rescission of the concession.

Pursuant to the Gaming Concession Contract and applicable Macau laws, Macau government may rescind the gaming concession if WRM fails to fulfill its obligations under the Macau law or the Gaming Concession Contract, including in the circumstances of (i) endangerment to the national security of mainland China or Macau, (ii) failure on the part of WRM to perform its obligations under the Gaming Concession Contract, (iii) public interest, and (iv) WRM ceasing to be eligible for the gaming concession under the Macau gaming law. If the Macau government rescinds the Gaming Concession Contract due to WRM’s non-fulfilment, or perceived non-fulfilment, of its obligations, WRM will be required to transfer to the Macau government, free from any encumbrance or lien and without compensation, all of its casinos, gaming assets and equipment and ownership rights to its casino areas in Macau. Beginning in the eighth year of WRM’s concession, the Macau government may exercise its right to redeem the concession by providing WRM with at least one-year prior written notice. In such event, WRM would be entitled to fair and equitable compensation pursuant to the Macau gaming law. The amount of such compensation relating to the projects agreed with the Macau government would be determined based on the earnings of these projects, before interest, depreciation and amortization for the fiscal year immediately preceding the date the redemption is declared, multiplied by the number of years remaining on the term of the Gaming Concession Contract. The government of Macau may assume temporary custody and control over the operation of a concession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire.

WRM is required to obtain prior approval from the relevant Macau authorities or officials for various corporate changes and actions, including expansion of its business scope, issuance of shares, transfer of or creation of any encumbrances over its shares, issuance of debt securities, change of its managing director or the authority delegated thereto, change of its articles of association, certain transfers of property rights and creditor’s rights, entering into a consumer loan contract or similar contract with a value equal to or exceeding MOP100.0 million (approximately US\$12.4 million), and granting of a loan to any of its directors, shareholders or key employees. WRM is required to notify the Macau government of certain other changes, including any loan, mortgage, claim for obligation, guarantee or the assumption of any debt for financing its business with a value that equals to or exceeds MOP16.0 million (approximately US\$1.99 million). In particular, WRM is required to notify the Chief Executive of Macau at least five working days in advance prior to making financial decisions (i) related to the transfer of funds within WRM which exceeds 50% of its share capital, (ii) related to employee salaries, remuneration or benefits which exceed 10% of its share capital, and (iii) not related to above items (i) and (ii), whose value exceeding 10% of its share capital.

Pursuant to the Gaming Concession Contract, WRM is required to submit to the Macau government an annual execution proposal of the specific projects mentioned in the Investment Plan annexed to the Gaming Concession Contract which it intends to execute in the following year by September 30, of each calendar year, detailing each project it intends to invest, the investment amount and the execution schedule for the relevant year for the purpose of government approval. The annual execution proposal for the year 2023 should be submitted in March 2023. Within 60 days after submission of each annual execution proposal, the Macau government will decide on its approval, and may request adjustments to specific projects, the investment amount and the execution schedule. If any of our annual execution proposals or parts thereof are not approved by the Macau government, WRM is obliged to propose allocating the relevant funds to other projects related with its activity, which are also subject to acceptance by the Macau government. WRM is required to submit a report on the execution of the previous year’s execution proposal by March 31st of each calendar year. In addition, WRM is subject to the supervision of the Macau government as regards the execution of development projects included in

the Investment Plan, and WRM must submit regular progress reports every two months, and may be requested to submit exceptional detailed reports whenever the normal progress of any development project included in the Investment Plan is compromised.

Premium Credit Play

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

Number and Mix of Table Games and Slot

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

Investment Plan

WRM committed to make certain non-gaming and gaming investments in the amount of MOP17.73 billion (approximately US\$2.21 billion) over the course of the ten-year term of the Gaming Concession Contract. MOP16.50 billion (approximately US\$2.05 billion) of the committed investment will be used for non-gaming capital projects and event programming in connection with, among others, attraction of foreign tourists, conventions and exhibitions, entertainment performances, sports events, culture and art, health and wellness, themed amusement, gastronomy, community tourism and maritime tourism. WRM will be required to increase its investment in non-gaming projects by 20% in the following year if market-wide gross gaming revenues increase to MOP180.00 billion (approximately US\$22.41 billion) in any one year (the "Trigger Event"). The required increase will be reduced to 16%, 12%, 8%, 4% or 0%, respectively, if the Trigger Event occurs during the sixth, seventh, eighth, ninth or tenth year of the concession period, respectively.

Renovation, Development and Construction Projects

Our current and future renovation, development and construction projects are and will be subject to significant development and construction risks. Such risks include unanticipated costs or cost increases, shortages in qualified labor, changes in laws and regulations and unforeseen engineering problems. Construction, equipment or staffing problems or difficulties in obtaining the requisite licenses, permits and authorizations from regulatory or governmental authorities could increase the total cost, delay or prevent the construction or opening or otherwise affect the project's design and features, which may adversely impact the success of the project. There can be no assurance that our proposed plans and specifications will not change, and we cannot guarantee that our proposed projects will be approved, commenced or completed as contemplated by us. Failure to complete the projects on schedule or within budget may also have a significant negative effect on us and on our ability to make payments on our debt.

Taxation

As a concessionaire in Macau, WRM is subject to a special gaming tax of 35% of gross gaming win and must also make an annual contribution of up to 4% of gross gaming win for the promotion of public interests, social security, infrastructure and tourism. In addition, WRM is subject to a 12% complementary tax on its non-gaming profits.

In April 2020, WRM received an extension of the exemption from Macau's 12% Complementary Tax on casino gaming profits earned from January 1, 2021 to June 26, 2022, the date on which the Concession Agreement expired. In June 2022, WRM applied for an extension of the exemption through December 31, 2022, the expiration date of WRM's gaming concession as amended by the Concession Extension Agreement. The extension is subject to approval. See "Recent Developments." Our non-gaming profits remain subject to the Macau Complementary Tax and casino winnings remain subject to the Macau special gaming tax and other levies in accordance with our Concession Agreement.

In March 2021, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for a payment of MOP12.8 million (US\$1.6 million) for year 2021 and MOP6.3 million (US\$0.8 million) for the period ended June 26, 2022, to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits. See "Recent Developments".

We were exempted from the payment of HK\$602.9 million in complementary tax for the year ended December 31, 2019. For the years ended December 31, 2020 and 2021, and for the six months ended June 30, 2020, respectively, we did not have any casino gaming profits exempted from the Macau Complementary Tax.

Critical Accounting Policies

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operating results. Our management continually evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events that are believed to be reasonable under the circumstances.

When reviewing our consolidated financial statements, you should consider (i) our critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. For more details on the significant accounting policies, estimates and judgments, that are important for an understanding of our financial condition and results of operations, see Notes 2.2 and 2.5 in the financial statements for the year ended December 31, 2021 included elsewhere in this offering memorandum

Adjusted EBITDA

Adjusted EBITDA is earnings or losses before finance costs, finance revenues, net foreign currency differences, loss on extinguishment of debt, income taxes, depreciation, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts, Limited for its Macau segments in its filings with the SEC, primarily due to the inclusion of license fees, adjustments for IFRS differences with U.S. GAAP, corporate support and other support services in arriving at operating profit/(loss).

The following table sets forth a quantitative reconciliation of our Adjusted EBITDA to its most directly comparable IFRS measurement and operating profit/(loss).

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands)						
Operating profit/(loss)	6,365,214	(5,398,594)	(2,651,449)	(339,864)	(938,280)	(2,208,059)	(283,030)
Add							
Depreciation and amortization . . .	2,922,543	2,915,423	2,624,970	336,470	1,401,350	1,134,843	145,465
Pre-opening costs	17,424	11,108	6,969	893	6,487	—	—
Property charges and other	34,044	186,201	104,412	13,384	37,796	63,961	8,199
Share-based payments	124,125	162,707	224,257	28,745	116,111	83,591	10,715
Wynn Macau, Limited corporate expenses	105,011	59,319	74,641	9,568	36,937	52,563	6,736
Adjusted EBITDA	9,568,361	(2,063,836)	383,800	49,196	660,401	(873,101)	(111,915)

Review of Historical Operating Results

The following table presents our consolidated statements of profit or loss and other comprehensive income data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for per share data)						
Operating revenues							
Casino	30,850,256	5,538,696	8,973,480	1,150,225	5,271,948	2,218,716	284,396
Rooms	2,233,225	661,625	928,717	119,043	512,428	273,461	35,052
Food and beverage	1,559,151	592,052	624,907	80,101	321,850	249,543	31,987
Retail and other	1,519,059	820,039	1,198,322	153,602	656,304	506,564	64,932
Total operating revenues	36,161,691	7,612,412	11,725,426	1,502,971	6,762,530	3,248,284	416,367
Operating costs and expenses							
Gaming taxes and premiums	16,748,677	3,429,055	4,863,197	623,367	2,808,408	1,258,448	161,308
Staff costs	5,227,038	4,230,793	4,134,401	529,949	2,209,498	1,976,197	253,310
Other operating expenses	4,864,175	2,249,534	2,649,895	339,665	1,243,758	1,022,894	131,115
Depreciation and amortization	2,922,543	2,915,423	2,624,970	336,470	1,401,350	1,134,843	145,465
Property charges and other	34,044	186,201	104,412	13,384	37,796	63,961	8,199
Total operating costs and expenses	29,796,477	13,011,006	14,376,875	1,842,835	7,700,810	5,456,343	699,397
Operating profit/(loss)	6,365,214	(5,398,594)	(2,651,449)	(339,864)	(938,280)	(2,208,059)	(283,030)
Finance revenues	76,052	84,828	19,857	2,545	10,737	15,555	1,994
Finance costs	(1,486,404)	(1,952,448)	(2,341,597)	(300,147)	(1,168,314)	(1,201,772)	(154,044)
Net foreign currency differences	114,226	97,784	(175,677)	(22,518)	(42,795)	(197,275)	(25,287)
Loss on extinguishment of debt	—	(36,015)	(18,002)	(2,308)	(11,951)	—	—
	(1,296,126)	(1,805,851)	(2,515,419)	(322,428)	(1,212,323)	(1,383,492)	(177,337)
Profit/(loss) before tax	5,069,088	(7,204,445)	(5,166,868)	(662,292)	(2,150,603)	(3,591,551)	(460,367)
Income tax expense	12,427	12,427	12,427	1,593	6,214	6,078	779
Net profit/(loss) attributable to owners of the Company	5,056,661	(7,216,872)	(5,179,295)	(663,885)	(2,156,817)	(3,597,629)	(461,146)

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for per share data)						
Other comprehensive income/(loss)							
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>							
Currency translation reserve	(1,233)	—	—	—	—	—	—
Other comprehensive income/(loss) for the period	(1,233)	—	—	—	—	—	—
Total comprehensive income/(loss) attributable to owners of the							
Company	5,055,428	(7,216,872)	(5,179,295)	(663,885)	(2,156,817)	(3,597,629)	(461,146)
Basic earnings/(loss) per share	0.98	(1.39)	(1.00)	(0.13)	(0.42)	(0.69)	(0.09)
Diluted earnings/(loss) per share	0.97	(1.39)	(1.00)	(0.13)	(0.42)	(0.69)	(0.09)
Adjusted EBITDA⁽¹⁾	9,568,361	(2,063,836)	383,800	49,196	660,401	(873,101)	(111,915)

Note:

- (1) Adjusted EBITDA is earnings or losses before finance costs, finance revenues, net foreign currency differences, loss on extinguishment of debt, income taxes, depreciation, pre-opening costs, property charges and other, share-based payments, Wynn Macau, Limited corporate expenses, and other non-operating income and expenses. Adjusted EBITDA is presented exclusively as a supplemental disclosure because our Directors believe that it is widely used to measure the performance, and as a basis for valuation, of gaming companies. Our Adjusted EBITDA presented herein also differs from the Adjusted Property EBITDA presented by Wynn Resorts, Limited for its Macau segments in its filings with the SEC, primarily due to the inclusion of license fees, adjustments for IFRS differences with U.S. GAAP, corporate support and other support services in arriving at operating profit/(loss).

The following table presents our selected operating data for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)						
Wynn Palace:							
VIP:							
VIP table games turnover	359,366,164	74,808,668	49,991,814	6,407,975	31,127,028	10,230,975	1,311,411
VIP table games win ⁽¹⁾	11,909,047	1,310,420	1,970,828	252,622	1,303,680	102,011	13,076
VIP table games win as a percentage of turnover	3.31%	1.75%	3.94%	3.94%	4.19%	1.00%	1.00%
Average number of gaming tables ⁽²⁾	109	99	93	93	99	56	56
Table games win per unit per day ⁽³⁾	299,636	37,731	57,806	7,410	72,945	10,010	1,283
Mass market:							
Mass market table drop	40,149,551	9,643,647	18,774,101	2,406,473	10,206,084	5,799,923	743,437
Mass market table games win ⁽¹⁾	9,811,997	2,323,246	4,198,287	538,138	2,291,083	1,193,176	152,942
Mass market table games win percentage	24.44%	24.09%	22.36%	22.36%	22.45%	20.57%	20.57%
Average number of gaming tables ⁽²⁾	216	212	229	229	225	232	232
Table games win per unit per day ⁽³⁾	124,633	31,135	50,223	6,438	56,264	28,355	3,635
Slot machine handle	30,709,664	7,764,571	11,302,943	1,448,817	6,053,724	2,980,173	382,000
Slot machine win ⁽¹⁾	1,531,101	304,230	451,867	57,921	256,253	137,268	17,595
Average number of slots ⁽²⁾	1,054	591	710	710	707	652	652
Slot machine win per unit per day ⁽³⁾	3,981	1,463	1,743	223	2,004	1,163	149
Wynn Macau:							
VIP:							
VIP table games turnover	277,690,676	45,375,588	42,629,913	5,464,323	25,562,099	9,285,256	1,190,189

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands, except for averages, win per unit per day figures and number of tables and slot machines)						
VIP table games win ⁽¹⁾	8,481,086	1,438,161	1,204,336	154,372	760,497	379,109	48,594
VIP table games win as a percentage of turnover	3.05%	3.17%	2.83%	2.83%	2.98%	4.08%	4.08%
Average number of gaming tables ⁽²⁾	106	89	81	81	87	37	37
Table games win per unit per day ⁽³⁾	218,421	46,043	40,778	5,227	48,111	56,164	7,199
Mass market:							
Mass market table drop	42,402,598	10,751,051	17,331,890	2,221,610	9,789,245	5,355,297	686,445
Mass market table games win ⁽¹⁾	8,615,621	2,014,224	3,207,517	411,141	1,816,991	881,626	113,007
Mass market table games win percentage	20.32%	18.74%	18.51%	18.51%	18.56%	16.46%	16.46%
Average number of gaming tables ⁽²⁾	207	225	240	240	240	247	247
Table games win per unit per day ⁽³⁾	113,783	25,462	36,681	4,702	41,832	19,700	2,525
Slot machine handle	27,790,245	6,451,128	8,215,746	1,053,098	4,670,190	3,775,660	483,966
Slot machine win ⁽¹⁾	1,335,140	241,864	275,678	35,337	150,786	132,453	16,978
Average number of slots ⁽²⁾	807	504	587	587	588	625	625
Slot machine win per unit per day ⁽³⁾	4,532	1,365	1,286	165	1,416	1,170	150

Notes:

- (1) Total casino revenues do not equal the sum of “VIP table games win”, “mass market table games win” and “slot machine win” primarily because casino revenues are reported net of the relevant commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues). The following table presents a reconciliation of the sum of “VIP table games win”, “mass market table games win” and “slot machine win” to total casino revenues.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in thousands)				(Unaudited)		
VIP table games win	20,390,133	2,748,581	3,175,164	406,994	2,064,177	481,120	61,670
Mass market table games win	18,427,618	4,337,470	7,405,804	949,279	4,108,074	2,074,802	265,949
Slot machine win	2,866,241	546,094	727,545	93,258	407,039	269,721	34,573
Poker revenues	163,286	16,209	—	—	—	469	60
Commissions and others (including complimentary revenues allocated from casino revenues to rooms, food and beverage, retail and other revenues)	(10,997,022)	(2,109,658)	(2,335,033)	(299,306)	(1,307,342)	(607,396)	(77,856)
Total casino revenues	30,850,256	5,538,696	8,973,480	1,150,225	5,271,948	2,218,716	284,396

- (2) For purposes of this table, we calculate average number of gaming tables and average number of slots as the average numbers of gaming tables and slot machines in service on each day in the applicable period.
- (3) Table games win per unit per day and slot machine win per unit per day are presented in this table on the basis of the average number of gaming tables and average number of slots, respectively, over the number of days Wynn Palace, Wynn Macau and Encore were open in the applicable period.

Financial results for the six months ended June 30, 2022 compared to financial results for the six months ended June 30, 2021

Operating Revenues

Total operating revenues decreased by 52.0% from HK\$6.76 billion in the six months ended June 30, 2021 to HK\$3.25 billion (US\$0.42 billion) in the six months ended June 30, 2022, resulting from a decrease in gaming volumes due to certain travel-related restrictions and conditions, including COVID-19 testing and other procedures related to the COVID-19 Pandemic.

Casino Revenues

Casino revenues decreased from HK\$5.27 billion (78.0% of total operating revenues) in the six months ended June 30, 2021 to HK\$2.22 billion (US\$0.28 billion) (68.3% of total operating revenues) in the six months ended June 30, 2022 primarily due to decreased VIP turnover and table games win and mass market table drop and table games win at our Macau Operations resulting from the adverse effects of the COVID-19 Pandemic. The components of casino revenues are as follows:

VIP casino gaming operations. VIP table games win decreased by 76.7%, from HK\$2.06 billion in the six months ended June 30, 2021 to HK\$0.48 billion (US\$0.06 billion) in the six months ended June 30, 2022, with total VIP table games turnover down 65.6%, from HK\$56.69 billion in the six months ended June 30, 2021 to HK\$19.52 billion (US\$2.50 billion) in the six months ended June 30, 2022.

Mass market casino gaming operations. Mass market table games win decreased by 49.5%, from HK\$4.11 billion in the six months ended June 30, 2021 to HK\$2.07 billion (US\$0.27 billion) in the six months ended June 30, 2022, with total mass market table drop down 44.2%, from HK\$20.00 billion in the six months ended June 30, 2021 to HK\$11.16 billion (US\$1.43 billion) in the six months ended June 30, 2022.

Slot machine gaming operations. Slot machine win decreased by 33.7% from HK\$407.0 million in the six months ended June 30, 2021 to HK\$269.7 million (US\$34.6 million) in the six months ended June 30, 2022. Total slot machine handle dropped by 37.0% from HK\$10.72 billion in the six months ended June 30, 2021 to HK\$6.76 billion (US\$0.87 billion) in the six months ended June 30, 2022.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, decreased by 30.9% from HK\$1.49 billion (22.0% of total operating revenues) in the six months ended June 30, 2021 to HK\$1.03 billion (US\$0.13 billion) (31.7% of total operating revenues) in the six months ended June 30, 2022.

Room. Our room revenues decreased by 46.6% from HK\$512.4 million in the six months ended June 30, 2021 to HK\$273.5 million (US\$35.1 million) in the six months ended June 30, 2022, primarily due to low occupancy rates at both Wynn Palace and Wynn Macau resulting from the adverse effects of the COVID-19 Pandemic.

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

Room revenues information

	For the Six Months Ended June 30,	
	2021	2022
Wynn Palace:		
Average Daily Rate	HK\$1,390	HK\$1,301
Occupancy ⁽¹⁾	65.6%	37.7%
REVPAR	HK\$ 912	HK\$ 491
Wynn Macau:		
Average Daily Rate	HK\$1,698	HK\$1,357
Occupancy ⁽¹⁾	64.4%	40.5%
REVPAR	HK\$1,094	HK\$ 550

Note:

- (1) Occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable period. Available hotel rooms exclude those rooms out of service during the applicable period.

Food and beverage. Food and beverage revenues decreased by 22.5% from HK\$321.9 million in the six months ended June 30, 2021 to HK\$249.5 million (US\$32.0 million) in the six months ended June 30, 2022, primarily due to decreased covers at restaurants of both Wynn Palace and Wynn Macau.

Retail and other. Our retail and other revenues decreased by 22.8% from HK\$656.3 million in the six months ended June 30, 2021 to HK\$506.6 million (US\$64.9 million) in the six months ended June 30, 2022, primarily due to a decrease in visitation at both Wynn Palace and Wynn Macau.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums decreased by 55.2% from HK\$2.81 billion in the six months ended June 30, 2021 to HK\$1.26 billion (US\$0.16 billion) in the six months ended June 30, 2022. The decrease was driven by the decrease in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs decreased by 10.6% from HK\$2.21 billion in the six months ended June 30, 2021 to HK\$1.98 billion (US\$0.25 billion) in the six months ended June 30, 2022. The decrease was mainly due to the implementation of cost saving initiatives undertaken as a result of the COVID-19 Pandemic.

Other operating expenses. Other operating expenses decreased from HK\$1.24 billion in the six months ended June 30, 2021 to HK\$1.02 billion (US\$0.13 billion) in the six months ended June 30, 2022. The decrease was mainly driven by decreases in license fees, advertising and promotions expenditures, operating supplies and equipment costs and cost of sales. The provision for credit losses was HK\$33.7 million for the six months ended June 30, 2021 as compared to a reversal of HK\$7.7 million (US\$1.0 million) of provision for credit losses previously recognized for the same period of 2022. The change was primarily due to the impact of historical collection patterns and expectations of current and future collection trends, as well as the specific review of customer accounts, on our estimated credit loss for the respective periods.

Depreciation. Depreciation decreased by 19.0% from HK\$1.40 billion in the six months ended June 30, 2021 to HK\$1.13 billion (US\$0.15 billion) in the six months ended June 30, 2022. The decrease was primarily driven by the result of certain assets at both Wynn Palace and Wynn Macau being fully depreciated.

Property charges and other. Property charges and other increased from HK\$37.8 million in the six months ended June 30, 2021 to HK\$64.0 million (US\$8.2 million) in the six months ended June 30, 2022. The increase was mainly driven by an increase in other contingency expenses as well as losses incurred on contracts termination. The increase was partially offset by the decrease in costs related to assets retired or abandoned.

As a result of the foregoing, total operating costs and expenses decreased by 29.1% from HK\$7.70 billion in the six months ended June 30, 2021 to HK\$5.46 billion (US\$0.70 billion) in the six months ended June 30, 2022.

Finance Revenues

Finance revenues increased from HK\$10.7 million in the six months ended June 30, 2021 to HK\$15.6 million (US\$2.0 million) in the six months ended June 30, 2022. The increase was primarily due to the increase in average interest rates during the six months ended June 30, 2022 compared to the same period in 2021. During 2022 and 2021, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs remained relatively flat from HK\$1.17 billion in the six months ended June 30, 2021 to HK\$1.20 billion (US\$0.15 billion) in the six months ended June 30, 2022. The increase was mainly due to an

increase in average interest rates during the six months ended June 30, 2022 compared to the same period in 2021.

Income Tax Expense

Income tax expense remained flat from HK\$6.2 million in the six months ended June 30, 2021 to HK\$6.1 million (US\$0.8 million) in the six months ended June 30, 2022. Our income tax expense for the six months ended June 30, 2022 and 2021 relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Loss Attributable to Owners of the Company

As a result of the foregoing, net loss attributable to owners of the Company increased by 66.8% from HK\$2.16 billion for the six months ended June 30, 2021 to HK\$3.60 billion (US\$0.46 billion) for the six months ended June 30, 2022.

Financial results for the year ended December 31, 2021 compared to financial results for the year ended December 31, 2020

Operating Revenues

Total operating revenues increased by 54.0% from HK\$7.61 billion in 2020 to HK\$11.73 billion (US\$1.50 billion) in 2021, primarily due to an increase in mass market table games win driven by an increase in mass market table drop at both Wynn Palace and Wynn Macau.

Casino Revenues

Casino revenues increased from HK\$5.54 billion (72.8% of total operating revenues) in 2020 to HK\$8.97 billion (US\$1.15 billion) (76.5% of total operating revenues) in 2021. Our casino operations in Macau were closed for a 15-day period in February 2020, and have since reopened with certain COVID-19 specific protective measures in place. The components of casino revenues are as follows:

VIP casino gaming operations. VIP table games win increased by 15.5%, from HK\$2.75 billion in 2020 to HK\$3.18 billion (US\$0.41 billion) in 2021. The increase was primarily driven by an increase in VIP table games win as a percentage of turnover at Wynn Palace from 1.75% in 2020 to 3.94% in 2021, partially offset by the lower VIP gaming volumes of both Wynn Palace and Wynn Macau, with total VIP table games turnover down 22.9%, from HK\$120.18 billion in 2020 to HK\$92.62 billion (US\$11.87 billion) in 2021.

Mass market casino gaming operations. Mass market table games win increased by 70.7%, from HK\$4.34 billion in 2020 to HK\$7.41 billion (US\$0.95 billion) in 2021. The increase was driven by an increase in business volumes of both Wynn Palace and Wynn Macau, with total mass market table drop up 77.0% from HK\$20.39 billion in 2020 to HK\$36.11 billion (US\$4.63 billion) in 2021, partially offset by a decrease in mass market table games win percentage at both Wynn Palace and Wynn Macau.

Slot machine gaming operations. Slot machine win increased by 33.2% from HK\$546.1 million in 2020 to HK\$727.5 million (US\$93.3 million) in 2021. The increase was primarily driven by an increase in business volumes of both Wynn Palace and Wynn Macau, with total slot machine handle increasing 37.3% from HK\$14.22 billion in 2020 to HK\$19.52 billion (US\$2.50 billion) in 2021.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, increased by 32.7% from HK\$2.07 billion (27.2% of total operating revenues) in 2020 to HK\$2.75 billion (US\$0.35 billion) (23.5% of total operating revenues) in 2021.

Rooms. Our room revenues increased by 40.4% from HK\$661.6 million in 2020 to HK\$928.7 million (US\$119.0 million) in 2021, primarily due to higher occupancy rates at both Wynn Palace and Wynn Macau.

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

Room revenues information

	For the year ended December 31,	
	2020	2021
Wynn Palace:		
Average Daily Rate	HK\$1,828	HK\$1,416
Occupancy ⁽¹⁾	29.8%	58.5%
REVPAR	HK\$ 545	HK\$ 828
Wynn Macau:		
Average Daily Rate	HK\$2,146	HK\$1,659
Occupancy ⁽¹⁾	34.8%	58.8%
REVPAR	HK\$ 747	HK\$ 975

Note:

- (1) Occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable year. Available hotel rooms exclude those rooms out of service during the applicable year.

Food and beverage. Food and beverage revenues increased by 5.5% from HK\$592.1 million in 2020 to HK\$624.9 million (US\$80.1 million) in 2021, primarily due to increased covers at restaurants at Wynn Palace.

Retail and other. Our retail and other revenues increased by 46.1% from HK\$820.0 million in 2020 to HK\$1.20 billion (US\$0.15 billion) in 2021, primarily due to an increase in visitation at both Wynn Palace and Wynn Macau.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums increased by 41.8% from HK\$3.43 billion in 2020 to HK\$4.86 billion (US\$0.62 billion) in 2021. The increase was driven by the increase in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs decreased by 2.3% from HK\$4.23 billion in 2020 to HK\$4.13 billion (US\$0.53 billion) in 2021. The decrease was mainly due to the implementation of cost saving initiatives undertaken as a result of the COVID-19 Pandemic.

Other operating expenses. Other operating expenses increased by 17.8% from HK\$2.25 billion in 2020 to HK\$2.65 billion (US\$0.34 billion) in 2021, driven mainly by increases in advertising and promotions expenditures, licenses fees, operating supplies and equipment costs, utilities and fuel and other expenses, partially offset by the decrease in provision for credit losses. The provision for credit losses decreased from HK\$237.6 million in 2020 to HK\$185.0 million (US\$23.7 million) in 2021, primarily due to the impact of historical collection patterns and expectations of current and future collection trends, as well as the specific review of customer accounts, on our estimated credit loss for the respective years.

Depreciation. Depreciation decreased by 10.0% from HK\$2.92 billion in 2020 to HK\$2.62 billion (US\$0.34 billion) in 2021. The decrease was primarily driven by the result of certain assets at both Wynn Palace and Wynn Macau being fully depreciated.

Property charges and other. Property charges and other decreased from HK\$186.2 million in 2020 to HK\$104.4 million (US\$13.4 million) in 2021. The decrease was mainly driven by the decrease in net loss on the sale of equipment as well as costs related to assets retired or abandoned. The decrease was partially offset by an increase in other contingency expenses.

As a result of the foregoing, total operating costs and expenses increased by 10.5%, from HK\$13.01 billion in 2020 to HK\$14.38 billion (US\$1.84 billion) in 2021.

Finance Revenues

Finance revenues decreased from HK\$84.8 million in 2020 to HK\$19.9 million (US\$2.6 million) in 2021. The decrease was primarily due to holding lower average cash balances in 2021 compared to 2020. During 2021 and 2020, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs increased by 19.9% from HK\$1.95 billion in 2020 to HK\$2.34 billion (US\$0.30 billion) in 2021. The increase was mainly due to an increase in average interest-bearing borrowing balances in 2021 compared to 2020 as a result of issuances of WML senior notes during 2020, partially offset by the prepayments and contractual amortization payments of the Wynn Macau Credit Facilities during 2020 and 2021.

Income Tax Expense

Income tax expense was HK\$12.4 million (US\$1.6 million) in 2020 and 2021. Our income tax expense relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Loss Attributable to Owners of the Company

As a result of the foregoing, net loss attributable to owners of the Company decreased by 28.2% from HK\$7.22 billion in 2020 to HK\$5.18 billion (US\$0.66 billion) in 2021.

Financial results for the year ended December 31, 2020 compared to financial results for the year ended December 31, 2019

Operating Revenues

Total operating revenues decreased by 78.9% from HK\$36.16 billion in 2019 to HK\$7.61 billion in 2020, primarily due to the continued adverse effects of the COVID-19 Pandemic, including travel restrictions and closure of our casino operations in Macau.

Casino Revenues

Casino revenues decreased from HK\$30.85 billion (85.3% of total operating revenues) in 2019 to HK\$5.54 billion (72.8% of total operating revenues) in 2020 primarily due to the adverse effects of the COVID-19 Pandemic including the closure of our casino operations for a 15-day period in February 2020 and

their subsequent reopening on a reduced basis. Each of our properties reopened with certain COVID-19 specific protective measures in place, including limitations on the number of seats per table game and increased spacing between active slot machines. The components of casino revenues are as follows:

VIP casino gaming operations. VIP table games win decreased by 86.5%, from HK\$20.39 billion in 2019 to HK\$2.75 billion in 2020, with total VIP table games turnover down 81.1%, from HK\$637.06 billion in 2019 to HK\$120.18 billion in 2020.

Mass market casino gaming operations. Mass market table games win decreased by 76.5%, from HK\$18.43 billion in 2019 to HK\$4.34 billion in 2020.

Slot machine gaming operations. Slot machine win decreased by 80.9% from HK\$2.87 billion in 2019 to HK\$546.1 million in 2020. Total slot machine handle decreased by 75.7% from HK\$58.50 billion in 2019 to HK\$14.22 billion in 2020.

Non-casino Revenues

Net non-casino revenues, which include rooms, food and beverage and retail and other revenues, decreased 61.0% from HK\$5.31 billion (14.7% of total operating revenues) in 2019 to HK\$2.07 billion (27.2% of total operating revenues) in 2020.

Rooms. Our room revenues decreased by 70.4% from HK\$2.23 billion in 2019 to HK\$661.6 million in 2020, primarily due to lower occupancy at both Wynn Palace and Wynn Macau resulting from the adverse effects of the COVID-19 Pandemic.

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

Room revenues information

	For the year ended December 31,	
	2019	2020
Wynn Palace:		
Average Daily Rate	HK\$2,110	HK\$1,828
Occupancy ⁽¹⁾	97.2%	29.8%
REVPAR	HK\$2,050	HK\$ 545
Wynn Macau:		
Average Daily Rate	HK\$2,244	HK\$2,146
Occupancy ⁽¹⁾	99.2%	34.8%
REVPAR	HK\$2,226	HK\$ 747

Note:

- (1) Occupancy is the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available in the applicable year. Available hotel rooms exclude those rooms out of service during the applicable year.

Food and beverage. Food and beverage revenues decreased by 62.0% from HK\$1.56 billion in 2019 to HK\$592.1 million in 2020, primarily due to decreased covers at our restaurants resulting from the adverse effects of the COVID-19 Pandemic.

Retail and other. Our retail and other revenues decreased by 46.0% from HK\$1.52 billion in 2019 to HK\$820.0 million in 2020, primarily due to a decrease in visitation to our Macau Operations resulting from the

adverse effects of the COVID-19 Pandemic. Rent concessions provided to tenants at our Macau Operations also contributed to the decrease.

Operating Costs and Expenses

Gaming taxes and premiums. Gaming taxes and premiums decreased by 79.5% from HK\$16.75 billion in 2019 to HK\$3.43 billion in 2020. The decrease was commensurate with the 82.0% decrease in casino revenues. WRM is subject to a 35% gaming tax on gross gaming win. In addition, WRM is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

Staff costs. Staff costs decreased by 19.1% from HK\$5.23 billion in 2019 to HK\$4.23 billion in 2020. The decrease was mainly due to the implementation of cost saving initiatives undertaken as a result of the COVID-19 Pandemic, including the consumption by employees of paid time off and unpaid voluntary time off.

Other operating expenses. Other operating expenses decreased by 53.8% from HK\$4.86 billion in 2019 to HK\$2.25 billion in 2020. The decrease was primarily due to the COVID-19 Pandemic and the implementation of certain cost containment initiatives by management, with decreases in advertising and promotion expenditures, operating supplies and equipment costs, repairs and maintenance costs, and other expenses, as well as decreases in business volume related expenses such as license fees and cost of sales, partially offset by the increase in provision for credit losses. The provision for credit losses increased from HK\$44.5 million in 2019 to HK\$237.6 million in 2020. The increase was primarily due to the impact of historical collection patterns and expectations of current and future collection trends in the light of the COVID-19 Pandemic, as well as the specific review of customer accounts, on our estimated credit loss for the respective years.

Depreciation. Depreciation decreased by 0.2% from HK\$2,922.5 million in 2019 to HK\$2,915.4 million in 2020. The decrease is primarily due to the decrease in depreciation of right-of-use assets as a result of termination of certain lease contracts during 2020.

Property charges and other. Property charges and other increased from HK\$34.0 million in 2019 to HK\$186.2 million in 2020. Amounts in each year primarily represent the gain/loss on the sale of equipment as well as costs related to assets retired or abandoned as a result of renovating certain assets of the Group in response to customer preferences and changes in market demand.

As a result of the foregoing, total operating costs and expenses decreased by 56.3%, from HK\$29.80 billion in 2019 to HK\$13.01 billion in 2020.

Finance Revenues

Finance revenues increased by 11.5% from HK\$76.1 million in 2019 to HK\$84.8 million in 2020. The increase was primarily due to holding higher average cash balances in 2020 compared to 2019. During 2020 and 2019, our short-term investment strategy has been to preserve capital while retaining sufficient liquidity. The majority of our cash equivalents were primarily in time deposits and fixed deposits with a maturity of three months or less.

Finance Costs

Finance costs increased by 31.4% from HK\$1.49 billion in 2019 to HK\$1.95 billion in 2020. The increase was mainly due to an increase in interest-bearing borrowings balances in 2020 compared to 2019, as a result of WML senior notes issuance during 2020, partially offset by the prepayments and contractual amortization payments of term loan facility of the Wynn Macau Credit Facilities during 2020.

Income Tax Expense

Income tax expense was HK\$12.4 million in 2019 and 2020. Our income tax expense relates to the current tax expense recorded by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement.

Net Loss Attributable to Owners of the Company

As a result of the foregoing, compared to net profit of HK\$5.06 billion in 2019, net loss attributable to owners of the Company was HK\$7.22 billion in 2020.

Liquidity and Capital Resources

Capital Resources

The COVID-19 Pandemic has materially impacted and is likely to continue to materially impact, our business, financial condition and results of operations. While we believe our unrestricted cash, cash flows from operations and revolver borrowing capacity from WM Cayman II Revolver and the WRL Revolving Loan Facility will enable us to fund our current obligations for the foreseeable future, COVID-19 has resulted in significant disruption to our operations, which has had and will likely continue to have a negative impact on our operating profit and could have a negative impact on our ability to access capital in the future.

Our cash and cash equivalents balance as of June 30, 2022 were HK\$8.69 billion (US\$1.11 billion). This cash is available for operations, new development activities, enhancements to our operating properties, debt service and retirement, and general corporate purposes. The Company paid no dividends during 2021 or the six months ended June 30, 2022.

On June 14, 2022, the Company entered into a loan agreement with WRL, pursuant to which WRL agreed to make available an unsecured revolving loan facility in an amount of up to US\$500.0 million (HK\$3.90 billion). The current term of the WRL Revolving Loan Facility is twenty-four months after the date of the loan agreement and the current interest rate of the loan is 4% per annum on funded amounts or any other rate (to take into account any prevailing market conditions and other applicable factors) as agreed between the Company and WRL from time to time.

As at June 30, 2022, the Company had HK\$3.92 billion of available borrowing capacity under the WRL Revolving Loan Facility. On September 16, 2021, WM Cayman II, an indirect wholly owned subsidiary of WML, entered into an unsecured revolving credit facility agreement in an aggregate principal amount of HK\$11.72 billion (US\$1.50 billion) consisting of one tranche in an amount of US\$312.5 million (HK\$2.46 billion) and one tranche in an amount of HK\$9.26 billion (US\$1.19 billion). WM Cayman II has the ability to upsize the total revolving credit facility by an additional HK\$7.85 billion (US\$1.01 billion) equivalent under the facility agreement and related agreements upon the satisfaction of various conditions. The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR, as applicable, plus a margin of 2.625% per annum until June 30, 2022, the date from which the margin ranges from 1.875% to 2.875% per annum based on WM Cayman II's leverage ratio on a consolidated basis. The final maturity of all outstanding loans under the revolving facility is September 16, 2025. On May 5, 2022, WM Cayman II and its lenders agreed to waive certain financial covenants in the facility agreement under the WM Cayman II Revolver in respect of the relevant periods ending on the following applicable test dates: (a) June 30, 2022; (b) September 30, 2022; (c) December 31, 2022; and (d) March 31, 2023; and to provide for a floor on the interest rate margin of 2.625% per annum through June 30, 2023. WML, as guarantor, may be subject to certain restrictions on payments of dividends or distributions to its shareholders, unless certain financial criteria have been satisfied through the facility agreement.

As at June 30, 2022, the Group had HK\$1.66 billion (US\$0.21 billion) of available borrowing capacity under the WM Cayman II Revolver and had subsequently drawn the remaining HK\$1.66 billion (US\$0.21 billion) in full in July 2022 for general corporate purposes.

Gearing Ratio

The gearing ratio is a key indicator of our Group's capital structure. The gearing ratio is net debt divided by total capital/(capital deficiency) plus net debt. The table below presents the calculation of our gearing ratio.

	As of December 31,				As of June 30,	
	2019	2020	2021	2021	2022	
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
	(in thousands, except for percentages)					
Interest-bearing borrowings	38,594,738	49,199,497	46,537,145	5,965,154	46,803,022	5,999,234
Accounts payable	402,395	438,472	393,618	50,454	281,910	36,135
Construction payables and accruals and construction retentions payable	491,695	296,482	245,474	31,466	159,418	20,434
Other payables and accruals	7,914,121	6,209,464	4,285,475	549,314	3,542,139	454,033
Amounts due to related companies	111,527	46,705	46,125	5,912	110,096	14,112
Other liabilities	213,549	235,847	184,650	23,668	174,513	22,371
Lease liabilities	562,794	273,720	214,682	27,518	182,279	23,364
Less: cash and cash equivalents	(14,087,486)	(18,831,109)	(11,664,100)	(1,495,110)	(8,688,653)	(1,113,716)
restricted cash and cash equivalents	(33,802)	(17,817)	(12,373)	(1,586)	(9,244)	(1,185)
Net debt	34,169,531	37,851,261	40,230,696	5,156,790	42,555,480	5,454,782
Equity/(deficiency in assets)	1,986,756	(5,056,422)	(10,022,599)	(1,284,702)	(13,522,626)	(1,733,337)
Total capital/(capital deficiency)	1,986,756	(5,056,422)	(10,022,599)	(1,284,702)	(13,522,626)	(1,733,337)
Capital and net debt	36,156,287	32,794,839	30,208,097	3,872,088	29,032,854	3,721,445
Gearing ratio	94.5%	115.4%	133.2%	133.2%	146.6%	146.6%

Cash Flows

The following table summarizes our cash flows for the periods indicated.

	Years Ended December 31,				Six Months Ended June 30,		
	2019	2020	2021	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
	(in millions)						
Net cash generated from/(used in) operating activities	6,751.1	(3,708.2)	(1,212.4)	(155.4)	(887.3)	(1,558.9)	(199.8)
Net cash used in investing activities	(1,543.5)	(642.8)	(453.9)	(58.2)	(160.6)	(264.8)	(33.9)
Net cash (used in)/generated from financing activities	(621.3)	9,128.4	(5,565.1)	(713.3)	(4,430.6)	(1,204.7)	(154.5)
Net increase/(decrease) in cash and cash equivalents	4,586.3	4,777.4	(7,231.4)	(926.9)	(5,478.5)	(3,028.4)	(388.2)
Cash and cash equivalents at beginning of period	9,526.4	14,087.5	18,831.1	2,413.8	18,831.1	11,664.1	1,495.1
Effect of foreign exchange rate changes, net	(25.2)	(33.8)	64.4	8.2	18.7	53.0	6.8
Cash and cash equivalents at end of period	14,087.5	18,831.1	11,664.1	1,495.1	13,371.3	8,688.7	1,113.7

Net cash generated from/(used in) operating activities

Our net cash used in operating activities is primarily driven by changes in our working capital and operating loss generated by our Macau Operations. Net cash used in operating activities was HK\$1,558.9 million (US\$199.8 million) for the six months ended June 30, 2022, compared to HK\$887.3 million for the six months ended June 30, 2021. As a result of the COVID-19 Pandemic, operating loss was HK\$2,208.1 million (US\$283.0 million) for the six months ended June 30, 2022, compared to HK\$938.3 million for the six months ended June 30, 2021. The increase in net cash used in operating activities was primarily due to the increased operating loss and partially offset by changes in working capital accounts. During the six months ended June 30, 2021, the decrease in net cash used in operating activities was primarily due to decreased operating loss and changes in working capital accounts.

Our net cash used in operating activities is primarily driven by changes in our working capital and operating loss generated by our Macau Operations. Net cash used in operating activities was HK\$1,212.4 million (US\$155.4 million) in 2021, compared to HK\$3,708.2 million in 2020. As a result of COVID-19 Pandemic, operating loss was HK\$2,651.4 million (US\$339.9 million) in 2021, compared to HK\$5,398.6 million in 2020. The decrease in net cash used in operating activities was primarily due to the decreased operating loss and partially offset by changes in working capital accounts, including a decrease in other payables and accruals primarily due to withdrawals by gaming promoters. As of December 31, 2021, the Group did not have any agreements in place with gaming promoters. In 2020, the decrease in net cash from operating activities was primarily due to the adverse effects of the COVID-19 Pandemic.

Our net cash used in operating activities is primarily affected by changes in our working capital and operating loss/profit generated by our Macau Operations. Net cash used in operating activities was HK\$3,708.2 million in 2020, compared to net cash of HK\$6,751.1 million generated from operating activities in 2019. Operating loss was HK\$5,398.6 million in 2020, compared to operating profit of HK\$6,365.2 million in 2019. The decrease in net cash from operating activities was primarily due to the adverse effects of the COVID-19 Pandemic on the results of our operations.

Net cash used in investing activities

Net cash used in investing activities was HK\$264.8 million (US\$33.9 million) for the six months ended June 30, 2022, compared to HK\$160.6 million for the six months ended June 30, 2021. Net cash used in the six months ended June 30, 2022 included HK\$230.9 million (US\$29.6 million) of costs, primarily related to maintenance capital expenditures, and HK\$46.8 million (US\$6.0 million) of contract premium and related cost paid for the Concession Extension Agreement, partially offset by HK\$12.5 million (US\$1.6 million) of interest receipts.

Net cash used in investing activities was HK\$453.9 million (US\$58.2 million) in 2021, compared to HK\$642.8 million in 2020. Net cash used in 2021 included HK\$476.0 million (US\$61.0 million) of costs, primarily related to maintenance capital expenditures, partially offset by HK\$17.9 million (US\$2.3 million) of interest receipts and HK\$4.2 million (US\$0.5 million) of proceeds from insurance claims.

Net cash used in investing activities was HK\$642.8 million in 2020, compared to HK\$1.54 billion in 2019. Net cash used in 2020 included HK\$749.1 million of costs, primarily related to maintenance capital expenditures, partially offset by HK\$89.9 million of interest receipts and HK\$16.6 million of proceeds from insurance claims. Net cash used in 2019 included capital expenditures of HK\$1.64 billion for renovations to enhance and refine the Macau Operations and for purchases of property and equipment and an increase in restricted cash and cash equivalents of HK\$8.2 million, partially offset by HK\$83.3 million of interest receipts, HK\$20.9 million of proceeds from insurance claims and HK\$0.7 million of proceeds from sale of property and equipment.

Net cash generated from/(used in) financing activities

Net cash used in financing activities was HK\$1,204.7 million (US\$154.4 million) during the six months ended June 30, 2022, compared to net cash of HK\$4,430.6 million used in financing activities during the six months ended June 30, 2021. During the six months ended June 30, 2022, net cash used in financing activities was primarily due to HK\$1.15 billion (US\$0.15 billion) of interest payments, HK\$33.7 million (US\$4.3 million) payments for principal and interest components of lease liabilities and HK\$25.1 million (US\$3.2 million) payments on debt financing costs.

Net cash used in financing activities was HK\$5,565.1 million (US\$713.3 million) in 2021, compared to net cash of HK\$9,128.4 million generated from financing activities in 2020. During 2021, net cash used in financing activities was primarily due to HK\$13,397.9 million (US\$1,717.3 million) in repayments of the Wynn Macau Credit Facilities, HK\$2,260.9 million (US\$289.8 million) of interest payments and HK\$250.4 million (US\$32.1 million) payments on debt financing costs, partially offset by HK\$10,036.9 million (US\$1,286.5 million) proceeds from WM Cayman II Revolver and HK\$388.6 million (US\$49.8 million) proceeds from the revolving credit facility of the Wynn Macau Credit Facilities.

Net cash generated from financing activities was HK\$9.13 billion in 2020, compared to net cash of HK\$621.3 million used in financing activities in 2019. During 2020, net cash generated from financing activities was primarily due to receipts of HK\$18.40 billion proceeds from issuance of WML 2026 Notes and WML 2028 Notes and HK\$438.5 million net proceeds from our revolving credit facility of the Wynn Macau Credit Facilities, partially offset by HK\$8.06 billion in repayments of our term loan facility of the Wynn Macau Credit Facilities, HK\$1.50 billion of interest payments and HK\$153.1 million payments on debt financing costs. During 2019, net cash used in financing activities was primarily due to HK\$2.16 billion net repayments on our revolving credit facility of the Wynn Macau Credit Facilities, HK\$4.67 billion dividend payments made in June 2019 and September 2019, HK\$144.3 million payment for principal and interest components of lease liabilities and HK\$1.34 billion of interest payments, partially offset by receipts of HK\$7.75 billion net proceeds from issuance of WML 2029 Notes.

Indebtedness

The following table presents a summary of our indebtedness as of December 31, 2019, 2020 and 2021 and June 30, 2022.

	As of December 31,				As of June 30,	
	2019	2020	2021	2021	2022	2022
	HK\$	HK\$	HK\$	US\$	HK\$	US\$
	(in thousands)					
Bank loans	20,659,687	12,989,897	10,041,953	1,287,182	10,055,365	1,288,901
Senior notes	18,301,709	36,437,321	36,650,417	4,697,868	36,885,417	4,727,990
Less: debt financing costs, net	(366,658)	(227,721)	(155,225)	(19,897)	(137,760)	(17,657)
Total interest-bearing borrowings	38,594,738	49,199,497	46,537,145	5,965,154	46,803,022	5,999,234

For a summary of our indebtedness, see “Capitalization and Indebtedness” and “Description of Other Material Indebtedness”.

Quantitative and Qualitative Disclosure about Market Risk

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

Foreign Currency Exchange Risks

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's functional and presentation currency, for incorporation into the consolidated financial statements. The majority of our assets and liabilities are denominated in U.S. dollars, Hong Kong dollars and Macau patacas, and we have no significant assets and liabilities denominated in other currencies. Assets and liabilities are translated at the prevailing foreign exchange rates in effect at the end of the reporting period. Income, expenditures and cash flow items are measured at the actual foreign exchange rates or average foreign exchange rates for the period. The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. The Macau pataca is pegged to the Hong Kong dollar, and in many cases the two currencies are used interchangeably in Macau. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments. If the Hong Kong dollar and the Macau pataca are not linked to the U.S. dollar in the future, severe fluctuations in the exchange rate for these currencies may result. We also cannot assure you that the current rate of exchange fixed by the applicable monetary authorities for these currencies will remain at the same level.

Interest Rate Risks

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

On July 27, 2017, the UK Financial Conduct Authority (the "FCA") announced that it intended to phase out LIBOR by the end of 2021. On March 5, 2021, the FCA extended the transition dates of certain LIBOR tenors to June 30, 2023, after which LIBOR reference rates will cease to be provided. As of December 31, 2021, all non-U.S. dollar LIBOR publications have been phased out. Accordingly, we will need to renegotiate our credit agreements extending beyond June 30, 2023 that utilize LIBOR as a factor in determining the interest rate to replace LIBOR with a new reference rate, such as the Secured Overnight Financing Rate.

The borrowings under the WM Cayman II Revolver bear interest at LIBOR or HIBOR (as applicable) plus a margin based on the leverage ratio of WM Cayman II on a consolidated basis. If it is not possible to determine LIBOR (or HIBOR) in accordance with the terms of the credit facilities agreement or if notice is served to us that the funding cost of our majority lender(s) exceeds LIBOR (or HIBOR), we must enter into good faith negotiations for a period of up to 30 days with a view to agreeing an alternative basis for determining the rate of interest applicable to our affected borrowings. Failing such agreement within the prescribed time, each relevant lender, acting reasonably, is to certify an alternative basis for maintaining its participation in the affected borrowings which may include an alternative method of fixing the applicable interest rate, alternative interest periods and/or alternative currencies provided such basis reflects the cost of funding its participation from whatever sources it may in good faith select. Each certified alternative basis is binding on WM Cayman II and treated as part of the credit facilities agreement and applicable related agreements. WM Cayman II may then seek to settle the affected outstanding borrowings. The potential effect of any such event could have on our business and financial condition cannot yet be determined.

Off Balance Sheet Arrangements

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

Other Liquidity Matters

We expect to fund our operations and capital expenditure requirements from cash on hand, availability under our credit facilities from WM Cayman II Revolver and the WRL Revolving Loan Facility, new borrowings and operating cash flows. However, we cannot be sure that operating cash flows will be sufficient for those purposes. We may refinance all or a portion of our indebtedness on or before maturity. We cannot be sure that we will be able to refinance any of the indebtedness on acceptable terms or at all.

New business developments or other unforeseen events, including related to COVID-19, may occur, resulting in the need to raise additional funds. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing.

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

Taking into consideration our financial resources, including our cash and cash equivalents, availability under our credit facilities and internally generated funds, we believe that we have sufficient liquid assets to meet our current and anticipated working capital and operating requirements.

BUSINESS

Overview

We are a developer, owner and operator of two integrated destination casino resorts, Wynn Palace and Wynn Macau, located in the Greater Bay Area region of the People's Republic of China. Our resorts in Macau include world-class hotel facilities, a variety of regional and international dining options, retail outlets and an array of one-of-a-kind entertainment options, many of which are free to the general public.

Our strategy in the Greater Bay Area encompasses investment in our integrated resorts, in our people and in the broader community. To attract and retain our customers, we design and continually make enhancements to refresh, improve and expand our resorts. We are in the design stages of developing the next phase of Wynn Palace. We currently expect that the next phase at Wynn Palace will incorporate an array of amenities such as theater and event space, interactive entertainment installations, food and beverage features, and other non-gaming offerings. We also maintain numerous programs to invest in our approximately 11,500 Macau-based employees. Through a robust emphasis on human resources and staff training, we provide opportunities for movement within our Group to ensure employees can pursue their career goals with us and to elevate their functional and leadership skills. Through our "Wynn Care" program, we facilitate reinvestment in our community, encourage volunteerism and promote responsible gaming. Since launching this program, we have centralized our community-focused initiatives under one umbrella and expanded our efforts from various volunteer activities and community events in Macau into the Greater Bay Area and beyond. Through our charitable foundation "Wynn Care Foundation", we continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. We are also fully committed to supporting sustainable development for the benefit of Macau and the planet by monitoring and reducing inefficient energy and resource consumption and embracing technologies that help us to responsibly use our resources.

On December 16, 2022, WRM, an indirect subsidiary of the Company, entered into a definitive gaming concession contract (the "Gaming Concession Contract") with the Macau Special Administrative Region, pursuant to which WRM was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau. We cannot assure you that we will be able to secure WRM's gaming concession beyond that date.

Macau's gaming market is primarily dependent on tourists, typically traveling from nearby destinations in Asia. Visitation to Macau grew significantly in the years leading up to the outbreak of COVID-19 in December 2019, but has since fallen meaningfully, primarily due to certain border control and other travel related restrictions which were in place throughout the years ended December 31, 2022 and 2021 as a result of the pandemic. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, tourist arrivals in Macau decreased 85.5% in 2022 compared to 2019, and 26.0% in 2022 compared to 2021.

We believe that the Macau region hosts one of the world's largest concentrations of potential gaming and tourism customers. According to Macau Statistical Information, annual gaming revenues were US\$36.5 billion in 2019, before falling to US\$7.6 billion in 2020, US\$10.8 billion in 2021 and US\$5.3 billion in 2022, due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. We continue to believe that, despite the recent challenges posed by the COVID-19 pandemic, Macau's stated goal of becoming a world-class tourism destination will continue to drive additional visitation to the market and create future opportunities for us to invest and grow.

Competitive Strengths

We benefit from a number of competitive strengths, including the following:

Successful Premium Business Model

We believe our brand name, high quality and luxury accommodations, focus on service and attention to detail allow us to penetrate the premium segments of the market more effectively. The combination of Wynn Macau's and Wynn Palace's high-quality offerings and location allows us to attract the premium clients, which we believe represent the most attractive segments of the Macau gaming market and which provide us with a majority of our revenues.

Location in One Of the World's Largest Concentrations of Potential Gaming and Tourism Customers

We are a holding company focused exclusively on Macau, one of the world's largest gaming markets measured by gross gaming revenues and the only location in China to offer legalized casino gaming. We have benefited from this growth, and we believe that Macau will maintain its leading position as the largest gaming market in the world as the prospects for continued revenue growth are driven by strong underlying demographics and increasing regional wealth.

Strong International Client Base and Proven Marketing Capability

WRM has a strong base of clients from throughout the world, many of whom have long-standing relationships with the Wynn Group. We service these clients by an internal marketing team at Wynn Macau and Wynn Palace and the marketing team of our affiliate WIML with offices in Hong Kong, Singapore, Japan, Taiwan and Canada. We also market Wynn Macau and Wynn Palace directly to gaming clients using database marketing techniques, as well as traditional incentives, including loyalty programs, reduced room rates and complimentary meals and suites. We also seek to increase the general awareness of our properties through various media channels, including social media, television, radio, newspapers, magazines, the internet, direct mail and billboards.

Significant Growth Potential

We opened our first property in Macau, Wynn Macau in 2006, followed by Encore at Wynn Macau, an expansion of Wynn Macau that added an integrated resort and casino, in 2010. On August 22, 2016, we opened Wynn Palace, an integrated resort and casino in the Cotai area of Macau containing a casino, luxury hotel rooms, convention, retail, entertainment, spa, salon and food and beverage offerings. As of December 31, 2022, we had a total of 323 table games at Wynn Palace and 331 at Wynn Macau approved by the Macau's DICJ. We are approved by the Macau government to operate 570 gaming tables and 1,100 gaming machines at our Macau Operations currently. We are also able to transfer table games between our Macau properties to optimize our casino operations. We believe our portfolio of offerings at our various Macau properties, which are located in the Macau peninsula and the Cotai area of Macau, positions us well in capitalizing on Macau's potential to recover from the effects of the COVID-19 Pandemic and for long-term sustainable growth.

A "Model Citizen" of the Greater Bay Area

We strive to be a force for positive change in Macau and across the Greater Bay Area, which is the region encompassing Macau, Hong Kong and southern Guangdong Province. Through the "Wynn Care" program we drive reinvestment in our community, encourage volunteerism and promote responsible gaming. Since launching this program, we have centralized our community-focused initiatives under one umbrella and continued to engage in various volunteer activities and community events in Macau, the Greater Bay Area and beyond. We are also fully committed to the sustainable development of Macau and endeavor to provide our guests with a premium experience while remaining environmentally conscious by monitoring and reducing inefficient consumption and embracing technologies that help us to responsibly use our resources.

We are committed to upskilling local labor. A majority of our employees and management team are from Macau. We provide opportunities for movement within our company to ensure employees can pursue their career goals with us. We provide employees with professional development and training opportunities to elevate core and leadership skills. We launched our “Career Advancement Program” in 2016, which offers gaming employees an alternative career option in hospitality services and the chance at a management role after a one-year intense training and immersion program. We also provide our employees with a “Leadership Effectiveness Program” to expand the abilities of our next generation of leaders. We believe we will continue to be the employer of choice in the industry.

Strong Management Team with Successful Track Record

Our management team has significant experience in designing, developing, marketing and operating integrated casino resorts. The members of our senior management team are highly respected in the hotel and gaming industries. Our existing management team has been responsible for the successful development and operation of some of the world’s best known gaming resorts.

Our Strategies

We aim to create shareholder value by continuing to pursue our management’s well established strategy of identifying opportunities for, and pursuing with the greatest attention to detail, the design, development and operation of luxury casino resorts in Macau. Our principal strategies are set forth below.

Capitalize on the International Reputation of the “WYNN” Brand

We seek to capitalize on our ability to use the internationally recognized “WYNN” brand to promote Wynn Macau and other projects, including Wynn Palace, to a VIP clientele throughout the world. We also intend to capitalize on our relationships in the Macau gaming industry, which we believe arise to a large degree as a result of the market-wide respect for, and recognition of, the proven track record of the “WYNN” brand in the global luxury casino resort industry.

Expand Our Client Network and Cultivate Client Relationships

In-house VIP Program. We hope to expand and develop our already substantial network of loyal international and domestic VIP clients. In addition to our internal marketing team focusing on marketing our Macau Operations to VIP players in Asia, we intend to continue to use the services of WIML, as well as independent marketing representatives in major cities around the world to market our Macau Operations. Our VIP clients are accustomed to enjoying the finest amenities when they travel, and we strive to satisfy their needs and desires. We are conscious of the ever changing demands and preferences of clients in the destination casino resort industry, particularly at the highest end. The Wynn Macau and Wynn Palace casino resorts offer clients both gaming and non-gaming amenities. We will endeavor to adapt our offering of luxury accommodations, private gaming salons, fine dining and premium retail offerings to cater to the evolving preferences of our clients, especially our VIP clients.

Premium Mass Market. In addition to our focus on providing luxury casino resorts targeted to VIP clients, we also seek to attract a significant percentage of the premium mass market clients visiting Macau from mainland China, Hong Kong and other regions. We also seek to attract these clients to our resorts through billboard, print and electronic media advertising. Wynn Macau’s performance lake, with its music fountains and fire show, as well as its dramatic front feature of an interchangeable gold “prosperity tree” and “dragon-of-fortune,” with its Chinese zodiac-inspired ceiling show and a descending chandelier, in addition to Wynn Palace’s cable car (“SkyCab”) ride, 8-acre performance lake, animated floral art displays and fine art displays, are designed to stand out to visitors to Macau and attract local clients. Our Macau Operations also offer promotions, including free shuttle services to and from the border gate, ferry terminal and Macau International Airport to attract mass market clients.

Our Properties and Projects

Wynn Palace Integrated Resort

Resort

Wynn Palace, one of our two existing Macau properties that we own and operate, opened to the public on August 22, 2016 in the Cotai area of Macau. Wynn Palace is a 6 million square foot integrated resort located in the Cotai area of Macau and adjacent to the Macau Light Rapid Transit.

Wynn Palace is conveniently located minutes from both Macau International Airport and the Macau Taipa Ferry Terminal and directly adjacent to a stop serviced by Macau's light rail system. The property features approximately 468,000 square feet of casino space with 287 table games and 560 slot machines, as well as private gaming salons and sky casinos. We frequently adjust the mixture of gaming tables and slot machines based upon a number of factors, including the popularity of particular games. We offer most major types of table games such as baccarat, blackjack, poker, Caribbean stud poker, roulette and sic bo. Baccarat is the most popular game among our clients measured by the level of revenues generated per table.

Wynn Palace also features a luxury hotel tower with a total of 1,706 guest rooms, suites, and villas, offering a health club, spa, salon, and pool. In addition, Wynn Palace offers 14 food and beverage outlets, approximately 107,000 square feet of high-end, brand-name retail space, and approximately 37,000 square feet of meeting and convention space. One of the restaurants at Wynn Palace, Sichuan Moon, was honored with two Michelin Stars. The property's signature public attractions and entertainment offerings include a performance lake, a gondola ride offering convenient street-level access, and an exceptional display of Western and Asian art.

We are in the design stages of developing the next phase of Wynn Palace. We currently expect that the next phase at Wynn Palace will incorporate an array of amenities such as theater and event space, interactive entertainment installations, food and beverage features, and other non-gaming offerings.

Land concession

The Group also owns a land concession for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") for a term of 25 years from May 2012. WRM pays annual rent of MOP8.5 million (HK\$8.3 million, or US\$1.1 million) for the land concession contract.

Wynn Macau Integrated Resort

Resort

Wynn Macau, one of our two existing Macau properties owned and operated by WRM, opened to the public on September 6, 2006 at the center of Macau's first luxury gaming resort cluster, on the urban Macau peninsula. Encore at Wynn Macau, a further expansion of Wynn Macau that added a fully integrated resort hotel, opened on April 21, 2010. Located in the heart of downtown Macau, the property features approximately 294,000 square feet of casino space with 276 table games and 567 slot machines, as well as private gaming salons, sky casinos, and a poker room. We frequently adjust the mixture of gaming tables and slot machines based upon a number of factors, including the popularity of particular games. We offer most major types of table games such as baccarat, blackjack, poker, Caribbean stud poker, roulette and sic bo. Baccarat is the most popular game among our clients measured by the level of revenues generated per table.

Wynn Macau features two luxury hotel towers with a total of 1,010 guest rooms and suites, offering two health clubs, two spas, a salon and a pool. In addition, Wynn Macau offers 14 food and beverage outlets, approximately 64,300 square feet of high-end, brand-name retail space, and approximately 31,000 square feet of meeting and convention space.

Wynn Macau features Chinese and international restaurants, including three restaurants, Golden Flower, Wing Lei and Mizumi, two of which were awarded two Michelin stars in 2023. Wynn Macau also features extensive convention, meeting and reception space and provides fully catered wedding and banquet services. The Wynn Esplanade hosts dozens of high-end, brand-name retail stores and boutiques. We also own and operate two spas at our resort complex that have been recognized with the Forbes Five-Star award, as well as fitness centers, a swimming pool, a salon and other amenities. Wynn Macau's signature attractions also include a performance lake and a rotunda show featuring a Chinese zodiac-inspired ceiling along with gold "tree of prosperity" and "dragon of fortune" features.

In November 2019, we opened the first phase of our "Lakeside Casino" expansion at Wynn Macau which features 44 mass market table games and a refurbished high-limit slot area. We substantially completed the second phase, which will include two new restaurants and approximately 7,000 square feet of additional retail space, in December 2019, and expect to open portions of the second phase in the second half of 2020 depending on market conditions and other factors.

Land Concession

The Macau government owns most of the land in Macau, and in most cases private interests in real property located in Macau are obtained through long-term leases and other grants of rights to use land from the government. In June 2004, WRM entered into a land concession contract and leased an approximately 16-acre parcel of land on the Macau peninsula from the Macau government. The land concession contract was subsequently amended to reflect the additional square feet added as a result of the construction of Encore at Wynn Macau. The term of the land concession contract is 25 years, which may be renewed with government approval for successive periods terminating no later than December 19, 2049. WRM pays annual rent of MOP4.2 million (HK\$4.1 million or US\$0.5 million) for the land concession contract.

Advertising and Marketing

Wynn Macau and Wynn Palace attract wealthy Chinese and international VIP gaming clients, due in part to the high degree of name recognition and client loyalty that we believe the "WYNN" brand has developed over the last two decades by operating some of the signature properties on the Las Vegas Strip. Our advertising and marketing strategy consists of positioning Wynn Macau and Wynn Palace as full service luxury resorts in the leisure, convention and tour and travel industries. We market these resorts directly to gaming customers using database marketing techniques, as well as traditional incentives, including reduced room rates and complimentary meals and suites. Our rewards system offers discounted and complimentary meals and beverages, lodging and entertainment for our guests. We also create general market awareness for our resorts through various media channels, including social media, radio, newspapers, magazines, the internet, direct mail and billboards. We also maintain, through third party operators, a fleet of shuttle buses and operates shuttle services to and from the Gongbei border gate, the primary ferry terminal, the new Taipa ferry terminal and the airport. We had an internal marketing team at Wynn Macau and Wynn Palace. We also make use of the marketing team of our affiliate WIML, which has offices in six locations in Asia and North America.

Loyalty Programs

For our mass table and slot customers, we offer a loyalty club called "Red Card". Players enrolled in the club earn points based on their play that can be redeemed for a variety of items such as, complimentary meals and lodging, various retail items, promotional chips and free tournament entries. The loyalty club is multi-tiered and as customers play more and move up in tier status they also earn benefits such as free limousine services, special VIP check-in area, a complimentary birthday gift and more. The Red Card loyalty club has been instrumental not only in retaining our valued customers but also in capturing new customers. The club's database of customers has grown significantly with the opening of Wynn Palace and continues to grow as more visitors come to Macau. Enhancements to the club will continue to evolve as the mass market of Macau grows and becomes even more competitive.

Intellectual Property

Our most important marks are trademarks and service marks that use the name “WYNN.” We have been licensed the right to use certain “WYNN”-related trademarks and service marks from WRL and Wynn Resorts Holdings, LLC, an affiliate of WRL, in connection with our operation of hotel casinos in Macau in return for a monthly royalty payment. See “Risk Factors—Risks Related to Our Business—We license our right to use the “WYNN” trademark from the WRL Group; accordingly, if a third party successfully challenges our affiliate’s ownership of, or right to use, the Wynn-related trademarks or service marks or if we are unable to stop unauthorized use of such marks, our business or results of operations could be harmed.”

The WRL Group has filed applications with the U.S. Patent and Trademark Office to register a variety of “WYNN”-related trademarks and service marks in connection with a variety of goods and services, including the marks “WYNN MACAU”, “ENCORE”, “WYNN PALACE” as well as trademarks of the Chinese characters representing “WYNN.” Some of the applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future.

A common element of these marks is the use of the surname “WYNN.” As a general rule, a surname (or a mark primarily constituting a surname) cannot be registered in the United States unless the surname has acquired “secondary meaning.” To date, the WRL Group has been successful in demonstrating such secondary meaning for the Wynn name in certain applications, but there can be no assurance that they will be successful with other pending applications.

U.S. federal registrations are not completely dispositive of the right of such marks. Third parties who claim prior rights with respect to similar marks may nonetheless challenge our right to obtain registrations or our use of the marks and seek to overcome the presumptions afforded by such registrations.

The WRL Group has also filed applications with various patent and trademark registries, including registries in Macau, the PRC, Hong Kong, Japan, Taiwan, certain European countries and various other jurisdictions throughout the world to register a variety of “WYNN”-related trademarks and service marks in connection with a variety of goods and services. These marks include many of the same marks filed with the U.S. Patent and Trademark Office and include “WYNN MACAU” and “ENCORE.” The WRL Group has registered “WYNN PALACE”-related marks in Macau, the PRC, Hong Kong and various jurisdictions. Some of these applications are based upon ongoing use and others are based upon a bona fide intent to use the marks in the future. As part of a key design element of Wynn Macau, the marquee sign for Wynn Macau is also patented.

We recognize that our contractual rights to use certain intellectual property assets, especially the logo version of “WYNN,” are among our most valuable assets. The WRL Group has undertaken a program to register its trademarks and other intellectual property rights in all relevant jurisdictions, some of which pose a risk of unauthorized use or counterfeiting. We believe the WRL Group will take all reasonable steps to not only acquire but protect our intellectual property rights against such unauthorized use throughout the world.

The WRL Group has also registered various domain names, including www.wynnmacau.com, www.wynnmacaulimited.com and www.wynncotai.com, with various domain registrars around the world. Our domain registrations extend to various foreign countries such as “.com.cn” and “.com.hk.” We pursue domain related infringement on a case-by-case basis depending on the infringing domain in question. The information found on these websites is not a part of this Offering Memorandum.

Employees

The success of our Macau Operations will be affected by our success in hiring and retaining our employees.

Wynn Macau and Wynn Palace compete with the large number of casino resort developments in Macau for limited qualified employees. We seek employees from Macau and other countries to adequately staff our Macau

resorts, and policies announced publicly by the Macau government have affected our ability to import labor in certain job classifications. We coordinate with the Macau labor and immigration authorities to help ensure that our labor demand is satisfied, but we may not be able to recruit and retain a sufficient number of qualified employees for our Macau Operations or obtain the required work permits for those employees.

As of December 31, 2022, we had approximately 11,500 employees. A significant portion of our employees are gaming employees, with the balance being primarily hotel, food and beverage employees. A small number of our employees are employed by Worldwide Wynn, a WRL Group company. These employees have been seconded to us and their costs are allocated to the Company pursuant to existing agreements. See “Related Party Transactions—Staff secondment payroll charges.” Our employees are selected, remunerated and promoted on the basis of their merit, qualifications, competence and contribution to the Company.

We make extensive efforts on employee retention with a focus on the particularities of the Macau labor market. Our human resource experience and familiarity with the Macau market has led to the creation of key policies, such as highly specialized health insurance and medical care packages that provide for non-conventional medical coverages. None of our employees are members of any labor union. We are not party to any collective bargaining or similar agreement with our employees. We believe that we have a good relationship with our employees. We hire a number of non-skilled foreign laborers through Wynn Manpower, Limited and non-skilled PRC laborers through Sociedade de Hotelaria Limitada, each an employment agent held by the WRL Group, in compliance with Macau government requirements.

Competition

Macau, located in the Greater Bay Area, is governed as a special administrative region of China and is located approximately 37 miles southwest of Hong Kong. Following the cessation of certain COVID-19 pandemic-related travel restrictions in January 2023, the journey between Macau and Hong Kong takes approximately 15 minutes by helicopter, 30 minutes by road via the Hong Kong-Zhuhai-Macau Bridge, and one hour by jetfoil ferry. Macau, which has been a casino destination for more than 50 years, consists principally of a peninsula on mainland China and two neighboring islands, Taipa and Coloane, between which the Cotai area is located. In addition to Wynn Resorts (Macau) S.A. (“WRM”), SJM Resorts, S.A. (“SJM”), Galaxy Casino, S.A. (“Galaxy”), Venetian Macau, S.A. (“Venetian Macau”), Melco Resorts (Macau) Limited (“Melco”), and MGM Grand Paradise Limited (“MGM Macau”) are permitted to operate casinos in Macau, with a total of 30 casinos currently in operation.

Macau’s gaming market is primarily dependent on tourists, typically traveling from nearby destinations in Asia. Visitation to Macau grew significantly in the years leading up to the outbreak of COVID-19 in December 2019, but has since fallen meaningfully, primarily due to certain border control and other travel related restrictions which were in place as a result of the COVID-19 pandemic. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, tourist arrivals in Macau decreased 85.5% in 2022 compared to 2019 prior to the pandemic.

We believe that the Macau region hosts one of the world’s largest concentrations of potential gaming and tourism customers. According to Macau Statistical Information, annual gaming revenues were US\$36.5 billion in 2019, before falling to US\$7.6 billion in 2020, US\$10.8 billion in 2021 and US\$5.3 billion in 2022, due to various quarantine measures and travel and entry restrictions and conditions since the outbreak of COVID-19. We continue to believe that, despite the recent challenges posed by the COVID-19 pandemic, Macau’s stated goal of becoming a world-class tourism destination will continue to drive additional visitation to the market and create future opportunities for us to invest and grow.

We face competition primarily from the 28 other casinos located throughout Macau in addition to casinos located throughout the world, including Singapore, South Korea, the Philippines, Vietnam, Cambodia, Malaysia, Australia, Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Additionally,

certain other Asian countries and regions have legalized or in the future may legalize gaming, such as Japan, Taiwan, and Thailand, which could increase competition for us.

Insurance

We maintain property damage and business interruption insurance in the amount of US\$2.0 billion for Wynn Palace and US\$1.5 billion for Wynn Macau, as well as crime and fidelity insurance. Together with WRL, we are party to a terrorism insurance policy that provides us with no less than US\$1.0 billion of coverage of losses resulting from terrorist acts with respect to WRM.

We believe that our insurance coverage is consistent with industry and regional practice and adequate and appropriate for our operations and we expect to adjust our coverage going forward as appropriate.

Legal Proceedings

We are currently not a party to any material legal or administrative proceedings. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigation, no assurances can be provided as to the outcome thereof. We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention.

Macau Litigation Related to Dore

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

We believe these cases are without merit and unfounded and intends to vigorously defend against the remaining claims pleaded against Wynn Macau SA in these lawsuits. We have made estimates for potential litigation costs based upon its assessment of the likely outcome and has recorded provisions for such amounts in the accompanying consolidated financial statements. No assurances can be provided as to the outcome of the pending Dore cases, and actual results may differ from these estimates.

REGULATION

General

On December 16, 2022, WRM, an indirect subsidiary of the Company, entered into the Gaming Concession Contract with the Macau government, pursuant to which WRM was granted a 10-year gaming concession commencing on January 1, 2023 and expiring on December 31, 2032, to operate games of chance at Wynn Palace and Wynn Macau.

As a casino concessionaire, WRM is subject to the regulatory control of the government of Macau. The government has adopted Laws and Administrative Regulations governing the operation of casinos in Macau. Only concessionaires are permitted to operate casinos. Each concessionaire was required to enter into a concession agreement with the Macau government which, together with the Law and Administrative Regulations, form the framework for the regulation of the activities of the concessionaire.

Under the Law and Administrative Regulations, concessionaires are subject to suitability requirements relating to background, associations and reputation, as are stockholders of 5% or more of a concessionaire's equity securities, officers, directors and key employees. The same requirements apply to any entity engaged by a concessionaire to manage casino operations. Concessionaires are required to satisfy minimum capitalization requirements, demonstrate and maintain adequate financial capacity to operate the concession and submit to continuous monitoring of their casino operations by the Macau government. Concessionaires also are subject to periodic financial reporting requirements and reporting obligations with respect to, among other things, certain contracts, financing activities and transactions with directors, financiers and key employees. Transfers or the encumbering of interests in concessionaires must be reported to the Macau government and are ineffective without government approval.

Each concessionaire is required to engage a managing director who must be a permanent resident of Macau and the holder of at least 15% of the capital stock of the concessionaire. The appointment of the managing director and of any successor is ineffective without the approval of the Macau government. All contracts placing the management of a concessionaire's casino operations with a third party also are ineffective without the approval of the Macau government.

Concessionaires are subject to a special gaming tax of 35% of gross gaming revenue, and must also make an annual contribution of up to 5% of gross gaming revenue for the promotion of public interests, social security, infrastructure and tourism. Concessionaires are obligated to withhold applicable taxes, according to the rate in effect as set by the government, from any commissions paid to gaming promoters. The withholding rate may be adjusted from time to time.

The Gaming Concession Contract between WRM and the Macau government requires WRM to operate two casinos: "Casino Wynn Macau" and "Casino Wynn Palace".

Under the Gaming Concession Contract, WRM provided a first demand bank guarantee of MOP1.00 billion (approximately US\$124.4 million) in favor of the Macau government to support WRM's legal and contractual obligations, from January 1, 2023 until one hundred and eighty days after the term of the Gaming Concession Contract expires or the rescission of the concession.

Pursuant to the Gaming Concession Contract and applicable Macau laws, Macau government may rescind the gaming concession if WRM fails to fulfill its obligations under the Macau law or the Gaming Concession Contract, including in the circumstances of (i) endangerment to the national security of mainland China or Macau, (ii) failure on the part of WRM to perform its obligations under the Gaming Concession Contract, (iii) public interest, and (iv) WRM ceasing to be eligible for the gaming concession under the Macau gaming law. If the Macau government rescinds the Gaming Concession Contract due to WRM's non-fulfilment, or perceived

non-fulfillment, of its obligations, WRM will be required to transfer to the Macau government, free from any encumbrance or lien and without compensation, all of its casinos, gaming assets and equipment and ownership rights to its casino areas in Macau. Beginning in the eighth year of WRM's concession, the Macau government may exercise its right to redeem the concession by providing WRM with at least one-year prior written notice. In such event, WRM would be entitled to fair and equitable compensation pursuant to the Macau gaming law. The amount of such compensation relating to the projects agreed with the Macau government would be determined based on the earnings of these projects, before interest, depreciation and amortization for the fiscal year immediately preceding the date the redemption is declared, multiplied by the number of years remaining on the term of the Gaming Concession Contract. The government of Macau may assume temporary custody and control over the operation of a concession in certain circumstances. During any such period, the costs of operations must be borne by the concessionaire.

WRM is required to obtain prior approval from the relevant Macau authorities or officials for various corporate changes and actions, including expansion of its business scope, issuance of shares, transfer of or creation of any encumbrances over its shares, issuance of debt securities, change of its managing director or the authority delegated thereto, change of its articles of association, certain transfers of property rights and creditor's rights, entering into a consumer loan contract or similar contract with a value equal to or exceeding MOP100.0 million (US\$12.4 million), and granting of a loan to any of its directors, shareholders or key employees. WRM is required to notify the Macau government of certain other changes, including any loan, mortgage, claim for obligation, guarantee or the assumption of any debt for financing its business with a value that equals to or exceeds MOP16.0 million (US\$1.99 million). In particular, WRM is required to notify the Chief Executive of Macau at least five working days in advance prior to making financial decisions (i) related to the transfer of funds within WRM which exceeds 50% of its share capital, (ii) related to employee salaries, remuneration or benefits which exceed 10% of its share capital, and (iii) not related to above items (i) and (ii), whose value exceeding 10% of its share capital.

Pursuant to the Gaming Concession Contract, WRM is required to submit to the Macau government an annual execution proposal of the specific projects mentioned in the Investment Plan annexed to the Gaming Concession Contract which it intends to execute in the following year by September 30, of each calendar year, detailing each project it intends to invest, the investment amount and the execution schedule for the relevant year for the purpose of government approval. The annual execution proposal for the year 2023 should be submitted in March 2023. Within 60 days after submission of each annual execution proposal, the Macau government will decide on its approval, and may request adjustments to specific projects, the investment amount and the execution schedule. If any of our annual execution proposals or parts thereof are not approved by the Macau government, WRM is obliged to propose allocating the relevant funds to other projects related with its activity, which are also subject to acceptance by the Macau government. WRM is required to submit a report on the execution of the previous year's execution proposal by March 31st of each calendar year. In addition, WRM is subject to the supervision of the Macau government as regards the execution of development projects included in the Investment Plan, and WRM must submit regular progress reports every two months, and may be requested to submit exceptional detailed reports whenever the normal progress of any development project included in the Investment Plan is compromised.

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.

<u>Name</u>	<u>Position</u>	<u>Age</u>
Mr. Craig Scott Billings	Executive Director and Chief Executive Officer	50
Ms. Linda Chih-Ling Chen	Executive Director, Vice Chairman of the Board and President	56
Mr. Frederic Jean-Luc Luvisutto	Executive Director and Chief Operating Officer	51
Ms. Ellen Fae Whittemore	Non-executive Director	66
Mr. Ian Michael Coughlan ⁽¹⁾	Non-executive Director	63
Dr. Allan Zeman, GBM, GBS, JP	Chairman of the Board and Independent Non-executive Director	74
Mr. Lam Kin Fung Jeffrey, GBS, JP	Independent Non-executive Director	71
Mr. Bruce Philip Rockowitz	Independent Non-executive Director	64
Mr. Nicholas Robert Sallnow-Smith	Independent Non-executive Director	73
Ms. Leah Dawn Xiaowei Ye	Independent Non-executive Director	64

Note

- (1) With effect from March 1, 2023, Mr. Coughlan was re-designated from an executive Director to a non-executive Director, and his appointment as a non-executive Director will end in May 2023. Mr. Coughlan will serve as an advisor to the Company through the end of 2023.

The biography of each Director is set out below:

Executive Directors

Mr. Craig S. Billings, aged 50, was a non-executive Director of the Company from August 17, 2018 until his re-designation as an executive Director on February 1, 2022. He was also appointed as the Chief Executive Officer of the Company on February 1, 2022. Mr. Billings joined Wynn Resorts, Limited in March 2017. He was previously the President and Chief Financial Officer of Wynn Resorts, Limited and was appointed as the Chief Executive Officer and a member of the board of directors of Wynn Resorts, Limited effective February 1, 2022. Most recently he has served as the Chief Executive Officer of Wynn Interactive Ltd. Mr. Billings has been a board member of the Company since August 2018. Mr. Billings also serves as an officer and/or director of several subsidiaries of Wynn Resorts, Limited and the Company. Mr. Billings has a history of leadership and innovation in the gaming industry, both domestically and internationally. He has held executive and board positions at Goldman Sachs, where he covered the industry globally, Aristocrat Leisure Limited, NYX Gaming Group, and International Game Technology. Prior to joining Wynn Resorts, Limited, Mr. Billings honed a global perspective with senior executive positions in both Australia and the United Kingdom during his time as Chief Digital Officer and Managing Director of Strategy and Business Development at Aristocrat Leisure. He is also the Lead Independent Director and Audit Committee Chair for AppLovin Corporation. Mr. Billings graduated with a Bachelor of Science (Cum Laude) in Accounting from the University of Nevada, Las Vegas and received an M.B.A. from Columbia Business School, United States. Mr. Billings is a Certified Public Accountant.

Ms. Linda Chen, aged 56, is the Vice Chairman and executive Director of the Company, President and executive Director of WRM, and President of Wynn International Marketing, Ltd. Ms. Chen is responsible for global marketing and strategic development of Wynn Resorts, Limited. Ms. Chen founded the Wynn Care charity brand in 2018 and established the Wynn Care Foundation as its President in 2020, leading Wynn's effort to actively fulfill its corporate social responsibilities. Ms. Chen was appointed as the Vice Chairman of the Company in April 2018, has been President of WRM since March 2017, executive Director of the Company since September 2009, and executive Director of WRM since August 2015. Ms. Chen played an integral role in

the openings of Wynn Resorts, Limited's three integrated resorts, including Wynn Las Vegas, Wynn Macau and Wynn Palace. She was also in charge of establishing Wynn International Marketing, Ltd. She served as Director of Wynn Resorts, Limited from October 2007 to December 2012, Chief Operating Officer of WRM from June 2002 to July 2022 and Chief Operating Officer of the Company from September 2009 to July 2022. Prior to joining Wynn Resorts, Limited, Ms. Chen was Executive Vice President of International Marketing for MGM Mirage from June 2000 to May 2002, responsible for the global marketing development of the three integrated resorts MGM Grand, Bellagio and The Mirage. Ms. Chen was involved in the opening of Bellagio in 1998 and served as the Executive Vice President of International Marketing. Prior to that, she was part of the opening team for the MGM Grand in 1993 and The Mirage in 1989. Currently, Ms. Chen is a Standing Committee member of the Jiangxi Provincial Committee of the Chinese People's Political Consultative Conference, a Director of the Macau Chamber of Commerce, a member of the Board of Trustees of Cultural Development Fund, Government of Macao S.A.R., a member of the Tourism Development Committee, Government of Macao S.A.R., a member of the University Council, Macau University of Science and Technology and an Honorary President of the Kiang Wu Hospital Charitable Association. Ms. Chen holds a Bachelor of Science Degree in Hotel Administration from Cornell University in 1989.

Mr. Frederic Jean-Luc Luvisutto, aged 51, was appointed as an executive Director of the Company since August 11, 2022. With effect from July 7, 2022, Mr. Luvisutto has become the Chief Operating Officer of the Company and WRM with responsibility for overseeing operations at Wynn Macau and Wynn Palace, including gaming operations. Mr. Luvisutto joined the Group in January 2014 and served as the Wynn Palace Chief Operating Officer from January 2014 to July 2022. Prior to the positions held within the Group, Mr. Luvisutto was the Managing Director of the Star Resort and Casino in Sydney, Australia. Before this he was the Managing Director of Jupiters Resort and Casino, Gold Coast, Australia. Mr. Luvisutto's hospitality and gaming career spans more than 25 years and also includes appointments as Vice President of The Signature at MGM Grand in Las Vegas and Vice President—Hotel Operations at Monte Carlo Resort and Casino in Las Vegas. Mr. Luvisutto graduated from the Lausanne Hotel Management School, Switzerland.

Non-executive Director

Ms. Ellen F. Whittemore, aged 66, was appointed as a non-executive Director of the Company with effect from January 1, 2023. She has been the Executive Vice President, General Counsel and Secretary of Wynn Resorts, Limited since July 2018. She also serves as a director of Wynn Interactive, Ltd. and an officer of several subsidiaries of Wynn Resorts, Limited. Prior to joining Wynn Resorts, Limited, Ms. Whittemore was a shareholder of Brownstein Hyatt Farber Schreck LLP from November 2016 to July 2018. From February 2014 to November 2016, Ms. Whittemore served as the sole manager of the Whittemore Gaming Group, LLC. From October 2002 to February 2014, Ms. Whittemore served as Of Counsel in the Las Vegas office of the law firm Lionel Sawyer & Collins. Ms. Whittemore graduated with a B.A. from the University of Nevada, Reno and received her J.D. from the University of San Diego School of Law. She is admitted to practice before the United States Supreme Court.

Mr. Ian Michael Coughlan, aged 63, was an executive Director of the Company from September 16, 2009 until his re-designation as a non-executive Director of the Company on March 1, 2023. Mr. Coughlan was appointed as the President of the Company on September 30, 2016. With effect from March 1, 2023, Mr. Coughlan ceased to be the President of the Company and an executive Director of the Company. His appointment as a non-executive Director will end in May 2023. Mr. Coughlan will serve as an advisor to the Company through the end of 2023. Prior to being appointed as President of the Company, Mr. Coughlan was the President of Wynn Resorts (Macau) S.A. from 2007 until 2017, before which he was Director of Hotel Operations—Worldwide for Wynn Resorts, Limited. During his tenure with the Company, he has helped to pioneer the development and growth of Wynn Macau, first through its property on the Macau peninsula and then taking on additional responsibility for Wynn Palace in Cotai after becoming President of the Company. His priority has been to reinforce the Company's reputation as a market leader with a focus on service and product excellence and the development of local management talent. Mr. Coughlan has a track record of over 40 years in

the hospitality industry with leading hotels and resorts across Asia, Europe and the United States. Before joining Wynn Resorts, Limited, he spent ten years with The Peninsula Group, including as General Manager of its flagship hotel The Peninsula Hong Kong from 2004 to 2007, and General Manager of The Peninsula Bangkok from 1999 to 2004. His previous tenures include senior management positions at The Oriental Singapore, and a number of Ritz-Carlton properties in the United States.

Independent non-executive Directors

Dr. Allan Zeman, GBM, GBS, JP, aged 74, was appointed as the non-executive Chairman of the Company on February 7, 2018. Dr. Zeman has been a Director of the Company since its inception and a non-executive Director of the Company since September 16, 2009 and was the Vice Chairman of the Company before his appointment as the non-executive Chairman of the Company. Effective from March 29, 2014, Dr. Zeman became an independent non-executive Director of the Company. He was also a non-executive director of Wynn Resorts, Limited, from October 2002 to December 2012. Dr. Zeman founded The Colby International Group in 1975 to source and export fashion apparel to North America. In late 2000, The Colby International Group merged with Li & Fung Limited. Dr. Zeman is the Chairman of Lan Kwai Fong Holdings Limited. He is also the owner of Paradise Properties Group, a property developer in Thailand.

Dr. Zeman is the Vice Patron of Hong Kong Community Chest, and serves as a director of The “Star” Ferry Company, Limited. Dr. Zeman also serves as a non-executive director of Pacific Century Premium Developments Limited, independent non-executive director of Sino Land Company Limited, Tsim Sha Tsui Properties Limited, Television Broadcasts Limited (TVB) and Fosun Tourism Group, all of which are listed on the Hong Kong Stock Exchange.

Having lived in Hong Kong for over 50 years, Dr. Zeman has been very involved in government services as well as community activities. Besides having been the Chairman of Hong Kong Ocean Park, a major theme park in Hong Kong, from July 2003 to June 2014 and was an honorary advisor from 2014 to 2022, Dr. Zeman is a member of the board of Governors of The Canadian Chamber of Commerce in Hong Kong. Dr. Zeman was a member of the Board of West Kowloon Cultural District Authority, and the chairman of its Performing Arts Committee from 2008 to 2016. He is now the Chairman of its Commercial Letting Panel. In September 2014, Dr. Zeman was invited by former HKSAR Chief Executive Mr. CH Tung to be a Special Advisor to his Our Hong Kong Foundation, which is dedicated to promoting the long-term and overall interests of Hong Kong. Dr. Zeman was a member of the Airport Authority of Hong Kong from 2015 to June 2022. In November 2015, Dr. Zeman was appointed to the board of directors of The Hong Kong Entrepreneurs Fund launched by Alibaba Group.

Dr. Zeman is a member of the Human Resources Planning Commission (HRPC) since March 2018, which was chaired by the HKSAR Chief Secretary. It aims at formulating coordinated human resources strategies for developing Hong Kong further into a high value-added and more diversified economy.

Dr. Zeman is a member of the Task Force on Promoting and Branding Hong Kong and a member of the Culture Commission of the HKSAR. He was appointed as a member in Jan 2023 and Feb 2023 respectively.

In 2001, Dr. Zeman was appointed as a Justice of the Peace in Hong Kong. He was awarded the Gold Bauhinia Star in 2004 and the Grand Bauhinia Medal in 2011. In 2008, Dr. Zeman was awarded Business Person of the Year by the Hong Kong Business Award. In 2012, he was awarded Honorary Doctorate Degrees of Business Administration from City University of Hong Kong and University of Science and Technology of Hong Kong. In November 2019, Dr. Zeman was awarded Honorary Doctorate Degree of Business Administration from Open University of Hong Kong (now known as Hong Kong Metropolitan University).

Mr. Lam Kin Fung Jeffrey, GBS, JP, aged 71, has been an independent non-executive Director of the Company since September 16, 2009. Mr. Lam is a member of the Legislative Council of the HKSAR, a

non-official member of the Executive Council of the HKSAR, a general committee member of the Hong Kong General Chamber of Commerce, a vice chairman of The Hong Kong Shippers' Council. Mr. Lam also holds a number of other public and community service positions in Hong Kong.

In addition, Mr. Lam is an independent non-executive director of Analogue Holdings Limited, CC Land Holdings Limited, China Overseas Grand Oceans Group Limited, Chow Tai Fook Jewellery Group Limited, CWT International Limited (formerly known as HNA Holding Group Co. Limited), i-CABLE Communications Limited, Wing Tai Properties Limited, and CSC Holdings Limited, all of which are listed on the Hong Kong Stock Exchange. He has served as the director on the board of Heifer International—Hong Kong since January 2016 and the executive director of Hong Kong Aerospace Technology Group Limited, which is listed on the Hong Kong Stock Exchange, with effect from July 16, 2021.

In 1996, Mr. Lam was appointed Justice of the Peace in Hong Kong and became a member of the Most Excellent Order of the British Empire. He was awarded the honor of the Gold Bauhinia Star in July 2011 and the Silver Bauhinia Star in 2004. Mr. Lam was conferred University Fellow of Tufts University in the United States and Hong Kong Polytechnic University in 1997 and in 2000, respectively.

Mr. Bruce Rockowitz, aged 64, has been an independent non-executive Director of the Company since September 16, 2009. Mr. Rockowitz was the CEO and Vice Chairman of Global Brands Group Holding Limited from 2014 to 2018 and was the Vice Chairman and non-executive director of the company from 2018 to 2019, a spinoff from Li & Fung Limited. Mr. Rockowitz joined Li & Fung Limited as Executive Director in 2001 until June 2014. He was the President of the Li & Fung Group from 2004 to 2011, and Group President and Chief Executive Officer from 2011 to June 2014. He was also the co-founder and Chief Executive Officer of Colby International Limited, a large Hong Kong buying agent, prior to its acquisition by Li & Fung in 2000. In addition, Mr. Rockowitz is a co-founder of the Pure Group, a lifestyle, fitness and yoga chain operating in Hong Kong, Singapore, New York City and mainland China. He is currently the Chairman of Rock Media Ltd., Legend Publishing Ltd., Dough Bros Holdings Ltd. and Camoworks, LLC.

Mr. Rockowitz is a member of the Advisory Board for the Wharton School's Jay H Baker Retailing Center, an industry research center for retail at the University of Pennsylvania. He is also a board member of the Education Foundation for Fashion Industries, the private fund-raising arm of the Fashion Institute of Technology in New York. In March 2012, he became a member of the Global Advisory Council of the Women's Tennis Association (WTA). In 2008, Mr. Rockowitz was ranked first by Institutional Investor for Asia's Best CEOs in the consumer category. In 2010 and 2011, he was also ranked as one of the world's 30 best CEOs by Barron's. In 2011, he was presented with the Alumni Achievement Award by the University of Vermont. In the years 2012, 2017 and 2018, Mr. Rockowitz was named Asia's Best CEO at Corporate Governance Asia's Excellence Recognition Awards, and he was also presented with an Asian Corporate Director Recognition Award by the same organization in 2012 and 2013.

Mr. Nicholas Sallnow-Smith, aged 73, has been an independent non-executive Director of the Company since September 16, 2009. Mr. Sallnow-Smith also served as the Chairman and an independent non-executive director of Link Asset Management Limited (formerly The Link Management Limited) between April 2007 and March 2016, when he also served as Chairman of Link Asset Management Limited's Finance and Investment, and Nominations Committees. Link Asset Management Limited is the manager to Link Real Estate Investment Trust (formerly The Link Real Estate Investment Trust), which is listed on the Hong Kong Stock Exchange. Mr. Sallnow-Smith is also a non-executive director of UCP Plc, which was listed on the London Stock Exchange. He was appointed as an independent non-executive director of Livi Bank Ltd in Hong Kong in April 2019. Prior to joining Link, Mr. Sallnow-Smith was Chief Executive of Hongkong Land Holdings Limited from February 2000 to March 2007. He has a wide ranging finance background in Asia and the United Kingdom for over 30 years, including his roles as Finance Director of Hongkong Land Holdings Limited from 1998 to 2000 and as Group Treasurer of Jardine Matheson Holdings Limited from 1993 to 1998.

Mr. Sallnow-Smith's early career was spent in the British Civil Service, where he worked for Her Majesty's Treasury in Whitehall, London from 1975 to 1985. During that time, he was seconded for two years to Manufacturers Hanover London, working in export finance and in their merchant banking division, Manufacturers Hanover Limited. He left the Civil Service in 1985, following a period working in the International Finance section of H. M. Treasury on Paris Club and other international debt policy matters, and spent two years with Lloyds Merchant Bank before moving into the corporate sector in 1987. Mr. Sallnow-Smith served as the Convenor of the Hong Kong Association of Corporate Treasurers from 1996 to 2000, as Chairman of the Matilda Child Development Centre in 1994 and 1995 and as Chairman of the Matilda International Hospital from 2003 to 2005.

He was an Executive Committee member of the Hong Kong Youth Arts Foundation from 2008 to 2020. He was a member of the Council of the Treasury Markets Association (Hong Kong Association of Corporate Treasurers Representative) from 2006 until June 2019. He was a member of the Board of Governors of Hong Kong Philharmonic Society Ltd. from 2007 until July 2019. He was the Chairman of Manpower Committee of the Hong Kong General Chamber of Commerce from 2014 to 2016. He was previously the Chairman of the General Committee of The British Chamber of Commerce in Hong Kong from 2012 to 2014. He was also a director of the Lion Rock Institute from 2016 until June 2019. He was a member of the Financial Reporting Council of Hong Kong from 2012 to November 2018. Mr. Sallnow-Smith was educated at Gonville & Caius College, Cambridge, and the University of Leicester and is a Fellow of the Association of Corporate Treasurers. He holds M.A. (Cantab) and M.A. (Soc. Of Ed.) Degrees.

Ms. Leah Dawn Xiaowei Ye, aged 64, was appointed as an independent non-executive Director of the Company with effect from April 1, 2019. Ms. Ye was appointed as partner of Rimon Law with effect from September 3, 2020 and left Rimon Law on March 6, 2022 as she has been appointed as senior vice president, global affairs of Qualcomm Incorporated with effect from March 7, 2022. Ms. Ye was the managing partner of the Beijing representative office of Morgan Lewis & Bockius LLP, an international law firm, from 2014 to 2018. Ms. Ye was also the co-managing partner of the Beijing representative office of Bingham McCutchen LLP from 2011 to 2014 before it had a merger with Morgan Lewis & Bockius LLP.

Ms. Ye has over 25 years of experience as a lawyer representing large Chinese companies, financial institutions and investment funds with respect to their overseas investments, project financing, and initial public listing and offerings. Ms. Ye has also represented multinationals in their investments and their regulatory matters in China. Prior to 2011, Ms. Ye was a resident partner at Allen & Overy and Jones Day in China from 2003 to 2004 and from 2004 to 2011, respectively. She also served as a senior lawyer at the Beijing representative office of Shearman & Sterling from 1995 to 2003.

Ms. Ye is admitted to practice law in the District of Columbia of the United States. Ms. Ye was also a member of the American Chamber of Commerce in the People's Republic of China from 2004 to 2018. Ms. Ye graduated with a Bachelor of Arts from Georgetown University in 1983 and obtained a Juris Doctor from Georgetown University Law Center in 1988. Ms. Ye's alias and former name is 葉小瑋.

Our Senior Management

The following table presents certain information concerning the senior management personnel of the Group (other than our Executive Directors) as of the date of this offering memorandum.

<u>Name</u>	<u>Position</u>	<u>Age</u>
Craig Jeffrey Fullalove	Chief Financial Officer and Chief Administrative Officer ⁽¹⁾	41
Hong Ieng Leong	Senior Vice President, Chief Information Officer	53
Mo Yin Mok	Senior Vice President—Human Resources ⁽¹⁾	61

Note:

(1) Position held in the Company.

The biography of each member of the senior management team (other than our executive Directors) is set out below:

Mr. Craig Jeffrey Fullalove, aged 41, was the Senior Vice President, Chief Financial Officer, a position he has held since January 13, 2020. With effect from July 18, 2022, Mr. Fullalove has become Chief Financial Officer and Chief Administrative Officer of the Company and WRM. Mr. Fullalove's responsibilities include providing leadership and supervision over both the Company and WRM's finance, Information Technology, Human Resources, Legal and other administrative departments. Prior to joining the Group, Mr. Fullalove was the Senior Vice President and Chief Financial Officer for Asian Coast Development Limited (ACDL). Mr. Fullalove has over 18 years of international experience in finance, having worked previously in South Africa, the United Kingdom, Canada and Vietnam. Prior to joining ACDL, Mr. Fullalove had worked with Deloitte & Touche for 9 years in various roles within both audit and financial advisory. Mr. Fullalove is a qualified Chartered Accountant and holds a Bachelor of Commerce from the University of Cape Town.

Mr. Hong Ieng Leong, aged 53, is the Senior Vice President, Chief Information Officer, a position he has held since November 2016. Prior to this position, Mr. Leong served as the Vice President of Information Technology for Wynn Palace since 2014. Mr. Leong has over 23 years of experience and, prior to joining WRM, served in management roles within the Sands China Limited organization at both Sands Cotai Central (currently the Londoner Macau) and Sands Macau as well as at MGM Grand Ho Tram (currently The Grand Ho Tram Strip). Mr. Leong holds a Bachelor of Business Computing from the Victoria University of Technology in Melbourne, Australia.

Ms. Mo Yin Mok, aged 61, is the Senior Vice President—Human Resources of the Company, a position she has held since January 2017. Ms. Mok is responsible for overseeing and leading the human resources function of the Company. She joined Wynn Macau in June 2008 as Vice President—Human Resources and was promoted as Wynn Macau Senior Vice President—Human Resources in June 2014. Ms. Mok has an extensive 30-year background in hospitality and human resources, primarily in the luxury hotel sector at The Regent Four Seasons Hong Kong and The Peninsula Hong Kong. Prior to joining the Group, she led The Peninsula Group's worldwide human resources team and, in her position, supported eight Peninsula hotels with more than 5,000 staff, and orchestrated human resources activities for the opening of The Peninsula Tokyo. Ms. Mok also served at the front lines of the hospitality industry as the Director of Rooms Division at The Peninsula Hong Kong with responsibility for front office, housekeeping, security and spa departments. Ms. Mok currently serves on the Faculty of Business Administration Advisory Board of the University of Macau, the Bachelor of Business Administration in Gaming and Recreation Management Program Advisory Board of the Macau Polytechnic Institute and the Training and Development Committee of the Macau Productivity and Technology Transfer Centre.

Ms. Mok holds a Bachelor of Science Degree in Hospitality Management from Florida International University in the United States, where she received a Rotary International Ambassadorial Scholarship. She also obtained an MBA from the Chinese University of Hong Kong.

Compensation of Directors and Senior Management of the Company

Details of the remuneration paid during the year ended December 31, 2021 to the directors of the Company are as follows:

Name of Directors	Fees	Salaries	Discretionary Bonus	Share-based Payments	Contributions to Retirement Plan	Other Total	Total	Total
				(HK\$ thousands)				(US\$ thousands)
Executive Directors:								
Matthew O. Maddox ⁽¹⁾⁽²⁾	—	—	—	—	—	—	—	—
Linda Chen	—	11,298	12,056	58,814	1	122	82,291	10,548
Ian Michael Coughlan	—	11,785	13,646	59,303	624	1,513	86,871	11,135
Non-executive Director:								
Craig S. Billings ⁽³⁾⁽⁴⁾	—	—	—	—	—	—	—	—
Independent non-executive Directors								
Lam Kin Fung Jeffrey	1,050	—	—	2,658	—	—	3,708	475
Bruce Rockowitz	1,075	—	—	2,658	—	—	3,733	478
Nicholas Sallnow-Smith	1,325	—	—	2,658	—	—	3,983	511
Allan Zeman	1,075	—	—	7,173	—	—	8,248	1,057
Leah Dawn Xiaowei Ye ⁽³⁾	850	—	—	2,370	—	—	3,220	413

Notes:

- (1) Mr. Matthew O. Maddox was re-designated from an executive Director to a non-executive Director and resigned as Chief Executive Officer of the Company, with effect from February 1, 2022. Mr. Matthew O. Maddox's appointment as a non-executive Director of the Company ended on December 31, 2022.
- (2) In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Matthew O. Maddox was charged to the Group, through the corporate allocation agreement, amounting to HK\$15.3 million for the year ended December 31, 2021.
- (3) Mr. Craig S. Billings was re-designated from a non-executive Director to an executive Director and was appointed as Chief Executive Officer of the Company, with effect from February 1, 2022.
- (4) In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Craig S. Billings was charged to the Group, through the corporate allocation agreement, amounting to HK\$4.5 million for the year ended December 31, 2021.

Transactions between the Company and its Directors and Senior Management

There are no loans or guarantees provided and outstanding, other than those entered into in the Company's ordinary course of business, to any of its directors or executive officers. In addition, there have been no transactions during the current or previous audited fiscal year of the Company between the Company and any of its directors and its key managerial management personnel or the key managerial personnel of its Subsidiaries, which, because of their unusual nature or the circumstances into which they have been entered, are or will be required to be disclosed in the Company's accounts or approved by its shareholders and there are no such transactions during an earlier fiscal year which remain in any respect outstanding or unperformed.

Corporate Governance

The Board governs the Company and is responsible for overall leadership of the Group. The Board works to promote the success of the Group through oversight and direction of the Group's business dealings and has delegated the general day-to-day operations of the Group's business to the executive Directors and management team. The Board determines the overall strategic priorities for the Company, reviews and approves budgetary affairs and oversees and monitors the overall performance of management. The Board is provided with all

necessary resources including the advice of external auditor, external attorneys and other independent professional advisors as needed.

The Company has a Board with a balanced composition of executive and non-executive Directors (including independent non-executive Directors). The main functions and constitution of the various Board committees are given below.

Audit and Risk Committee

The Company has set up an audit and risk committee in compliance with Rule 3.21 of the Listing Rules, the primary duties of which are to review and supervise the financial reporting process, internal control system and risk management system of the Group, maintain an appropriate relationship with the Company's auditor, review and approve connected transactions, and provide advice and comments to the Board.

The audit and risk committee consists of three members: Mr. Nicholas Sallnow-Smith, Mr. Bruce Rockowitz and Dr. Allan Zeman, all of whom are independent non-executive Directors. Mr. Nicholas Sallnow-Smith is the chairman of the audit and risk committee.

The audit and risk committee held four meetings during the year ended December 31, 2022.

Remuneration Committee

The Company has set up a remuneration committee, the primary duties of which are to assist the Board in determining the policy and structure for the remuneration of Directors, evaluating the performance of Directors and senior management, reviewing incentive schemes and Directors' service contracts and fixing the remuneration packages for all Directors and senior management. Pursuant to the delegated authority of the Board, the remuneration packages of Directors and senior management may be determined by the remuneration committee in accordance with the committee's written terms of reference. Determination of such matters is based on the Group's performance and the Directors' and senior management members' respective contributions to the Group.

The remuneration committee consists of four members: Mr. Craig S. Billings, an executive Director, and Mr. Nicholas Sallnow-Smith, Mr. Bruce Rockowitz and Mr. Lam Kin Fung Jeffrey, all of whom are independent non-executive Directors. Mr. Nicholas Sallnow-Smith is the chairman of the remuneration committee.

The remuneration committee held three meetings during the year ended December 31, 2022.

Nomination and Corporate Governance Committee

The Company has set up a nomination and corporate governance committee, the primary duties of which are to identify, screen and recommend to the Board appropriate candidates to serve as directors of the Company, to oversee the process for evaluating the performance of the Board, to develop and recommend to the Board nomination guidelines for the Company, to review the training and continuous professional development of Directors and senior management, to review and monitor the Company's policies and practices on compliance with legal and regulatory matters, to develop a set of corporate governance principles for the Company, which shall be consistent with any applicable laws, regulations and listing standards and to review the Company's compliance with the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules as applicable on the date of this offering memorandum. In reviewing the composition of the Board, the nomination and corporate governance committee considers the skills, knowledge and experience and also the desirability of maintaining a balanced composition of executive and non-executive Directors (including independent non-executive Directors).

The nomination and corporate governance committee consists of four members: Mr. Nicholas Sallnow-Smith, Mr. Lam Kin Fung Jeffrey, Dr. Allan Zeman and Ms. Leah Dawn Xiaowei Ye, all of whom are independent non-executive Directors. Mr. Lam Kin Fung Jeffrey is the chairman of the nomination and corporate governance committee.

The nomination and corporate governance committee held two meetings during the year ended December 31, 2022.

PRINCIPAL SHAREHOLDERS' AND DIRECTORS' INTEREST

The shareholdings and options of the directors in the Company are provided in the table below:

<u>Name</u>	<u>Interest in the Company</u>	<u>Percentage of Outstanding Shares⁽¹⁾</u>
Mr. Craig S. Billings	—	—
Ms. Linda Chen	—	—
Mr. Ian Michael Coughlan	—	—
Mr. Frederic Jean-Luc Luvisutto	10,482,090	0.20%
Ms. Ellen F. Whittemore	—	—
Dr. Allan Zeman	12,740,000	0.24%
Mr. Lam Kin Fung Jeffrey	5,674,000	0.11%
Mr. Bruce Rockowitz	6,210,000	0.12%
Mr. Nicholas Sallnow-Smith	6,056,000	0.12%
Ms. Leah Dawn Xiaowei Ye	3,935,000	0.08%

Our principal shareholders and their respective shareholdings in the Company are set forth below:

<u>Percentage of Outstanding</u>	<u>Direct Interest</u>		<u>Beneficial Interest</u>	
	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares⁽¹⁾</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares⁽¹⁾</u>
WM Cayman Holdings Limited I ⁽²⁾	3,750,000,000	71.59%	3,750,000,000	71.59%
Wynn Group Asia, Inc. ⁽²⁾	—	—	3,750,000,000	71.59%
Wynn Resorts Finance, LLC ⁽²⁾	—	—	3,750,000,000	71.59%
Wynn Resorts Holdings, LLC ⁽²⁾	—	—	3,750,000,000	71.59%
Wynn Resorts, Limited	—	—	3,750,000,000	71.59%
The Capital Group Companies, Inc. ⁽³⁾	—	—	298,355,907	5.70%

Notes:

- (1) As a percentage of the issued share capital, comprising 5,238,431,600 shares.
- (2) WM Cayman Holdings Limited I is a wholly-owned subsidiary of Wynn Group Asia, Inc., which in turn is wholly-owned by Wynn Resorts Finance, LLC, which in turn is wholly-owned by Wynn Resorts Holdings, LLC, and which in turn is wholly-owned by Wynn Resorts, Limited. Therefore, Wynn Group Asia, Inc., Wynn Resorts Finance, LLC, Wynn Resorts Holdings, LLC and Wynn Resorts, Limited are deemed to be interested in the 3,750,000,000 shares which are beneficially owned by WM Cayman Holdings Limited I.
- (3) The Capital Group Companies, Inc. is deemed to be interested in 298,355,907 shares, comprised of (i) 293,695,107 shares held by a wholly-owned subsidiary, Capital Research and Management Company; and (ii) 4,660,800 shares through Capital Group International, Inc., a wholly-owned subsidiary of Capital Research and Management Company, which is deemed interested 1,940,800 shares held by Capital International, Inc., 306,800 shares held by Capital International Limited and 2,413,200 shares held by Capital International Sarl, each being a wholly-owned subsidiary of Capital Group International, Inc.

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 Company's business. There were no significant charges from the Company to the related parties in 2019, 2020, 2021 and the six months ended June 30, 2021 and 2022. For a further discussion of related party transactions, see note 27 to our financial statements for the year ended December 31, 2019, note 26 to our financial statements for the year ended December 31, 2020 and 2021 and note 17 to the interim financial information for the six months ended June 30, 2022 and 2021 included elsewhere in this offering memorandum.

The following table summarizes our related party transactions for the periods indicated.

Name of Related Companies	Relationship to Wynn Macau, Limited	Primary Nature of Transactions	Years Ended December 31,				Six Months Ended June 30,		
			2019	2020	2021	2021	2021	2022	2022
			HK\$	HK\$	HK\$	US\$	HK\$	HK\$	US\$
(in thousands)									
Wynn Resorts	Ultimate parent company	License fees ⁽ⁱ⁾	1,318,132	309,445	385,171	49,371	222,592	109,764	14,070
Wynn Resorts	Ultimate parent company	Corporate support services ⁽ⁱⁱ⁾	60,098	46,194	44,027	5,643	22,196	33,937	4,350
Wynn Resorts	Ultimate parent company	Share-based payment expenses	72,885	80,842	111,933	14,348	52,793	43,069	5,521
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts	Airplane usage charges ⁽ⁱⁱ⁾	12,486	—	—	—	—	—	—
WIML	Subsidiary of Wynn Resorts	International marketing expenses ⁽ⁱⁱⁱ⁾	48,476	34,498	38,947	4,992	21,261	24,915	3,194
Worldwide Wynn	Subsidiary of Wynn Resorts	Staff secondment payroll charges ^(iv)	119,025	55,920	40,116	5,142	26,707	26,035	3,337
Wynn Design & Development	Subsidiary of Wynn Resorts	Design / development payroll ^(v)	36,443	20,581	18,493	2,370	5,748	10,299	1,320

We had the following significant balances with our related parties as of the dates indicated:

Name of Related Companies	Relationship to Wynn Macau, Limited	As of December 31,			
		2019	2020	2021	2021
		HK\$	HK\$	HK\$	US\$
(in thousands)					
Due from related companies—current					
WIML	Subsidiary of Wynn Resorts	182,155	132,265	126,449	16,208
Palo Marketing Services Limited	Subsidiary of Wynn Resorts	—	49,599	49,558	6,352
Wynn Manpower Limited	Subsidiary of Wynn Resorts	493	352	315	40
Wynn MA, LLC	Subsidiary of Wynn Resorts	324	274	291	37
Palo Manpower Hong Kong Limited	Subsidiary of Wynn Resorts	109	185	251	32
Palo Hong Kong Limited	Subsidiary of Wynn Resorts	107	184	249	32
SAC Hospitality Services HK Limited	Subsidiary of Wynn Resorts	47	107	181	23
Lumini Hospitality Services HK Limited	Subsidiary of Wynn Resorts	47	107	181	23
Harthor Hospitality Services HK Limited	Subsidiary of Wynn Resorts	47	107	183	23
SAC Hospitality Services Limited	Subsidiary of Wynn Resorts	13	13	13	2
Lumini Hospitality Services Limited	Subsidiary of Wynn Resorts	13	13	13	2
Harthor Hospitality Services Limited	Subsidiary of Wynn Resorts	13	13	38	5
Wynn Resorts Hotel Marketing and Sales (Asia), LLC	Subsidiary of Wynn Resorts	3	3	3	0
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts	3,726	—	—	—

Name of Related Companies	Relationship to Wynn Macau, Limited	As of December 31,			
		2019	2020	2021	2021
		HK\$	HK\$	HK\$	US\$
		(in thousands)			
Due to related companies—current					
Wynn Resorts	Ultimate parent company	103,400	41,763	40,078	5,137
Worldwide Wynn	Subsidiary of Wynn Resorts	4,679	1,819	810	104
Wynn Design & Development	Subsidiary of Wynn Resorts	1,605	1,810	2,978	382
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts	—	1,313	2,259	290
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts	1,586	—	—	—
Palo Marketing Services Limited	Subsidiary of Wynn Resorts	257	—	—	—

(i) License fees

Prior to our listing on the Hong Kong Stock Exchange, we had an arrangement with WRL and Wynn Resorts Holdings, LLC (together, the “Licensors”) under which the Licensors licensed to us certain trademarks and service marks, other marks and works, domain names, and hotel casino design, development and management know-how (collectively, the “Intellectual Property Rights”). On September 19, 2009, each of the Company and WRM entered into an intellectual property license agreement with the Licensors (together, the “IP License Arrangement”), which has a perpetual term. Pursuant to the IP License Arrangement, the Licensors licensed to each of the Company and WRM the right to use the Intellectual Property Rights using the same pricing basis as described below. The IP License Arrangement is also subject to restrictions in the agreements between Wynn Resorts Holdings, LLC or WRL and any third parties, in respect of a third party’s intellectual property, including any applicable limitations on the scope of the license, limitations on sub-licensing, termination (including change of control) under certain circumstances and other standard provisions.

The license fee payable to WRL equals the greater of (a) 3% of the IP gross monthly revenues and (b) US\$1.5 million (HK\$11.7 million) per month. For the purposes of each intellectual property license agreement, the term “IP gross revenues” refers to the licensee’s total operating revenues as adjusted by adding back (x) commissions and others which were netted against operating revenues and (y) promotional allowances, and the term “IP gross monthly revenues” refers to the licensee’s IP gross revenues accrued at the end of each calendar month. The calculation of each licensee’s operating revenues, promotional allowances, and commissions and others in connection with the IP gross revenues stated in the intellectual property license agreements shall always be consistent with our accounting policies and prepared in accordance with IFRS as in effect from December 31, 2008.

(ii) Corporate support services

WRL provides corporate support services to us. These services consist of a limited number of executives in relevant areas assisting us on certain matters. The assistance includes guidance on certain issues and ensuring that, from a regulatory standpoint, we follow and maintain WRL’s standard operating procedures. The annual fees for the services provided by WRL are based on an allocation of the actual proportion of WRL’s annual corporate departments’ costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services, and in any event, such annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments’ costs and overhead expenses incurred by WRL during any financial year.

Similarly, we have reciprocal arrangements to allow WRL or its subsidiaries (other than us) to have access to the services of any of our employees provided that such services do not materially interfere with such employees’ obligations to, and responsibilities with, the Company. For services provided by our employees, WRL shall pay for the services based on actual cost (including salaries and benefits for such employees during the period when such services are being rendered) and expense on a reimbursement basis.

WRL allows us to use aircraft assets owned by WRL and its subsidiaries (other than us) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of WRL. Similarly, we have reciprocal arrangements to allow WRL or its subsidiaries (other than us) to use any aircraft assets that we could own in the future.

(iii) International marketing expenses

WIML, a subsidiary of WRL, (i) provides administrative, promotional and marketing services as well as a limited number of marketing executives to attract and introduce customers to WRM and (ii) employs certain non-Macau residents based in or to be based in Macau (“Foreign Resident Staff”) on our behalf and seconds such Foreign Resident Staff to us.

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) Staff secondment payroll charges

Worldwide Wynn, a subsidiary of WRL, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. During the secondment period, employees are expected to devote their efforts and all of their business time and attention to the operations and functions of WRM. The seconded employees live and work in Macau for the duration of the secondment periods. Worldwide Wynn is compensated for these services with a service fee equal to its aggregate costs plus 5% to Worldwide Wynn of the seconded employees during the periods of secondment to WRM, including:

- wages-regular and overtime;
- bonuses and commissions;
- vacation pay and sick leave;
- employee benefit plans, including health insurance, life insurance and other insurance or 401k plans;
- employer-paid federal, state or local taxes or workers’ compensation costs and unemployment taxes; and
- employer-paid business expenses and employee international allowances.

(v) Design/development payroll

Wynn Design and Development provides design and development services to us in connection with the construction and renovation works at Wynn Palace and Wynn Macau and Encore at Wynn Macau. Service fees are charged at the cost incurred by Wynn Design and Development to us for the services provided.

Home Purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As of December 2021, the net carrying amount of the house together with improvements and its land lease right was HK\$38.1 million (2020: HK\$43.7 million).

In 2022, Ms. Chen exercised an option to purchase the house for no consideration, as provided by the terms of the employment agreement. Based on a third-party appraisal as of the date of the option exercise, the estimated fair value of the house is HK\$50.0 million. The purchase closed during the second half of 2022.

WRL Revolving Loan Facility

On June 14, 2022, the Company entered into a loan agreement with WRL, pursuant to which WRL agreed to make available an unsecured revolving loan facility in an amount of up to US\$500.0 million (HK\$3.92 billion). As of June 30, 2022, the Company had HK\$3.92 billion (US\$500.0 million) in funding available under WRL Revolving Loan Facility.

Compensation of senior/key management personnel of the Company

	Years Ended December 31,			
	2019	2020	2021	2021
	HK\$	HK\$	HK\$	US\$
	(in thousands)			
Salaries, bonuses, allowances and benefits in kind	135,022	47,520	92,076	11,802
Share-based payments	76,733	124,142	143,878	18,442
Retirement benefits	1,698	1,374	1,408	181
Total compensation paid to senior/key management personnel	213,453	173,036	237,362	30,425

DESCRIPTION OF OTHER MATERIAL INDEBTEDNESS

As of June 30, 2022, we had total indebtedness of HK\$46,803.0 million (US\$5,999.2 million) in accordance with the IFRS, comprised of secured bank loans and unsecured senior notes.

WM Cayman II Revolver

On September 16, 2021, WM Cayman II, an indirect wholly owned subsidiary of WML, as borrower and WML as guarantor, entered into a facility agreement with, among others, Bank of China Limited, Macau Branch as agent and a syndicate of lenders, pursuant to which the lenders will make available in an aggregate amount of HK\$11.72 billion equivalent (US\$1.50 billion) revolving unsecured credit facility consisting of one tranche in an amount of US\$312.5 million (HK\$2.46 billion) and one tranche in an amount of HK\$9.26 billion (US\$1.19 billion) to WM Cayman II. WM Cayman II has the ability to upsize the total WM Cayman II Revolver by an additional HK\$7.85 billion equivalent (US\$1.01 billion) under the facility agreement and related agreements upon the satisfaction of various conditions.

The final maturity of all outstanding loans under the WM Cayman II Revolver is September 16, 2025 (or if September 16, 2025 is not a business day, the next business day in the relevant calendar month), by which time any outstanding borrowings from the WM Cayman II Revolver must be repaid.

Each loan under the revolving facility, consisting of both United States dollar and Hong Kong dollar tranches, will bear interest at LIBOR or HIBOR, as applicable, plus a margin of 2.625% per annum until June 30, 2022, the date from which the margin ranges from 1.875% to 2.875% per annum based on the leverage ratio of WM Cayman II on a consolidated basis.

On May 5, 2022, WM Cayman II and its lenders agreed to waive certain financial covenants in the facility agreement under the WM Cayman II Revolver in respect of the relevant periods ending on the following applicable test dates: (a) June 30, 2022; (b) September 30, 2022; (c) December 31, 2022; and (d) March 31, 2023; and to provide for a floor on the interest rate margin of 2.625% per annum through June 30, 2023. WML, as guarantor, may be subject to certain restrictions on payments of dividends or distributions to its shareholders, unless certain financial criteria have been satisfied through the facility agreement.

As of June 30, 2022, the Group had HK\$1.66 billion (US\$0.21 billion) in funding available under WM Cayman II Revolver and had subsequently drawn the remaining HK\$1.66 billion (US\$0.21 billion) in full in July 2022 for general corporate purposes.

The facility agreement contains representations, warranties, covenants and events of default customary for similar financings, including, but not limited to, restrictions on indebtedness to be incurred by WM Cayman II or its group members and restrictions on creating security over the assets of WM Cayman II or by its group members. The facility agreement also requires WM Cayman II to maintain a certain leverage ratio and interest coverage ratio from time to time as provided under the facility agreement. The facility agreement also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers). It is a property mandatory prepayment event under the facility agreement if there is a loss of gaming operation or Gaming Concession Contract by the Group. Customary fees and expenses were paid by WM Cayman II in connection with the facility agreement and related agreements. It is a mandatory prepayment event under the facility agreement if Wynn Resorts, Limited ceases to legally and beneficially own and control, directly or indirectly, more than 50% of the outstanding share capital of WM Cayman II through the Company measured by voting power.

2024 Notes, 2026 Notes, 2027 Notes, 2028 Notes 2029 Notes (collectively, the “WML Senior Notes”)

On September 20, 2017, the Company issued the 2024 Notes and the 2027 Notes. The Company used the net proceeds from the 2024 Notes and the 2027 Notes and cash on hand to fund the cost of extinguishing the then

outstanding US\$1,350 million 5.250% senior notes due 2021. The 2024 Notes and the 2027 Notes were issued pursuant to indentures dated as of September 20, 2017 (together, the “2017 Indentures”). Interest on the 2024 Notes and the 2027 Notes is payable semi-annually in arrears. The 2024 Notes and the 2027 Notes, which are listed on the Hong Kong Stock Exchange mature on October 1, 2024 and October 1, 2027, respectively, in each case unless redeemed or repurchased earlier.

On December 17, 2019, the Company issued the 2029 notes. The Company used the net proceeds from the 2029 Notes to facilitate the repayment of a portion of the Wynn Macau Credit Facilities and expects to use the remainder for general corporate purposes. The 2029 Notes were issued pursuant to the indenture dated as of December 17, 2019 (the “2019 Indenture”), among, *inter alios*, the Company and Deutsche Bank Trust Company Americas, as trustee. Interest on the 2029 Notes is payable semi-annually in arrears on June 15 and December 15 of each year, beginning on June 15, 2020. The 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on December 15, 2029, unless redeemed or repurchased earlier.

During 2020, the Company issued the 2026 Notes and 2028 Notes. Interest on the 2026 Notes is payable semi-annually in arrears on January 15 and July 15 of each year, beginning on January 15, 2021. Interest on the 2028 Notes is payable semi-annually in arrears on February 26 and August 26 of each year, beginning on February 26, 2021. The 2026 Notes and 2028 Notes mature on January 15, 2026 and August 26, 2028, respectively. The Company used a portion of the net proceeds of the 2026 Notes and 2028 Notes to facilitate repayments of the Wynn Macau Credit Facilities and expects to use the remainder for general corporate purposes.

The WML Senior Notes are WML’s general unsecured obligations; rank *pari passu* in right of payment with all of WML’s existing and future senior unsecured indebtedness; rank senior to all of WML’s future subordinated indebtedness, if any; are effectively subordinated to all of WML’s future secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness; and are structurally subordinated to all existing and future obligations of WML’s subsidiaries, including the WM Cayman II Revolver. All the WML Senior Notes are listed on the Hong Kong Stock Exchange.

The WML Senior Notes indentures contain covenants limiting WML’s (and certain of its subsidiaries’) ability to, among other things: merge or consolidate with or into another company; and transfer or sell all or substantially all of its properties or assets. The WML Senior Notes indentures also contain customary events of default. In the case of an event of default arising from certain events of bankruptcy or insolvency, all WML Senior Notes then outstanding will become due and payable immediately without further action or notice.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, sub-concessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same manner and scope as it does on the date on which each of the WML Senior Notes were issued, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, sub-concessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML Senior Notes will have the right to require the Company to repurchase all or any part of such holder’s WML Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

If the Company undergoes certain Changes of Control (as defined in the WML Senior Notes indentures), it must offer to repurchase the WML Senior Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the indentures governing the 2024 Notes and 2027 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the

Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of WRL, measured by voting power rather than number of equity interests, and a majority of the members of the Board not being continuing directors. Under the indentures governing the 2026 Notes, 2028 Notes and 2029 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to WRL or any affiliate of WRL, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests, and a majority of the members of the Board not being continuing directors.

WRL Revolving Loan Facility

On June 14, 2022, the Company entered into a loan agreement with WRL, pursuant to which WRL agreed to make available an unsecured revolving loan facility in an amount of up to US\$500.0 million (HK\$3.90 billion). The current term of the WRL Revolving Loan Facility is twenty-four months after the date of the loan agreement and the current interest rate of the loan is 4% per annum on funded amounts or any other rate (to take into account any prevailing market conditions and other applicable factors) as agreed between the Company and WRL from time to time.

As of June 30, 2022, we had HK\$3.90 billion (US\$500.0 million) in funding available under the WRL Revolving Loan Facility.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of US\$600,000,000 in aggregate principal amount of 4.50% Convertible Bonds due 2029 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Wynn Macau, Limited (the “**Issuer**”) was authorized by resolutions of the board of directors of the Issuer passed on February 28, 2023.

The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) to be dated on or about March 7, 2023 (the “**Issue Date**”) made between the Issuer and DB Trustees (Hong Kong) Limited as trustee for the holders of the Bonds (the “**Trustee**”, which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed) and are subject to a paying, conversion and transfer agency agreement to be dated on or about the Issue Date (as amended and/or supplemented from time to time, the “**Agency Agreement**”) made between the Issuer, the Trustee, Deutsche Bank Trust Company Americas, as principal paying agent and principal conversion agent (the “**Principal Agent**”), as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”) and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**” or a “**Transfer Agent**”, respectively, and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. The term “**Paying Agents**” includes the Principal Agent and the term “**Conversion Agents**” includes the Principal Agent. References to the “**Principal Agent**”, the “**Registrar**”, the “**Transfer Agent**” and “**Agents**” below are references to the principal agent, the registrar, the transfer agent and the agents for the time being for the Bonds. Deutsche Bank Securities Inc will act as designated settlement agent for the purposes of settling the Bonds at the time of the offering. These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. Unless otherwise defined, terms used in these Conditions have the meanings specified in the Trust Deed.

Copies of the Trust Deed and the Agency Agreement are (i) available during usual business hours (being between 9:00 a.m. and 3:00 p.m. from Monday to Friday other than a public holiday) at the principal office for the time being of the Trustee (being at the Issue Date at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong) and at the specified office for the time being of the Principal Agent, in each case, following prior written request and satisfactory proof of holding or, (ii) available to the Bondholders electronically via email from the Trustee. The Bondholders (as defined in Condition 2(B)) are entitled to the benefit of the Trust Deed, and are bound by, and deemed to have notice of all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

1. Status

The Bonds constitute direct, unsubordinated, unconditional and (subject to Condition 4(A)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(A), at all times rank at least equally with all of its other present and future senior, unsecured and unsubordinated obligations.

2. Form, Denomination and Title

(A) *Form and Denomination*

The Bonds are issued in registered form in the denomination of US\$200,000 each and integral multiples of US\$1,000 (each, an “**Authorized Denomination**”) in excess thereof. A bond certificate (each a “**Certificate**”)

will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by a Regulation S Global Certificate and a Rule 144A Global Certificate, each deposited with a custodian for and registered in the name of a nominee for The Depository Trust Company (“**DTC**”). The Conditions are modified by certain provisions contained in the Global Certificates. Except in the limited circumstances described in the Global Certificates, owners of interests in the Bonds represented by the Global Certificates will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

(B) Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as ordered by a court of competent jurisdiction or as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

3. Transfers of Bonds; Issue of Certificates

(A) Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom and in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) Transfer

Subject to Conditions 3(E) and 3(F) and the terms of the Agency Agreement, a Bond may be transferred or exchanged by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorized in writing, to the specified office of either the Registrar or any of the Transfer Agents and any other evidence as the Registrar or such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed such form of transfer. No transfer of a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificates will be effected in accordance with the rules of DTC or any Alternative Clearing System (as defined in the form of the Global Certificates).

(C) Delivery of New Certificates

Each new Certificate to be issued upon a transfer, conversion or exchange of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer’s expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

*Except in the limited circumstances described herein (see “**Provisions Relating To The Bonds In Global Form**”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, converted, redeemed or repurchased, a new Certificate

in respect of the Bonds not so transferred, exchanged or converted will, within seven business days of delivery of the original Certificate to the Registrar or the relevant Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of Condition 3 and Condition 6, "**business day**" shall mean a day other than a Saturday, Sunday or public holiday on which banks are generally open for business in the city in which the specified office of the Registrar and Transfer Agent (if a Certificate is deposited with it in connection with a transfer or conversion) or the Conversion Agent with whom a Certificate is deposited in connection with a transfer, redemption or conversion, is located.

(D) Formalities Free of Charge

Subject to Conditions 3(E) and 3(F), registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity and/or security and/or pre-funding as the Issuer or any of the Agents may require) in respect of any tax, duties or other governmental charges which may be imposed in relation to such transfer and (ii) the Issuer or the relevant Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

(E) Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to these Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)) has been delivered with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been deposited in respect of such Bond pursuant to Condition 8(E) or after a put notice has been deposited in respect of such Bond pursuant to Condition 8(D); or (iv) during the period of seven days ending on (and including) any date of redemption with respect to such Bond pursuant to Conditions 8(B), 8(C) and 8(J). Each such period is a "**Closed Period.**"

(F) Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. Such regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, and/or by the Registrar, with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder who requests for one in writing and provides proof of holding satisfactory to the Registrar.

4. Covenants

(A) Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Subsidiaries will, create, permit to subsist or arise or have outstanding, any Encumbrance, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds the same Encumbrance as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

(B) Merger, Consolidation or Sale of Assets

The Issuer will not, directly or indirectly, (1) consolidate or merge with or into another Person (whether or not the Issuer is the surviving entity) or (2) sell, assign, transfer, convey or otherwise dispose of all or

substantially all of the properties or assets of the Issuer and its Subsidiaries, taken as a whole, in one or more related transactions, to another Person, unless:

- i. either (a) the Issuer is the surviving entity or (b) the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of Hong Kong, Macau, 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;
- ii. the Person formed by or surviving any such consolidation or merger (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of the Issuer under the Bonds, the Trust Deed and the Agency Agreement pursuant to supplemental documentation; and
- iii. immediately after such transaction, no Event of Default shall have occurred and be 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.

(C) Definitions

In these Conditions:

“Encumbrance” means a mortgage, charge, pledge, lien or other encumbrance or security interest securing any obligation of any person or any other arrangement with similar economic effect;

“Relevant Indebtedness” means any future or present indebtedness in the form of or represented by debentures, loan stock, bonds, notes, bearer participation certificates, depositary receipts, certificates of deposit or other similar securities or instruments or by bills of exchange drawn or accepted for the purpose of raising money which for the time being are, or are intended to be or are capable of being, quoted, listed, dealt in or traded on any stock exchange or over the counter or on any other securities market (whether or not initially distributed by way of private placement); and

Any reference to a **“subsidiary”** or **“Subsidiary”** of any person is to:

- (i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock (as defined in Condition 8(E)) 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);
- (ii) 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
- (iii) 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).

5. Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 4.50 per cent. per annum, payable semi-annually in arrear on March 7 and September 7 of each year (each an **“Interest Payment Date”**), commencing on September 7, 2023.

Each Bond will cease to bear interest (a) (subject to Condition 6(B)(iv)) where the Conversion Right (as defined in Condition 6(A)) attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined in Condition 6(B)), or if none, the Issue Date, subject to conversion of the relevant Bonds in accordance with Condition 6(B), (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of the full amount due is improperly withheld or refused. In such event, it will continue to bear interest at one per cent. per annum above the rate aforesaid (both before and after judgment) up to but excluding whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day which is seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions). If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period.**”

Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall be equal to the product of 4.50 per cent., the Calculation Amount and the day-count fraction (determined in the same manner as stated above in this Condition 5) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

6. Conversion

(A) Conversion Right

- (i) *Conversion Period:* Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(A)(v)) credited as fully paid at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right.**” Subject to and upon compliance with these Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after April 17, 2023 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (as defined in Condition 8(A) (both days inclusive) (but, except as provided in Condition 6(A)(iv) and Condition 10, in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 10 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) or Condition 8(E) then up to the close of business (at the place aforesaid) on the business day prior to the giving of such notice (the “**Conversion Period**”).

A Conversion Right may not be exercised (x) in respect of a Bond where the holder shall have exercised its right, by delivering or depositing the relevant notice, to require the Issuer to redeem or repurchase such Bond pursuant to Condition 8(D) or Condition 8(E) or (y) except as provided in Conditions 6(A)(iv), following the giving of notice by the Trustee pursuant to Condition 10.

- (ii) *Number of Shares:* The number of Shares to be issued upon exercise of the Conversion Right will be determined by the Issuer by dividing the principal amount of the Bonds to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.8497 = US\$1.00 (the “**Fixed**”

Exchange Rate”) by the Conversion Price in effect on the relevant Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

- (iii) *Fractions of Shares*: Fractions of Shares will not be issued on exercise of Conversion Rights and no cash payment or other adjustments will be made in lieu thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after March 2, 2023 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash in U.S. dollars a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(i), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds US\$10.00. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(B)(i)) after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.
- (iv) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$10.24375 per Share, but will be subject to adjustment in the manner provided in Condition 6(C) and Condition 6(D).
- (v) *Revival and/or survival after Default*: Notwithstanding Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding Condition 6(A)(i), any Bond in respect of which the Certificate and the Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.
- (vi) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means initially the ordinary shares of par value HK\$0.001 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

(B) Conversion Procedure

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday (excluding public holidays) on which commercial banks are open for business in the city of the Conversion Agent) at the specified office of any

Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of the Conversion Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(B)(ii) have been so paid. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

If such delivery is made after the end of normal business hours (being 9:00 a.m. to 3:00 p.m.) or on a day which is not a business day in the place of the specified office of the relevant Conversion Agent, such delivery shall be deemed for all purposes of these Conditions to have been made on the next business day following such business day.

Any determination as to whether any Conversion Notice has been duly completed and properly delivered shall be made by the Issuer and shall, save in the case of manifest error, be conclusive and binding on the Issuer, the Trustee and the relevant Bondholder. A Conversion Notice, once delivered, shall be irrevocable.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to Condition 6(A)(v) and Condition 10) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any such aforementioned certification or any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. Conversion Rights may only be exercised in respect of an Authorized Denomination. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal. “**Stock Exchange Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties (“**Duties**”) arising on conversion (other than any Duties payable in the Cayman Islands and Hong Kong or any other relevant jurisdiction in connection with the creation, issue, offering or sale of the Bonds or the execution or delivery of the Trust Deed and the Agency Agreement and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion (the “**Issuer Duties**”)) (the Duties and the Issuer Duties being collectively “**Taxes**”) and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds and all charges of the Agents and the share transfer agent for the Shares. The Bondholder must declare in the relevant Conversion Notice that any Taxes (other than the Issuer Duties) payable to the relevant tax authorities pursuant to this Condition 6(B)(ii) have been, or (where permitted by law) will be, paid. Neither the Trustee nor any Agent is under any obligation to determine whether a Bondholder or the Issuer is liable to pay or has paid any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii) or itself to pay any such amounts or any expenses arising on the issue of Shares on conversion of Bonds, and neither the Trustee nor any Agent is responsible or liable for any failure by the Issuer or the Bondholder or any other person to pay such Taxes.

If the Issuer shall fail to pay any Issuer Duties, the relevant holder shall be entitled to tender and pay the same and the Issuer as a separate and independent stipulation, covenants to reimburse and indemnify each Bondholder in respect of any payment thereof and any penalties payable in respect thereof.

- (iii) *Registration*: As soon as practicable, and in any event not later than seven Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder as required by Conditions 6(B)(i) and 6(B)(ii) have been paid, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register and will, if the Bondholder has also requested in the Conversion Notice and to the extent permitted under the applicable rules and procedures of the Central Clearing and Settlement System of Hong Kong (the "CCASS") effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or will make such certificate or certificates available for collection at the office of the Issuer's share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited, 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong) notified to Bondholders in accordance with Condition 17 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion of the Bonds and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C) but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date. If the Issuer has elected to pay the converting Bondholder cash in lieu of Shares pursuant to the Cash Settlement Option (as defined in Condition 6(B)(v)), the number of excess Shares shall be determined by assuming that the Issuer had not elected the Cash Settlement Option. In such case, the Issuer shall satisfy its obligations under this Condition by paying, as soon as practicable and in any event not later than 10 Stock Exchange Business Days after the date of such adjustment of the Conversion Price becoming effective to the converting Bondholder an aggregate amount in U.S. dollars equal to the product of the Closing Price of any Share (translated into U.S dollars at the Prevailing Rate on such day) and any such additional number of Shares on the date the Issuer would be required to deliver such Shares if the Cash Settlement Option had not been exercised. Such amounts shall be paid by means of transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**"). The Shares

issued upon conversion of the Bonds will be fully-paid and will in all respects rank pari passu with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to receive any rights the record date for which precedes the relevant Registration Date.

If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (or if the Issuer exercises the Cash Settlement Option, if the record date is on or after the Cash Settlement Notice Date (as defined in Condition 6(B)(v)), but before the actual payment date of the Cash Settlement Amount (as defined in Condition 6(B)(v)), (disregarding any retroactive adjustment of the Conversion Price referred to in this Condition 6(B)(iii) prior to the time such retroactive adjustment shall have become effective), the Issuer will calculate and pay to the converting Bondholder or his designee an amount in U.S. dollars (the “**Equivalent Amount**”) equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid within such time period by transfer to a U.S. dollar account maintained by the payee, in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

- (iv) *Interest Accrual:* If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(B) or Condition 8(C) on or after the fifteenth Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on the Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond if the Shares issued on conversion thereof carry an entitlement to receive such dividend or distribution or if the Bond carries an entitlement to receive an Equivalent Amount. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Conversion Notice.
- (v) *Cash Settlement Option:* Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, at any time when the delivery of Shares deliverable upon conversion of the Bond is required to satisfy the Conversion Right in respect of a Conversion Notice, the Issuer shall have the option, in its sole discretion, to pay to the relevant Bondholder an amount of cash equivalent to the Cash Settlement Amount (as defined below) in order to satisfy such Conversion Right in whole or in part (and if in part, the other part shall be satisfied by the delivery of Shares) (the “**Cash Settlement Option**”). In order to exercise the Cash Settlement Option, the Issuer shall provide notice of the exercise of the Cash Settlement Option (the “**Cash Settlement Notice**”) to the relevant Bondholder, the Trustee and the Agents as soon as practicable but no later than the second Stock Exchange Business Day following the date of the Conversion Date (the date of such Cash Settlement Notice being the “**Cash Settlement Notice Date**”). The Cash Settlement Notice must specify the number of Shares in respect of which the Issuer will make a cash payment in the manner described in this Condition 6(B)(v). The Issuer shall pay the Cash Settlement Amount no later than two Stock Exchange Business Days after the 20 Stock Exchange Business Day period used to determine the Cash Settlement Amount. The Cash Settlement Amount shall be paid by

means of transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the Conversion Notice. If the Issuer exercises its Cash Settlement Option in respect of Bonds held by more than one Bondholder which are to be converted on the same Conversion Date, the Issuer shall make the same proportion of cash and Shares available to such converting Bondholders.

For the purposes of these Conditions:

“**Cash Settlement Amount**” means an amount in U.S. dollars equal to the product of (i) the number of Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bonds to which the Conversion Notice applies and in respect of which the Issuer has elected the Cash Settlement Option and (ii) the arithmetic average of the Volume Weighted Average Price (as defined below) of the Shares for each Stock Exchange Business Day (translated into U.S dollars at the Prevailing Rate on such day) during the 20 Stock Exchange Business Days immediately after the Cash Settlement Notice Date. The Issuer shall provide notice of the calculation of the Cash Settlement Amount to the Bondholders, the Trustee and the Agents no later than the first Stock Exchange Business Day after the 20 Stock Exchange Business Day period used to determine the Cash Settlement Amount following the Cash Settlement Notice Date.

“**Volume Weighted Average Price**” means, in relation to a Share for any Stock Exchange Business Day, the order book volume-weighted average price of a Share for such Stock Exchange Business Day appearing on or derived from Bloomberg screen page “1128 HK Equity VAP” (or its successor page) or, if not available on any of such screens, from such other source as shall be determined to be appropriate by an Independent Investment Bank, provided that for any Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

If the Issuer is at any time otherwise (for any reason whatsoever) unable to issue sufficient Shares in satisfaction of the Conversion Right of any converting Bondholder, the Issuer undertakes to exercise the Cash Settlement Option in full, or to the extent required, to satisfy the Conversion Right of the Bondholder.

(C) Adjustments to Conversion Price

The Conversion Price will be subject to adjustment as follows:

- (1) *Consolidation, Subdivision, Redesignation or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision, redesignation or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (2) *Capitalization of Profits or Reserves*:

- (i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares (“**Shareholders**”) by way of capitalization of profits or reserves (including any share premium

account) including, Shares paid up out of distributable profits or reserves and/or share premium account (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price on the date of announcement of the terms of such issue of such Shares exceeds 105 per cent. of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue;

B is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is such Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate nominal amount of Shares issued by way of such Scrip Dividend.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

- (3) *Capital Distributions:* If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the date on which the Capital Distribution is first publicly announced; and

B is the Fair Market Value (as defined below) of the portion of the Capital Distribution on the date of such announcement attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value”) be determined as at the date on which the Capital Distribution is first publicly announced or, if later, the first date on which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

In making any calculation pursuant to this Condition 6(C)(3), such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (a) any consolidation or subdivision of the Shares, (b) issues of Shares by way of capitalization of profits or reserves, or any like or similar event, (c) the modification of any rights to dividends of Shares or (d) any change in the fiscal year of the Issuer.

- (4) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the date of the first public announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such announcement;
- B is the number of Shares which the aggregate consideration receivable for the Shares issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and
- C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (5) *Rights Issues of Other Securities:* If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

- A is the Current Market Price of one Share on the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of "Fair Market Value") be determined as at the date on which the terms of such issue or grant are publicly announced, or if later, the first date on which the Fair Market Value of the aggregate rights attributable to the Shares in relation to such issue or grant is capable of being determined as provided herein.

- (6) *Issues at less than Current Market Price:* If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) any options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

- A is the aggregate number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of the maximum number of Shares to be issued or the exercise of such options, warrants or other rights would purchase at such Current Market Price per Share; and
- C is the aggregate number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

(7) *Other Issues at less than Current Market Price:* Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Conditions 6(C)(4), 6(C)(5) or 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price on the date of the first public announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of Shares in issue immediately before such issue;
- B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

(8) *Modification of Rights of Conversion etc.:* If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95 per cent. of the Current Market Price on the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where

- A is the aggregate number of Shares in issue immediately before such modification;
- B is the maximum number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price per Share or, if lower, the existing conversion, exchange or subscription price of such securities; and
- C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank, considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (9) *Other Offers to Shareholders:* If and whenever the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity issues, sells or distributes any securities in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the date on which such issue, sale or distribution is publicly announced; and

B is the Fair Market Value of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. For the purpose of the above, Fair Market Value shall (subject as provided in the definition of “Fair Market Value”) be determined as at the date on which the terms of such issue, sale or distribution of securities are first publicly announced or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein

- (10) *Other Events:* If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result.

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

“**Capital Distribution**” means, on a per Share basis, (a) the aggregate distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid by way of capitalization of reserves, but excludes any Shares credited as fully paid to the extent an adjustment to the Conversion Price is made in respect hereof under Condition 6(C)(2)(i) and a Scrip Dividend adjusted for under Condition 6(C)(2)(ii)); and (b) the aggregate cash dividend or distribution on a gross basis (including, without limitation, the relevant cash amount of a Scrip Dividend) of any kind by the Issuer for any financial period whenever paid or made and however described, provided that a purchase,

redemption or buy back of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer), where the weighted average price or consideration per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price of the Shares as published in the Daily Quotation Sheet of the Hong Kong Stock Exchange or the equivalent quotation sheet of an Alternative Stock Exchange by more than five per cent., as the case may be, either (1) on that date, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day, in which case such purchase, redemption or buy back shall be deemed to constitute a Capital Distribution in an amount by which the aggregate price paid (before expenses) in respect of such Shares purchased, redeemed or bought back by or on behalf of the Issuer or, as the case may be, any of the Subsidiaries of the Issuer, exceeds the product of (i) 105 per cent. of such Current Market Price and (ii) the number of Shares so purchased, redeemed or bought back.

“**Closing Price**” means, in respect of a Share for any Trading Day, the closing price published in the Daily Quotation Sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange for such Trading Day.

“**Current Market Price**” means, in respect of a Share on a particular date, the arithmetic average of the Closing Price for one Share (being a Share carrying a full entitlement to dividends) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the Closing Price on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by the Fair Market Value of that dividend per Share;

and provided further that if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the Closing Price on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share.

“**Fair Market Value**” means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank on the basis of commonly accepted market valuation method and taking into account such factors as it considers appropriate, provided that an Independent Investment Bank will not be required to determine the fair market value where (i) the Capital Distribution is paid in cash, in which case the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) any other amounts are paid in cash, in which case the fair market value of such cash amount shall be the amount of cash, and (iii) options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank), in which case the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded. Such amounts, if expressed in a currency other than Hong Kong dollars shall be translated into Hong Kong dollars at the Prevailing Rate on such date. In addition, in the case of proviso (i) and (ii) above, the Fair Market Value shall be determined on a gross basis

and disregarding any withholding or deduction required to be made for or on account of tax and disregarding any associated tax credit.

“Independent Investment Bank” means an independent investment bank of international repute (acting as an expert) selected by the Issuer and notified in writing to the Trustee. The Trustee shall not be responsible for or under any obligation to appoint an Independent Investment Bank and shall have no responsibility or liability for verifying any calculation, determination, certification, advice or opinion made, given or reached by it.

“Prevailing Rate” means, in respect of any currency on any day, the bid exchange rate between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined.

“Relevant Cash Dividend” means the aggregate cash dividend or distribution declared by the Issuer, including any cash dividend in respect of which there is any Scrip Dividend.

“Relevant Page” means the relevant Bloomberg BFIX page (or its successor page) or, if there is no such page, on the relevant Reuters HKDFIX page (or its successor page) or such other information service provider that displays the relevant information.

“Relevant Stock Exchange” means at any time, in respect of the Shares, the Hong Kong Stock Exchange or the Alternative Stock Exchange.

“Scrip Dividend” means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received (and for the avoidance of doubt, to the extent that an adjustment is made under Condition 6(C)(3) in respect of the Relevant Cash Dividend, no adjustment is to be made for the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof for which an adjustment is already made under Condition 6(C)(2)(ii).

“Trading Day” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

On any adjustment, the resultant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders, the Trustee and the Conversion Agent in accordance with Condition 17 as soon as practicable after the determination thereof.

The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in the Cayman Islands.

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to how an adjustment to the Conversion Price under Conditions 6(C) or Condition 6(D) should be made, and following consultation between the Issuer and an Independent Investment Bank, a written opinion of such Independent Investment Bank in respect thereof shall be conclusive and binding on the Issuer the Bondholders, the Agents and the Trustee, save in the case of manifest error.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such

modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Issuer or any Subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the listing rules of an Alternative Stock Exchange) unless any such issuance or other action would result in the total number of Shares which may be issued upon exercise of such Shares or other securities granted during any 12-month period up to and including the date of such issuance or other action representing, in aggregate, over 3.0 per cent. of the average number of issued and outstanding Shares during such 12-month period (“**Excess Threshold**”), in which case only such portion of the Shares or other securities that exceeds the Excess Threshold shall be taken into account in determining the adjustment of the Conversion Price pursuant to this Condition 6.

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(C)(1) above or where there has been a manifest error in the calculation of the Conversion Price.

Any references herein to the date on which a consideration is “**fixed**” shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

References to any issue or offer or grant to Shareholders “**as a class**” or “**by way of rights**” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders, other than Shareholders by reason of the laws of any territory or requirements of any recognized regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.

Neither the Trustee nor the Agents shall be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure to do so. All adjustments to the Conversion Price under Condition 6(C) and Condition 6(D) shall be determined by the Issuer, and neither the Trustee nor the Agents shall be responsible for calculating or verifying such determinations.

(D) Adjustment Upon Change of Control

If a Change of Control (as defined in Condition 8(E)) shall occur, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 17 within seven days after it becomes aware of such Change of Control (with a copy to the Trustee and the Principal Agent). Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

Where:

“**NCP**” means the new Conversion Price;

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date;

“**CP**” means 37.5 per cent. expressed as a fraction;

“c” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“t” means the number of days from and including the Issue Date to but excluding the Maturity Date,

provided that the Conversion Price shall not be reduced pursuant to this Condition 6(D) below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Closed Period, the Change of Control Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Closed Period.

(E) Undertakings

The Issuer has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its best endeavors (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, and if the Issuer is unable to obtain or maintain such listing, to use its best endeavors to obtain and maintain a listing for all the issued Shares on an Alternative Stock Exchange as the Issuer may from time to time determine with the approval of the Trustee and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Shares (as a class) by any of such stock exchange;
- (ii) it will pay the expenses of the issue of, and all expenses of obtaining and maintaining the listing for, Shares arising on conversion of the Bonds (save for any Duties payable by the relevant Bondholder specified in Condition 6(B)(ii));
- (iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made); and
- (iv) it will use its best endeavors to maintain the listing of the Bonds on the Hong Kong Stock Exchange and if the Issuer is unable to maintain such listing, to use its best endeavors to obtain and maintain a listing for the Bonds on another internationally recognized stock exchange as from time to time selected by the Issuer and notified to the Trustee in writing and will forthwith give notice to the Bondholders in accordance with Condition 17 below of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (i) it will reserve, free from any other pre-emptive or other similar rights, out of its authorized but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid; and
- (ii) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer,

provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(F) Notice of Change in Conversion Price

The Issuer shall give notice to the Bondholders in accordance with Condition 17 and in writing to the Trustee and the Principal Agent of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. Payments

(A) Method of Payment

Payment of principal and premium and any other amount due will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Paying Agents.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bonds shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

(B) Registered Accounts

For the purposes of this Condition 7, a Bondholder's registered account means the U.S. dollar account maintained by or on behalf of it with a bank, details of which appear on the Register at the close of business on the third business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(C) Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to Condition 9 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to Condition 9) any law implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Bondholders in respect of such payments.

(D) Payment Initiation

Payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) Delay In Payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so).

(F) Business Day

In this Condition 7, "business day" means a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in Hong Kong, New York and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

(G) Partial Payment

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

(H) Rounding

When making payments to Bondholders, fractions of one cent will be rounded to the nearest cent (half a cent being rounded upwards).

8. Redemption, Purchase and Cancellation

(A) Maturity

Unless previously redeemed, converted or purchased and canceled as provided herein, the Issuer will redeem each Bond at 100 per cent. of its principal amount together with accrued and unpaid interest thereon on March 7, 2029 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B), Condition 8(C) or Condition 8(J) below (but without prejudice to Condition 10).

(B) Redemption for Taxation Reasons

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 17 and in writing to the Trustee and the Principal Agent (which notice shall be irrevocable) on the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”) at their principal amount, together with interest accrued but unpaid to (but excluding) such date, if immediately prior to the giving of such notice, the Issuer determines and certifies to the Trustee in the certificate referred to in sub-clause (a) of this Condition 8(B) that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after March 2, 2023, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.

Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(B), the Issuer shall deliver to the Trustee (a) a certificate signed by two directors who are also Authorized Signatories of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognized standing addressed to the Trustee to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept and rely upon such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

Upon the expiry of the Tax Redemption Notice, the Issuer (subject to Condition 8(F)) will be bound to redeem the Bonds at their principal amount together with interest accrued but unpaid to (but excluding) the Tax Redemption Date.

(C) Redemption at the Option of the Issuer

On giving not less than 15 nor more than 60 days’ notice (an “**Optional Redemption Notice**”) to the Bondholders and to the Trustee and the Principal Agent in writing (which notice will be irrevocable), the Issuer may redeem all, but not some only, of the Bonds on the date (the “**Optional Redemption Date**”) specified in the Optional Redemption Notice at their principal amount, together with interest accrued but unpaid to (but excluding) such date:

- (i) at any time after March 7, 2027 but prior to the Maturity Date, provided that the Closing Price of the Shares of the Issuer, translated into U.S. dollars at the Prevailing Rate applicable to the relevant

Trading Day, for 20 out of 30 consecutive Trading Days prior to the date upon which notice of such redemption is published was at least 130 per cent. of the Conversion Price then in effect, translated into U.S. dollars at the Fixed Exchange Rate; or

- (ii) at any time if, prior to the date the relevant Optional Redemption Notice is given, Conversion Rights shall have been exercised and/or purchases (and corresponding cancelations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (which shall for this purpose include any further bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith).

If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Day period as is mentioned in Condition 8(C)(i) above, appropriate adjustments for the relevant days shall be made, as determined by an Independent Investment Bank, for the purpose of calculating the closing price for such days. “**Conversion Ratio**” means, as at any date of determination, US\$1,000 principal amount of the Bonds divided by the applicable Conversion Price then in effect (translated into U.S. dollars at the Fixed Exchange Rate).

(D) Redemption at the option of the Bondholders

The Issuer will, at the option of the holder of any Bond, redeem all or some only of such holder’s Bonds on March 7, 2027 (the “**Put Option Date**”) at their principal amount together with interest accrued but unpaid to (but excluding) the date fixed for redemption. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not more than 60 days and not less than 30 days prior to the Put Option Date. A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of a put notice on the Put Option Date.

To the extent that the provisions of any applicable securities laws or regulations conflict with the requirements of this Condition 8(D), the Issuer will not be deemed to have breached its obligations under this Condition 8(D) by virtue of its compliance with such laws and regulations.

(E) Redemption for Relevant Event

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder’s option, to require the Issuer to redeem all or some only of such holder’s Bonds on the Relevant Event Redemption Date at their principal amount together with interest accrued but unpaid to (but excluding) such date. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a “**Relevant Event Redemption Notice**”), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 17. The “**Relevant Event Redemption Date**” shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 17 within seven days after it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) and shall give brief details of the Relevant Event.

Neither the Trustee nor the Agents shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary

from the Issuer and shall not be liable to the Bondholders or any other person for not doing so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(D) and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

To the extent that the provisions of any applicable securities laws or regulations conflict with the requirements of this Condition 8(E), the Issuer will not be deemed to have breached its obligations under this Condition 8(E) by virtue of its compliance with such laws and regulations.

A “**Relevant Event**” occurs:

- (i) when the Shares cease to be listed or admitted to trading or are suspended from trading for a period equal to or exceeding 10 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange; or
- (ii) when there is a Change of Control; or
- (iii) when there is a Free Float Event.

In these Conditions:

“**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; provided that Ms. Chen Chih Ling, Linda shall not, by virtue of meeting any of the foregoing criteria as a result of the shares held by her in the Concessionaire as of the date of the Trust Deed or as a result of her role as executive director of the Issuer, be an Affiliate of the Issuer, Wynn Resorts or any of their respective Subsidiaries. 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, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “**Beneficially Owns**” and “**Beneficially Owned**” have a corresponding meaning.

“**Board of Directors**” means:

- (i) 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;
- (ii) with respect to a partnership, the board of directors of the general partner of the partnership;
- (iii) 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
- (iv) with respect to any other Person, the board or committee of such Person serving a similar function.

“**Capital Stock**” means:

- (i) in the case of a corporation, corporate stock;
- (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (iii) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests (whether general or limited); and
- (iv) 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.

a “**Change of Control**” shall occur when:

- (i) 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 the Issuer 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 Wynn Resorts or any of its Affiliates;
- (ii) the adoption of a plan relating to the liquidation or dissolution of the Issuer or any successor thereto; or
- (iii) 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 Wynn Resorts or any Affiliate of Wynn Resorts, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the outstanding Voting Stock of the Issuer, measured by voting power rather than number of Equity Interests;
- (iv) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors;
- (v) the first day on which the Issuer ceases to own, directly or indirectly, at least 60% of the outstanding Equity Interests of (and at least a 60% economic interest in) the Concessionaire; or
- (vi) the 30th day following the date on which the Issuer ceases to be entitled to use the “WYNN” trademark.

Notwithstanding the preceding or any provision of Section 13(d)(3) of the Exchange Act, a Person or group 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 or 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.

“**Concessionaire**” means Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau.

“**Equity Interests**” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“**Free Float Event**” means less than 25 per cent. of the Issuer’s total number of issued Shares are held by the public (as interpreted under LR8.24 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or, if applicable, the listing rules of an Alternative Stock Exchange).

“**Person**” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

“**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.

“**Wynn Resorts**” means Wynn Resorts, Limited, a Nevada corporation, and its successors.

(F) Bondholders’ Tax Option

If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(B), each Bondholder will have the right to elect that his or her Bond(s) shall not be redeemed and that Condition 9 shall not apply in respect of any payment to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of the relevant Cayman Islands or Hong Kong taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8(F), the relevant Bondholder must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) a duly completed and signed notice of exercise in the form for the time being currently

obtainable from the specified office of any Paying Agent (a “**Bondholder’s Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date at the specified office of any Paying Agent.

(G) Purchase

The Issuer or any of its Subsidiaries may, subject to applicable laws and regulations, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

(H) Cancellation

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries, will forthwith be canceled. Certificates in respect of all Bonds canceled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(I) Redemption Notices and Multiple Notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 will be irrevocable and will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price and the Current Market Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the applicable redemption amount and accrued interest payable, (v) the date for redemption, (vi) the manner in which redemption will be effected; (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice and (viii) such other information as the Trustee may require.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and shall not be liable to the Bondholders or any other person for not doing so.

(J) Gaming Redemption

Notwithstanding any other provision hereof, if any Gaming Authority requires a holder or beneficial owner of the Bonds to be licensed, qualified or found suitable under any applicable Gaming Law and the holder or beneficial owner (1) fails to apply for a license, qualification or finding of suitability within 30 days after being requested to do so (or such lesser period as required by the Gaming Authority) or (2) is notified by a Gaming Authority that it will not be licensed, qualified or found suitable, the Issuer will have the right, at its option, to:

- (i) require the holder or beneficial owner to dispose of its Bonds within 30 days (or such lesser period as required by the Gaming Authority) following the earlier of:
 - (A) the termination of the period described above for the holder or beneficial owner to apply for a license, qualification or finding of suitability if the holder fails to apply for a license, qualification or finding of suitability during such period; or
 - (B) the receipt of the notice from the Gaming Authority that the holder or beneficial owner will not be licensed, qualified or found suitable by the Gaming Authority; or
 - (ii) redeem the Bonds of the holder or beneficial owner at a redemption price equal to:
 - (A) the price required by applicable law or by order of any Gaming Authority; or
 - (B) the lesser of:
 - (1) the principal amount of the Bonds; and
 - (2) the price that the holder or beneficial owner paid for the Bonds,
- in either case, together with accrued and unpaid interest on the Bonds to (but excluding) the earlier of (1) the date of redemption or such earlier date as is required by the Gaming Authority or (2) the

date of the finding of unsuitability by the Gaming Authority, which may be less than 30 days following the notice of redemption.

Immediately upon a determination by a Gaming Authority that a holder or beneficial owner of Bonds will not be licensed, qualified or found suitable, the holder or beneficial owner will not have any further rights with respect to the Bonds to:

- (i) exercise, directly or indirectly, through any Person, any right conferred by the Bonds; or
- (ii) receive any interest or any other distribution or payment with respect to the Bonds, or any remuneration in any form from the Issuer for services rendered or otherwise, except the redemption price of the Bonds described in this Condition 8(J).

The Issuer is not required to pay or reimburse any holder or beneficial owner of Bonds who is required to apply for such license, qualification or finding of suitability for the costs relating thereto. Those expenses will be the obligation of the holder or beneficial owner.

“**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 Trust Deed or thereafter in existence, including the Government of the Macau 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 the Issuer or any of their respective Affiliates, including the Concessionaire.

“**Gaming Law**” means the gaming laws, rules, regulations or ordinances of any jurisdiction or jurisdictions to which Wynn Resorts, the Issuer or any of their respective Affiliates, including the Concessionaire, is, or may be, at any time subject.

9. Taxation

All payments of principal, interest and premium made by or on behalf of the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Cayman Islands or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law.

If the Issuer is required to make a deduction or withholding by or within the Cayman Islands or Hong Kong, the Issuer shall pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of such amounts as would have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection*: to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with the Cayman Islands or Hong Kong otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date*: (in the case of a payment of principal or premium (if any)) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal and interest shall be deemed also to refer to any additional amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

This Condition 9 shall not apply in respect of any payments of interest which fall due after the relevant Tax Redemption Date in respect of any Bonds which are the subject of a Bondholder election pursuant to Condition 8(B).

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

10. Events of Default

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in any such case to being indemnified and/or secured and/or prefunded by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their principal amount together with interest accrued but unpaid to (but excluding) the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6):

- (i) the Issuer defaults for 30 days in the payment when due of interest on the Bonds;
- (ii) the Issuer defaults in the payment when due (at maturity, upon redemption, repurchase or otherwise) of the principal, premium or Cash Settlement Amount, if any, on the Bonds;
- (iii) the Issuer fails:
 - (A) to comply with any payment obligations (including, without limitation, obligations as to the timing or amount of such payments) described in Condition 8(D) or Condition 8(E); or
 - (B) to comply with Condition 4(B).
- (iv) any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following conversion of Bonds and such failure continues for a period of three days;
- (v) the Issuer fails for 60 days after receipt of written notice from the Trustee or the holders of at least 25% in aggregate principal amount of the Bonds then outstanding voting as a single class to comply with any of the other agreements in the Trust Deed not identified in paragraphs (i), (ii), (iii) or (iv) above;
- (vi) the Issuer defaults 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 the Issuer or any of its Subsidiaries (or the payment of which is guaranteed by the Issuer or any of its Subsidiaries), whether such Indebtedness or guarantee existed on the date of the Trust Deed, or is created after the date of the Trust Deed, 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 to US\$50,000,000 or more (or the Dollar Equivalent thereof), if such acceleration is not annulled within 30 days after written notice as provided in the Trust Deed;
- (vii) the Issuer or any of its Significant Subsidiaries fails 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 the Issuer or any Significant Subsidiary aggregating in excess of US\$50,000,000 (or the Dollar Equivalent thereof), which judgments are not paid, bonded, discharged or stayed for a period of 60 days;

- (viii) the Issuer or any of its Significant Subsidiaries or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:
 - (A) commences a voluntary case;
 - (B) consents to the entry of an order for relief against it in an involuntary case;
 - (C) consents to the appointment of a custodian of it or for all or substantially all of its property;
 - (D) makes a general assignment for the benefit of its creditors; or
 - (E) generally is not paying its debts as they become due; or
- (ix) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (A) is for relief against the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary in an involuntary case;
 - (B) appoints a custodian of the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary; or
 - (C) orders the liquidation of the Issuer or any of its Subsidiaries that is a Significant Subsidiary or any group of Subsidiaries of the Issuer that, taken together, would constitute a Significant Subsidiary;and the order or decree remains unstayed and in effect for 60 consecutive days.

The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Trust Deed. Upon becoming aware of any Default or Event of Default, the Issuer is required to deliver to the Trustee a statement specifying such Default or Event of Default.

- (i) *Definitions*: in this Condition 10:

“**Bankruptcy Law**” means Title 11, U.S. Code or any similar federal, state or foreign law for the relief of debtors.

“**Capital Lease Obligation**” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with IFRS as in effect as of December 31, 2018.

“**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.

“**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).

“**IFRS**” means International Financial Reporting Standards as in effect from time to time.

“**Indebtedness**” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; or
- (6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with IFRS. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

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;
- (3) in the case of a Guarantee of Indebtedness, the maximum amount of the Indebtedness guaranteed under such Guarantee; and
- (4) in the case of Indebtedness of others secured by a Lien on any asset of the specified Person, the lesser of:
 - (aa) the face amount of such Indebtedness (plus, in the case of any letter of credit or similar instrument, the amount of any reimbursement obligations in respect thereof), and
 - (bb) the Fair Market Value of the asset(s) subject to such Lien.

Notwithstanding anything contained in the Trust Deed to the contrary, any obligation of the Issuer incurred in the ordinary course of business in respect of casino chips or similar instruments shall not constitute “Indebtedness” for any purpose under the Trust Deed.

“**Lien**” means, with respect to any asset, (i) any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, (ii) any lease in the nature thereof or (iii) any agreement to deliver a security interest in any asset.

“**Significant Subsidiary**” means any Subsidiary that (a) contributed at least 10% of the Issuer’s and its Subsidiaries’ total consolidated income from continuing operations before income taxes and extraordinary items for the most recently ended fiscal year of the Issuer or (b) owned at least 10% of Total Assets as of the last day of the most recently ended fiscal year of the Issuer.

“**Total Assets**” means at any date, the total assets of the Issuer and its Subsidiaries at such date, determined on a consolidated basis in accordance with IFRS.

11. Prescription

Claims against the Issuer in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal and premium (if any)) and five years (in the case of interest (if any)) from the relevant date (as defined in Condition 8) in respect thereof.

12. Enforcement

The Trustee may, at any time, at its discretion and without further notice, take such steps and/or actions and/or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the Trust Deed, but it will not be bound to take any such steps and/or actions and/or institute any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

13. Meetings of Bondholders, Modification, Waiver and Substitution

(A) Meetings

The Trust Deed contains provisions for convening meetings (which need not be a physical place and instead may be by way of teleconference or videoconference call) of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions, the Bonds or the Trust Deed. Such a meeting may be convened at any time by the Issuer or the Trustee, and shall be convened by the Trustee if requested in writing by Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against any costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the maturity of the Bonds or the due dates for any payment in respect of the Bonds, (ii) to modify the circumstances in which the Issuer or the Bondholders are entitled to redeem the Bonds pursuant to Condition 8(B), Condition 8(C) and Condition 8(E), (iii) to reduce or cancel the amount of principal, default interest, interest, premium (if any), the Equivalent Amount or Cash Settlement Amount payable in respect of the Bonds or changing the method of calculation of default interest and interest, (iv) to change the currency of denomination or payment of the Bonds, (v) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights or (vi) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution or sign a resolution in writing, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 33 per cent., in aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they were present at the meeting at which such resolution was passed. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds for the time being outstanding or by way of electronic consent through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 90 per cent. of the aggregate principal amount of the Bonds for the time being outstanding, shall in each case be as valid and effective as a duly passed Extraordinary Resolution.

(B) Modification and Waiver

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in the Trust Deed) to, or the waiver or authorization of any breach or proposed breach of, the Bonds, these Conditions, the Agency Agreement or the Trust Deed which is, in the Trustee's opinion, not materially prejudicial to the interests of the Bondholders or (ii) any other modification to the Bonds, these Conditions, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. Any such modification, waiver or authorization will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorization will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 17.

(C) Interests of Bondholders

In connection with the exercise of its functions, rights, powers and discretions (including but not limited to those in relation to any proposed modification, authorization, waiver or substitution), the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(D) Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee, the Issuer and/or any other person in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A) or a modification, waiver or authorization in accordance with Condition 13(B), the Issuer will procure that the Bondholders be notified in accordance with Condition 17.

14. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Transfer Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity and/or security as the Issuer, the Registrar and/or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the issue date, the issue price and the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the Bonds. The Issuer may from time to time create and issue other series of bonds having the benefit of the Trust Deed, provided that such supplemental documents are executed and further opinion are obtained as the Trustee may require, as further set out in the Trust Deed, and provided further that any such further bonds must be identified by a separate CUSIP or ISIN number or by no CUSIP or ISIN number if they are not fungible with other bonds we issue under the Trust Deed for purposes of U.S. federal income tax or federal securities laws.

16. Currency Indemnity

(A) Currency of Account and Payment

U.S. dollars (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer under or in connection with the Bonds and the Trust Deed, including damages.

(B) Extent of Discharge

An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise), by the Trustee or any Bondholder in respect of any sum expressed to be due to it from the Issuer will only discharge the Issuer to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

(C) Indemnity

If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under the Bonds or the Trust Deed, the Issuer will indemnify the recipient against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.

(D) Indemnity Separate

The indemnity in this Condition 16 constitutes a separate and independent obligation from the other obligations under the Bonds and the Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Bondholder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under the Bonds and/or the Trust Deed or any other judgment or order.

17. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar and deemed to have been given on the seventh day after the date of mailing. The Issuer shall also ensure that notices are duly published in a manner that complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made.

So long as the Bonds are represented by the relevant Global Certificate and such Global Certificate is held on behalf of DTC or any Alternative Clearing System (as defined in the form of the Global Certificates), notices to Bondholders shall be given by delivery of the relevant notice to DTC or such Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

18. Agents

The names of the initial Agents and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents. The Issuer will at all times maintain (a) a Principal Agent, and (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 14 days' notice will be given.

19. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related (directly or indirectly) to the Issuer without accounting for any profit.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has express written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions or clarifications from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible or liable for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications or if no such directions or clarifications are received. The Trustee shall not be under any obligation to monitor compliance with the Trust Deed, the Agency Agreement or these Conditions.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate or any advice or opinion of or from any legal advisers, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion and, in such event, such report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Bondholders.

20. Contracts (Rights of Third Parties) Act 1999

Without prejudice to the rights of the Bondholders pursuant to Condition 12, no person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 except to the extent expressly provided for.

21. Governing Law and Submission to Jurisdiction

(A) Governing Law

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(B) Jurisdiction

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds and/or the Trust Deed (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

(C) Agent for Service of Process

Pursuant to the Trust Deed, the Issuer has irrevocably appointed an agent in Hong Kong to receive service of process in any Proceedings in Hong Kong based on any of the Bonds or the Trust Deed. If for any reason the Issuer shall cease to have a process agent in Hong Kong, the Issuer shall promptly notify the Trustee and irrevocably agrees to appoint a substitute process agent in Hong Kong and to notify the Trustee of the acceptance by such substitute process agent of its appointment. Nothing herein or in the Trust Deed shall affect the right to serve process in any other manner permitted by law.

(D) Waiver of Immunity

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defense, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

DESCRIPTION OF SHARES

We are an exempted company incorporated in the Cayman Islands with limited liability and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and Companies Act (As Revised) of the Cayman Islands, which is referred to as the “Companies Act” below, and the common law of the Cayman Islands.

Our share capital is divided into ordinary shares. In respect of all of our ordinary shares we have power insofar as is permitted by law, to redeem or purchase any of our shares and to increase or reduce the share capital subject to the provisions of the Companies Act and the articles of association and to issue any shares, whether such shares be of the original, redeemed or increased capital, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers under our memorandum and articles of association.

Our authorized share capital is HK\$20,000,000 divided into 20,000,000,000 ordinary shares of par value HK\$0.001 each. As of December 31, 2022, there are 5,235,431,600 ordinary shares issued and outstanding. The following are summaries of material provisions of our memorandum and articles of association and the Companies Act insofar as they relate to the material terms of our ordinary shares.

Ordinary Shares

General. Our authorized share capital is HK\$20,000,000 divided into 20,000,000,000 ordinary shares of par value HK\$0.001 each. Our ordinary shares are issued in registered form and are issued when registered in our register of members. Our shareholders who are non-residents of the Cayman Islands may freely hold and transfer their ordinary shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to our memorandum and articles of association and the Companies Act. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our articles of association provide that dividends may be declared and paid out of our profits or from any reserve set aside from profits which our board of directors determine is no longer needed. Dividends may also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Act, provided that in no circumstances may we pay a dividend if this would result in our company being unable to pay its debts as they become due in the ordinary course of business.

Voting Rights. In respect of all matters subject to a shareholder’s vote, each holder of ordinary shares is entitled to one vote for each ordinary share on all matters subject to vote at our general meetings. Voting at any meetings of shareholders is by poll.

We shall, for as long as our ordinary shares remain listed on the Hong Kong Stock Exchange, in each year hold a general meeting as our annual general meeting and shall specify the meeting as such in the notices calling it. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. A quorum required for a meeting of shareholders consists of two shareholders present. Shareholders may be present in person or by proxy or, if the shareholder is a corporation, by its duly authorized representative. Shareholders’ meetings may be convened by our board of directors on its own initiative or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-tenth of our paid up capital which carries the right of voting at our general meetings. Advance notice of at least 21 days is required for the convening of our annual shareholders’ meeting unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are

present in person or by proxy at a meeting, while a special resolution requires the affirmative vote of no less than three-fourths of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a meeting. A special resolution will be required for important matters such as a change of name or making changes to our memorandum and articles of association.

Transfer of Ordinary Shares. Subject to the restrictions set out in our articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board of directors.

Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our board of directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required;
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- the shares concerned are free of any lien in favor of us; and
- a fee of such maximum sum as the Hong Kong Stock Exchange may determine to be payable (or such lesser sum as our directors may from time to time require) is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required, be suspended and the register closed at such times and for such periods as our board of directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended nor the register closed for more than 30 days in any year as our board may determine.

Liquidation. On a return of capital on winding up or otherwise (other than on redemption or purchase of shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of our shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption and Repurchase of Shares. We may issue shares on terms that such shares may be redeemed, at our option or at the option of the holders thereof, in such manner and on such terms as may be determined, before the issue of such shares, by our board of directors. Our company may also repurchase any of our shares in such manner and on such terms as have been approved by our shareholders, or are otherwise authorized by our memorandum and articles of association. Under the Companies Act, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if our company can, immediately following such payment, pay its debts as they fall due in the ordinary

course of business. In addition, under the Companies Act no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation.

Variations of Rights of Shares. If at any time our share capital is divided into different classes of shares, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The special rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Issuance of Additional Shares. Subject to the provision of our articles of association and to any direction that may be given our shareholders in general meeting, our board of directors may issue additional ordinary shares from time to time as our board of directors shall determine, to the extent of available authorized but unissued shares.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our corporate records (other than copies of our memorandum and articles of association, our register of mortgages and charges, and a list of our current directors) or obtain copies of our list of shareholders. However, we will provide our shareholders with annual audited financial statements.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- may register as a segregated portfolio company.

“Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company.

Changes in Capital. The company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe. The company may by ordinary resolution:

- increase its share capital by new shares of such amount as it thinks expedient;
- consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;

- subdivide its shares, or any of them, into shares of an amount smaller than that fixed by our memorandum and articles of association; and
- cancel any shares that, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

The company may by special resolution reduce its share capital and any capital redemption reserve in any manner authorized by the Companies Act.

PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

Each Global Certificate contains provisions which apply to the Bonds in respect of which it is issued while they are represented by the relevant Global Certificate, some of which modify the effect of the Terms and Conditions of the Bonds (the “Conditions”) set out in this Offering Memorandum. The following is a summary of those provisions. Unless otherwise defined, terms defined in the Conditions have the same meaning below

Form of the Bonds

The Bonds sold in offshore transactions in reliance on Regulation S (the “Regulation S Bonds”) will be represented by one or more global Regulation S certificates in fully registered form (the “Regulation S Global Certificates”). The Regulation S Global Certificates will be deposited with a custodian for, and registered in the name of a nominee for, DTC. Beneficial interests in the Regulation S Global Certificates may be held only through DTC and its direct or indirect participants including Euroclear and Clearstream at any time. The Bonds sold within the United States to QIBs in reliance on Rule 144A (the “Rule 144A Bonds”) will be represented by one or more global Rule 144A certificates in fully registered form (the “Rule 144A Global Certificates”), which will be deposited with a custodian for, and registered in the name of a nominee for, DTC. Beneficial interests in the Rule 144A Global Certificates may only be held through DTC and its direct or indirect participants including Euroclear and Clearstream at any time. Subject to certain exceptions, beneficial interests in the Rule 144A Global Certificates may only be held by persons who are QIBs, holding their interests for their own account or for the account of one or more QIBs. By acquisition of a beneficial interest in the Rule 144A Global Certificates, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Rule 144A Global Certificates. See “Transfer Restrictions.”

The Regulation S Global Certificates and the Rule 144A Global Certificates are referred to herein as the “Global Certificates.” Beneficial interests in the Global Certificates will be subject to certain restrictions on transfer set out therein and in the Agency Agreement and the Global Certificates will bear legends as set out under “Transfer Restrictions.”

Investors may hold interests in the Regulation S Global Certificates through Euroclear or Clearstream, if they are participants in those systems.

Investors may also hold such interests through organizations other than Euroclear and Clearstream that are participants in the DTC system. Euroclear and Clearstream will hold interests in the Regulation S Global Certificates on behalf of their account holders through customers’ securities accounts in their respective names on the books of their respective depositories, which in turn will hold such interests in the Regulation S Global Certificates in customers’ securities accounts in the depositories’ names on the books of DTC. Investors may hold their interests in the Rule 144A Global Certificates directly through DTC, if they are DTC participants, or indirectly through organizations which are DTC participants.

No beneficial interest in the Regulation S Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Certificate unless (i) the transfer is to a person that is a QIB, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides the Registrar with a written certification substantially in the form set out in the Agency Agreement to the effect that the transferor reasonably believes that the transferee is a QIB purchasing the beneficial interest for its own account or any account of a QIB in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any state of the United States.

No beneficial interest in the Rule 144A Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Certificates unless (i) the transfer is in an offshore transaction in reliance on Rule 904 of Regulation S, and (ii) the transferor provides the Registrar with a

written certification substantially in the form set out in the Agency Agreement to the effect that the transfer is being made in an offshore transaction in accordance with Regulation S.

Any beneficial interest in the Regulation S Global Certificates that is transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Certificates will, upon transfer, cease to be an interest in the Regulation S Global Certificates and become an interest in the Rule 144A Global Certificates, and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Rule 144A Global Certificates for as long as it remains such an interest. Any beneficial interest in the Rule 144A Global Certificates that is transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificates will, upon transfer, cease to be an interest in the Rule 144A Global Certificates and become an interest in the Regulation S Global Certificates and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Certificates for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Bonds, but the Trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Upon receipt of the Global Certificates, DTC or the custodian will credit, on its internal system, the respective face amount of the individual beneficial interests represented by each such Global Certificate to the accounts of persons who have accounts with DTC. Ownership of beneficial interests in a Global Certificates will be limited to persons who have accounts with DTC or persons who hold interests through participants, including Euroclear and Clearstream. Ownership of beneficial interests in the Global Certificates will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants).

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of certificated Bonds.

Holders

For all purposes, each person who is for the time being shown in the records of DTC (or any Alternative Clearing System (as defined below)) as the holder of a particular principal amount of Bonds in respect of which the Global Certificates have been issued (in which regard any certificate or other document issued by DTC or any Alternative Clearing System as to the principal amount of Bonds represented by Global Certificates standing to the account of any person shall be conclusive and binding for all purposes) shall be recognized as the holder of such principal amounts of Bonds (and the expressions “Holders”, “Bondholders”, “holding of the Bonds” and “holders of the Bonds” shall be construed accordingly).

Cancellation

Cancellation of any Bonds required by the Conditions to be cancelled following its redemption, conversion or purchase by us will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee’s power

In considering the interests of Bondholders while a Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds, and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which such Global Certificate is issued.

Conversions

Subject to the requirements of DTC or any Alternative Clearing System, the Conversion Right attaching to any Bonds in respect of which a Global Certificate is issued may be exercised by the presentation to or to the order of the Conversion Agent of one or more Conversion Notices duly completed by or on behalf of an accountholder in such system with an entitlement to such Bonds. Deposit of a Global Certificate with the Conversion Agent together with the relevant Conversion Notice shall not be required. The exercise of the Conversion Right shall be notified by the Conversion Agent to the Registrar and the holder of a Global Certificate.

Payments

Payments of any amounts payable in respect of the Bonds represented by a Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the relevant Global Certificate to or to the order of the Principal Agent or to the order of such other Paying Agent as shall have been notified to the holders of Bonds for such purpose. So long as the Bonds are represented by Global Certificates and the Global Certificates are held on behalf of DTC or any Alternative Clearing System, each payment will be made to, or to the order of, the person whose name is entered in the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where "Clearing System Business Day" means Monday to Friday inclusive except 25 December and 1 January and any day on which banks are required or permitted to be closed in the city of New York.

Notices

So long as the Bonds are represented by Global Certificates and the Global Certificates are held on behalf of DTC or any Alternative Clearing System, notices to holders of the Bonds may be given by delivery of the relevant notice to DTC or such Alternative Clearing System for communication to entitled account holders in substitution for notification as required by the Conditions except that, so long as the Bonds are listed on any stock exchange, notices shall also be published in accordance with the rules of such stock exchange. Any such notice shall be deemed to have been given to the holders of the Bonds on the day after the day on which such notice is delivered to DTC or such Alternative Clearing System.

Repurchase of the bonds at the option of bondholders

Subject to applicable laws and regulations, the Bondholders' put options in Condition 8(E) may be exercised by the holder of a Global Certificate giving notice to a Paying Agent of the principal amount of Bonds in respect of which the option is exercised and presenting such Global Certificate for endorsement or exercise within the time limits specified in the Conditions.

Meetings

The registered holder (as defined in the Conditions) of a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US\$1,000 in principal amount of Bonds for which such Global Certificate is issued. The Trustee may allow any accountholder (or the representative of such person) of a clearing system entitled to Bonds in respect of which such Global Certificate has been issued to attend and speak (but not to vote) at a meeting of Bondholders on appropriate proof of his identity.

Transfers

Transfers of book-entry interests in the Bonds will be effected through the records of DTC (or any Alternative Clearing System) and their respective direct and indirect participants in accordance with the rules and procedures of DTC (or any Alternative Clearing System) and their respective direct and indirect participants.

Exchange for Definitive Certificates

Exchange

Registration of title to Bonds represented by the Global Certificates in a name other than DTC will not be permitted in respect of the Bonds unless DTC or an additional or alternative clearing system approved by the Issuer and notified to the Trustee and the Principal Paying Agent and, as applicable, the Registrar (an “Alternative Clearing System”) on behalf of which the Bonds evidenced by the Global Certificates may be held, notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to the Bonds, or ceases to be a clearing agency registered under the Exchange Act, or is at any time no longer eligible to act as such and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC (or, in the case of an Alternative Clearing System, such system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so).

Delivery

If any of the events described above under the caption “Exchange” of this section occurs, the relevant Global Certificate shall be exchangeable in full for definitive Certificates in registered form and the Issuer will, at its own expense, cause sufficient definitive Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Bondholders following surrender of such Global Certificate. A person having an interest in the Global Certificates must provide the Registrar with (a) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such definitive Certificates and (b) in the case of the Rule 144A Global Certificates only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Definitive Bonds issued in exchange for a beneficial interest in the Global Certificates shall bear legends as set out under “Transfer Restrictions.” The Registrar will not register the transfer of, or exchange of interests in, the Global Certificates for definitive Certificates for a period of 15 calendar days ending on (i) the due date for any payment of principal or premium, if any, or (ii) any Interest Payment Date.

TAXATION

Prospective investors should consult their professional advisers regarding the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.

Cayman Islands

Under existing laws of the Cayman Islands, payments of interest and principal on the Bonds and dividends and capital in respect of the Shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal or a dividend or capital to any holder of the Bonds or Shares, as the case may be, nor will gains derived from the disposal of the Bonds or Shares be subject to Cayman Islands income or corporation tax. The Cayman Islands currently has no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.

No stamp duty is payable in respect of the issue of the Bonds or the Shares. The holder of any Bonds (or a legal personal representative of such holder) whose Bonds 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 Bonds. An instrument transferring title to a registered Bond or an instrument of transfer in respect of the Shares, if brought to or executed in the Cayman Islands, would be subject to nominal Cayman Islands stamp duty. Stamp duty may be payable if any original documents are brought to or executed in the Cayman Islands.

Hong Kong

Withholding tax

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

No tax is payable in Hong Kong by withholding or otherwise in respect of payments of dividends on the Shares.

Profits tax

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisors to ascertain the applicability of any exemptions to their individual position.

Stamp duty

No Hong Kong stamp duty will be chargeable upon the issuance or transfer of a Bond.

Hong Kong stamp duty is payable on any transfer of Hong Kong stock, including the transfer of the Shares to the holder of the Bonds upon the exchange. Hong Kong stamp duty, currently charged at the ad valorem rate of 0.13% on the higher of the consideration for or the market value of the Shares, will be payable by the purchaser on every purchase and by the seller on every sale of Hong Kong securities, including the Shares (in other words, a total of 0.26% is currently payable on a typical sale and purchase transaction involving the Shares). In addition, a fixed duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to ten times the duty payable may be imposed.

If stamp duty is not paid, in general, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase of any Hong Kong stock if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed.

Certain United States Federal Income Tax Considerations

The following discussion describes certain material United States federal income tax consequences to a United States Holder (as defined below), under current law, of the purchase, ownership, conversion and disposition of the Bonds and the ownership and disposition of Shares into which the Bonds may be converted. This discussion is based on the federal income tax laws of the United States as of the date of this offering memorandum, including the United States Internal Revenue Code of 1986, as amended, or the Code, existing and proposed Treasury regulations promulgated thereunder, judicial authority, published administrative positions of the United States Internal Revenue Service, or IRS, and other applicable authorities, all as of the date of this offering memorandum. All of the foregoing authorities are subject to change, which change could apply retroactively and could significantly affect the tax consequences described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion and there can be no assurance that the IRS or a court will agree with our statements and conclusions. This discussion, moreover, does not address the United States federal estate, gift, Medicare, and alternative minimum tax consequences, or any state, local and non-United States tax consequences, relating to the ownership or disposition of our Bonds or Shares. Except as specifically described below, this discussion does not address any tax

consequences or reporting obligations that may be applicable to persons holding our Bonds or Shares through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States, and does not describe any tax consequences arising in respect of the “Foreign Account Tax Compliance Act”, or FATCA, regime.

This discussion applies only to a United States Holder (as defined below) that purchases the Bonds in this offering at their issue price (generally, the first price at which a substantial amount of the Bonds is sold for money, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) and holds the Bonds as capital assets for United States federal income tax purposes (generally, property held for investment). The discussion neither addresses the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations, such as:

- banks;
- certain financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- brokers or dealers in stocks and securities, or currencies;
- persons that use or are required to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States subject to Section 877 of the Code;
- entities subject to the United States anti-inversion rules;
- tax-exempt organizations and entities;
- persons subject to the alternative minimum tax provisions of the Code;
- persons whose functional currency is other than the United States dollar;
- persons holding Bonds or Shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own Shares representing 10% or more of our total voting power or value;
- persons required to accelerate the recognition of any item of gross income with respect to our Bonds or Shares as a result of such income being recognized on an applicable financial statement; or
- partnerships or other pass-through entities, or persons holding Bonds or Shares through such entities.

If a partnership (including an entity or arrangement treated as a partnership for United States federal income tax purposes) holds Bonds or Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership holding our Bonds or Shares, or a partner in such a partnership, should consult its tax advisors regarding the tax consequences of investing in and holding the Bonds or Shares.

The following discussion is for informational purposes only and is not a substitute for careful tax planning and advice. Prospective investors considering the purchase of Bonds should consult their tax advisors with respect to the application of the United States federal income tax laws to their particular situations, as well as any tax consequences arising under the federal estate or gift tax laws or other federal non-income tax laws or the laws of any state, local or non-United States taxing jurisdiction.

For purposes of the discussion below, a “United States Holder” is a beneficial owner of Bonds or Shares received upon conversion of the Bonds that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons (as defined in the Code) have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury regulations to treat such trust as a domestic trust.

Treatment of the Bonds

The Bonds are convertible into Shares, as described under “*Terms and Conditions of the Bonds—Conversion.*” In the event of a fundamental change, United States Holders may have the right, at their option, to cause us to repurchase their Bonds, as described under “*Terms and Conditions of the Bonds—Conversion—Redemption, Purchase and Cancellation—Redemption at the Option of the Issuer.*” In addition, we may be required to pay additional interest on the Bonds in the circumstances described under “*Terms and Conditions of the Bonds.*” Although the issue is not free from doubt, we intend to take the position that none of these possibilities causes the Bonds to be treated as contingent payment debt instruments under applicable Treasury regulations and, accordingly, that the Bonds will be treated as described in “*—United States Federal Income Tax Consequences of Holding the Bonds.*” Our position is binding on a United States Holder, unless such holder explicitly discloses to the IRS on its tax return for the year during which it acquires the Bonds that it is taking a different position. However, our position is not binding on the IRS. If the IRS takes a contrary position to that described above, a United States Holder may be required to accrue interest income on the Bonds at a substantially higher rate than the stated coupon on the Bonds and to treat any gain recognized on the sale, exchange, retirement or other taxable disposition of the Bonds (including any gain recognized from the receipt of cash in lieu of a fractional share in connection with the conversion of our Bonds into Shares) as ordinary income rather than capital gain. United States Holders of our Bonds should consult their tax advisors regarding the tax consequences of the Bonds being treated as contingent payment debt instruments. The remainder of this discussion assumes that the Bonds will not be treated as contingent payment debt instruments.

United States Federal Income Tax Consequences of Holding the Bonds

Payments of Stated Interest

Stated interest on our Bonds (including, if applicable, any amounts withheld to reflect withholding taxes and any additional amounts paid in respect thereof) generally will be taxable to you as ordinary income at the time it is paid or accrued in accordance with your regular method of accounting for United States federal income tax purposes. If the Bonds are issued for an amount less than the stated principal amount and the difference is equal to or more than a “*de minimis*” amount (specifically, the *de minimis* amount is less than 0.25% of the principal amount of the Bonds multiplied by the number of complete years to maturity), a United States Holder will be required to include the difference in income as original issue discount. It is anticipated, and this discussion assumes, that the Bonds will be issued for an amount equal to their stated principal amount or at a discount that is less than *de minimis* for United States federal income tax purposes.

You may be entitled to deduct foreign taxes or credit foreign income taxes imposed on interest (including any additional amounts), subject to certain limitations (including that the election to deduct or credit foreign

taxes applies to all of your other applicable foreign taxes for a particular tax year). Interest income (including any additional amounts) on the Bonds generally will be considered foreign-source income and, for purposes of the United States foreign tax credit limitation, generally will be considered passive category income, or in certain cases, general category income. The rules governing the foreign tax credit are complex and recently issued Treasury regulations have introduced additional requirements and limitations to the foreign tax credit rules. You are urged to consult your tax advisor regarding the availability of the foreign tax credit under your particular circumstances.

Sale, Exchange, Retirement or Other Taxable Disposition of Bonds

Except as provided below under “—United States Federal Income Tax Consequences of Holding the Bonds—Conversion of Bonds,” and subject to the passive foreign investment company rules discussed below, if you sell or exchange a Bond, or if a Bond that you hold is retired, you generally will recognize gain or loss equal to the difference between the amount of cash proceeds and the fair market value of any property received in the transaction (including any amounts withheld to reflect withholding taxes and less any amounts attributable to accrued but unpaid interest that you have not previously included in income, which will be treated as interest income and subject to tax in the manner described under “—United States Federal Income Tax Consequences of Holding the Bonds—Payments of Stated Interest”) and your adjusted tax basis in the Bond. Your adjusted tax basis in a Bond generally will equal your purchase price for the Bond.

Except as discussed below with respect to the passive foreign investment company rules, any gain or loss that you recognize on the sale, exchange, retirement or other taxable disposition of our Bonds generally will be capital gain or loss, and will be long-term capital gain or loss if you have held the Bond for more than one year on the date of disposition. Long-term capital gains of non-corporate United States Holders (including individuals) generally are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Any gain or loss that you recognize on a disposition of our Bonds generally will be treated as United States-source income or loss for foreign tax credit limitation purposes. You should consult your tax advisors regarding the proper treatment of gain or loss, as well as the availability of a foreign tax credit, in your particular circumstances.

In the event that we are treated as a passive foreign investment company, a United States Holder generally may be taxed upon the sale, exchange, retirement or other taxable disposition (including a pledge) of a Bond in the same manner as such holder would be taxed upon the sale, exchange, redemption or other taxable disposition of Shares in a passive foreign investment company, except that the Bonds will not be eligible for the “mark-to-market” election. The application of the passive foreign investment company rules to the disposition of our Bonds is unclear and the IRS has not provided guidance on this matter. See the discussion generally under “United States Federal Income Tax Consequences of Holding Shares—Passive Foreign Investment Company” below for more information on the tax treatment of a sale, exchange, retirement or other taxable disposition (including a pledge) of our Bonds if such disposition were subject to the passive foreign investment company rules.

Conversion of Bonds

If you convert a Bond and receive from us Shares and cash in lieu of a fractional share, then you will not recognize any gain or loss in respect of the conversion, except that the receipt of cash in lieu of a fractional share will result in capital gain or loss (measured by the difference between the amount of cash received in lieu of the fractional share and your tax basis in the fractional share).

A United States Holder’s tax basis in the Shares received upon a conversion of a Bond (other than Shares received with respect to accrued but unpaid interest, the tax basis of which would equal the fair market value of

such Shares) will equal such holder's tax basis in the Bond that was converted, reduced by any tax basis allocable to a fractional share. A United States Holder's tax basis in a fractional share will be determined by allocating such holder's tax basis in the Bonds between the Shares received upon conversion and the fractional share, in accordance with their respective fair market values.

A United States Holder's holding period for the Shares received is generally expected to include such holder's holding period for the Bond converted.

Possible Effect of the Change in Conversion Consideration

In certain situations, we may provide for the conversion of the Bonds into stock (other than our Shares), other securities, other property or assets in connection with certain corporate transactions as described under "Terms and Conditions of the Bonds—Conversion—Conversion Procedures." Depending on the circumstances, such a change in the conversion consideration could result in a deemed taxable exchange to a United States Holder and the modified Bonds could be treated as a newly issued debt instrument at that time, potentially resulting in the recognition of taxable gain or loss. In addition, the conversion of the Bonds into stock (other than our Shares), other securities, other property or assets may also be taxable for a United States Holder.

Constructive Distributions

The conversion rate of the Bonds is subject to adjustment in certain circumstances, as described under "Terms and Conditions of the Bonds—Conversion—Adjustments to Conversion Price." United States Holders of the Bonds may, in certain circumstances, be deemed to have received constructive distributions from us for United States federal income tax purposes if and to the extent that the conversion rate of the Bonds is adjusted. Adjustments to the conversion rate made pursuant to a bona fide reasonable adjustment formula that has the effect of preventing the dilution of the interest of the holders of the Bonds generally will not be deemed to result in a constructive distribution. Certain of the possible adjustments provided in the Bonds (including, without limitation, adjustments in respect of taxable distributions to our shareholders, such as certain cash dividends) do not qualify as being made pursuant to a bona fide reasonable adjustment formula. If such adjustments are made, then United States Holders may be deemed to have received constructive distributions from us, even though such holders have not received any cash or property as a result of such adjustments. In certain circumstances, the failure to adjust (or to adjust adequately) the conversion rate after an event that increases a United States Holder's proportionate interest in us also may result in a constructive distribution to such holder. In addition, as described under "Terms and Conditions of the Bonds—Redemption, Purchase and Cancellation," if a make-whole fundamental change occurs prior to maturity or we deliver a notice of optional redemption or tax redemption, under some circumstances the conversion rate will be increased for Bonds converted in connection with the make-whole fundamental change or notice of redemption. Such increase may also be treated as a constructive distribution to a United States Holder.

Any such constructive distribution will be taxable to a United States Holder as a dividend to the extent of our current and accumulated earnings and profits. As discussed below, we do not intend to calculate our earnings and profits on the basis of United States federal income tax principles. Therefore, a United States Holder should expect that any such constructive distribution will generally be treated as a dividend and taxed in the manner described below under "—United States Federal Income Tax Consequences of Holding Shares—Dividends and Other Distributions on the Shares." United States Holders of Bonds should consult their tax advisors regarding the possibility and tax consequences of constructive distributions.

United States Federal Income Tax Consequences of Holding Shares

Dividends and Other Distributions on the Shares

Subject to the passive foreign investment company rules discussed below, the gross amount of any distribution that we make to you with respect to our Shares will be taxable as a dividend, to the extent paid out of

our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including, if any, withheld taxes) will be includable in your gross income on the day actually or constructively received by you. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, you should expect that any distribution paid will generally be treated as a “dividend” for United States federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to qualifying corporations under the Code.

Dividends received by a non-corporate United States Holder may qualify for the lower rates of tax applicable to “qualified dividend income,” if the dividends are paid by a “qualified foreign corporation” and other conditions discussed below are met. A non-United States corporation is treated as a qualified foreign corporation (i) with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States or (ii) if such non-United States corporation is eligible for the benefits of a qualifying income tax treaty with the United States that includes an exchange of information program. However, a non-United States corporation will not be treated as a qualified foreign corporation if it is a passive foreign investment company in the taxable year in which the dividend is paid or the preceding taxable year. We do not anticipate our Shares to be considered readily tradable on an established securities market in the United States. Additionally, there is no income tax treaty between the United States and the Cayman Islands at this time. Because we do not believe we are a qualified foreign corporation, we do not anticipate any dividends paid by us will be “qualified dividend income.”

Even if dividends would be treated as paid by a qualified foreign corporation (which we do not believe we are), non-corporate United States Holders will not be eligible for reduced rates of taxation if they do not hold our Shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date (disregarding certain periods of ownerships while the United States Holder’s risk of loss is diminished) or if such United States Holders elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends of a qualified foreign corporation if the non-corporate United States Holder receiving the dividend is obligated to make related payments with respect to positions in substantially similar or related property.

You should consult your tax advisors regarding the availability of the lower tax rates applicable to qualified dividend income for any dividends that we pay with respect to the Shares, as well as the effect of any change in applicable law after the date of this offering memorandum.

Withholding taxes, if any, imposed on dividends paid to you with respect to Shares generally will be treated as foreign taxes eligible for deduction or credit against your United States federal income tax liability, subject to the various limitations and disallowance rules that apply to foreign tax credits generally (including that the election to deduct or credit foreign taxes applies to all of your other applicable foreign taxes for a particular tax year). For purposes of calculating the foreign tax credit, dividends paid to you with respect to the Shares will be treated as income from sources outside the United States and generally will constitute passive category income, or in certain cases, general category income. The rules relating to the determination of the foreign tax credit are complex and recently issued Treasury regulations have introduced additional requirements and complexity, and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business. Please see —“*Dividend Policy*” for additional information.

Disposition of the Shares

You will recognize gain or loss on a sale or exchange of Shares in an amount equal to the difference between the amount realized on the sale or exchange and your tax basis in the Shares. Subject to the discussion

under “—*Passive Foreign Investment Company*” below, such gain or loss generally will be capital gain or loss. Capital gains of a non-corporate United States Holder, including an individual, that has held the common share for more than one year currently are eligible for reduced tax rates. The deductibility of capital losses is subject to limitations. Any gain or loss that you recognize on a disposition of our Shares generally will be treated as United States-source income or loss for foreign tax credit limitation purposes. The rules relating to the determination of the foreign tax credit are complex and, under recently issued Treasury regulations, a United States Holder that is not eligible for the benefits of an applicable treaty (or that does not elect the benefits of an applicable treaty) may not be able to claim a foreign tax credit in respect of any foreign taxes imposed on a disposition of our Shares. As discussed above, there is no income tax treaty between the United States and the Cayman Islands at this time. You should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Passive Foreign Investment Company

Based on the current and anticipated value of our assets and the current and anticipated nature and composition of our income and assets, we do not expect to be a passive foreign investment company, or PFIC, for our current taxable year ending December 31, 2023, although there can be no assurances in this regard. PFIC status is based on an annual determination that cannot be made until the close of a taxable year, involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Moreover, we cannot guarantee that the United States Internal Revenue Service, or IRS, will agree with any positions that we take. Accordingly, we cannot assure you that we will not be treated as a PFIC for any taxable year or that the IRS will not take a contrary position.

We will be treated as a PFIC for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either:

- at least 75% of our gross income for such year is passive income; or
- at least 50% of the value of our assets (generally determined based on a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties, rents and gains from commodities transactions (other than certain royalties, rents and commodities gains derived in the active conduct of a trade or business and not derived from a related person). We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% by value of the stock. We hold a substantial amount of cash and other assets treated as producing passive income, and if the percentage of our assets treated as producing passive income increases, we may be more likely to be a PFIC for the current or one or more future taxable years.

Changes in the nature or composition of our income or assets may cause us to be or become a PFIC. The determination of whether we will be a PFIC for any taxable year also may depend in part upon the value of our goodwill and other unbooked intangibles not reflected on our balance sheet (which may be determined based upon the market value of the Shares from time to time, which may be volatile) and by how, and how quickly, we spend our liquid assets and the cash we generate from our operations and raise in this offering. Among other matters, if our market capitalization declines, we may be or become a PFIC for the current or future taxable years because our liquid assets and cash (which are for this purpose considered assets that produce passive income) may then represent a greater percentage of our overall assets. Further, while we believe our classification methodology and valuation approach (including, if relevant, any approach taken with respect to our market capitalization) are reasonable, it is possible that the IRS may challenge our classification or valuation of our goodwill and other unbooked intangibles, which may result in our being or becoming a PFIC for the current taxable year or one or more future taxable years.

If we are a PFIC for any taxable year during your holding period for our Shares (including, for this purpose, potentially your holding period for the Bonds), we will continue to be treated as a PFIC with respect to you for all succeeding years during which you hold Shares, unless we were to cease to be a PFIC and you make a “deemed sale” election with respect to the Shares. If such election is made, you will be deemed to have sold the Shares you hold at their fair market value and any gain from such deemed sale would be subject to the rules described in the following two paragraphs. After the deemed sale election, so long as we do not become a PFIC in a subsequent taxable year, your Shares with respect to which such election was made will not be treated as shares in a PFIC and, as a result, you will not be subject to the rules described below with respect to any “excess distribution” you receive from us or any gain from a sale or other taxable disposition of the Shares. You are strongly urged to consult your tax advisors as to the possibility and consequences of making a deemed sale election if we are and then cease to be a PFIC and such an election becomes available to you.

If we are a PFIC for any taxable year during your holding period for our Shares, then, unless you make a “mark-to-market” election (as discussed below), you generally will be subject to special and adverse tax rules with respect to any “excess distribution” that you receive from us and any gain that you recognize from a sale or other disposition, including a pledge, of the Shares. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during the shorter of the three preceding taxable years or your holding period for the Shares will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the Shares;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, will be treated as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each other taxable year will be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.

If we are a PFIC for any taxable year during your holding period for our Shares and any of our non-United States subsidiaries or other corporate entities in which we directly or indirectly own equity interests is also a PFIC, you would be treated as owning a proportionate amount (by value) of the shares of each such non-United States entity classified as a PFIC (each such entity, a lower-tier PFIC) for purposes of the application of these rules. You should consult your tax advisor regarding the application of the PFIC rules to any of our lower-tier PFICs.

If we are a PFIC for any taxable year during your holding period for our Shares, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on the Shares as ordinary income under a mark-to-market method, provided that the Shares constitute “marketable stock.” Marketable stock is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. Our Shares are listed on the Hong Kong Stock Exchange, which we believe is a qualified exchange or other market for these purposes. If such Shares are regularly traded on a qualified exchange or other market, we expect that the mark-to-market election would be available to you if we became a PFIC, but no assurances are given in this regard.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if we were a PFIC for any taxable year, a United States Holder that makes a mark-to-market election with respect to our Shares may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such United States Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

In certain circumstances, a United States holder of shares in a PFIC may avoid the adverse tax and interest-charge regime described above by making a “qualified electing fund” election to include in income its share of

the corporation's income on a current basis. However, you may make a qualified electing fund election with respect to your Shares only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable Treasury regulations. We currently do not intend to prepare or provide the information that would enable you to make a qualified electing fund election.

A United States Holder that holds our Shares in any year in which we are classified as a PFIC will be required to file an annual report containing such information as the United States Treasury Department may require. You should consult your tax advisor regarding the application of the PFIC rules to your ownership and disposition of the Shares, and the availability, application and consequences of the elections discussed above.

Information Reporting and Backup Withholding

Information reporting to the IRS and backup withholding generally will apply to interest with respect to the Bonds, distributions in respect of our Shares, and the proceeds from the sale or exchange of Bonds or Shares, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9, or you otherwise establish an exemption from information reporting and backup withholding. Backup withholding is not an additional tax.

Amounts withheld as backup withholding generally are allowed as a credit against your United States federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner.

United States Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

United States Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in the Bonds or Shares as is necessary to identify the class or issue of which the Bonds or Shares are a part. These requirements are subject to exceptions, including an exception for Bonds or Shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all "specified foreign financial assets" (as defined in the Code) does not exceed US \$50,000.

United States Holders should consult their tax advisors regarding the application of these information reporting rules.

PLAN OF DISTRIBUTION

Deutsche Bank AG, Hong Kong Branch, Moelis & Company LLC and Goldman Sachs (Asia) L.L.C. 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 the Bonds set forth opposite its name below.

<u>Initial Purchaser</u>	<u>Principal Amount of the Bonds (US\$)</u>
Deutsche Bank AG, Hong Kong Branch	\$211,766,000
Moelis & Company LLC	\$138,655,000
Goldman Sachs (Asia) L.L.C.	\$ 60,504,000
Merrill Lynch (Asia Pacific) Ltd.	\$ 45,378,000
Bank of China Limited, Macau Branch	\$ 45,378,000
Industrial and Commercial Bank of China (Macau) Limited	\$ 35,294,000
United Overseas Bank Limited, Hong Kong Branch	\$ 17,647,000
SMBC Nikko Securities America, Inc.	\$ 10,084,000
Scotia Capital (USA) Inc.	\$ 10,084,000
BNP Paribas Securities (Asia) Limited	\$ 10,084,000
Bank of Communication Co., Ltd. Macau Branch	\$ 10,084,000
Banco Nacional Ultramarino, S.A.	\$ 5,042,000
Total	\$600,000,000

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 Bonds sold under the purchase agreement if any of the Bonds 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 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.

Commissions and Discounts

The representatives have advised us that the Initial Purchasers propose initially to offer the Bonds at the issue price set forth on the cover page of this offering memorandum. After the initial offering, the offering price or any other term of the offering may be changed. The Initial Purchasers may offer and sell the Bonds through certain of their affiliates.

The Bonds Are Not Being Registered

The Bonds have not been registered under the Securities Act or any state securities laws. The Initial Purchasers propose to offer the Bonds 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 Bonds except to persons they reasonably believe to be “qualified institutional buyers” as defined under Rule 144A 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 Bonds 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 Bonds will be deemed to have made acknowledgments, representations and agreements as described under “Transfer Restrictions.”

Listing

The Company will seek a listing of the Bonds on the Hong Kong Stock Exchange by way of debt issues to Professional Investors only. We have been advised by certain of the Initial Purchasers that they presently intend to make a market in the Bonds 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 Bonds. If an active trading market for the Bonds does not develop, the market price and liquidity of the Bonds may be adversely affected. If the Bonds 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 Bonds will be made to investors on or about March 7, 2023.

No Sales of Similar Securities

We have agreed that, for a period of 90 days after the date of this offering memorandum, we will not, and will not permit any of our subsidiaries to, without the prior written consent of the representatives of the Initial Purchasers, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any securities of our company or and each of our subsidiaries (other than (i) the Bonds and new shares issued upon conversion thereof or (ii) pursuant to our employee ownership scheme and share option schemes).

WM Cayman Holdings Limited I has agreed that for a period of 90 days after the date of this offering memorandum, without the prior written consent of the representatives on behalf of the Initial Purchasers, neither it nor any companies or their subsidiaries over which it exercises direct or indirect management or voting control, nor any person acting on its or their behalf, will, (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any Shares (whether acquired before or after the date hereof) beneficially owned (as such term is used in Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), by the undersigned or (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Shares, in cash or otherwise or (3) publicly disclose the intention to make any such offer, sale, pledge or disposition, or enter into any such swap or other arrangements, subject to certain exceptions.

The foregoing restrictions shall not apply to any transfer of the Shares pursuant to the Securities Lending Agreement.

Short Positions

In connection with the offering, the Initial Purchasers may purchase and sell the Bonds 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 Bonds than they are required to purchase in the offering. The Initial Purchasers must close out any short position by purchasing Bonds 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 Bonds 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 Bonds or preventing or retarding a decline in the market price of the Bonds. As a result, the price of the Bonds 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 Bonds. 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.

Other Relationships

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.

An affiliate of Deutsche Bank AG, Hong Kong Branch, is the trustee of the 2024 Notes, the 2026 Notes, the 2027 Notes, the 2028 Notes and the 2029 Notes and will be the trustee of the Bonds. See “Description of Other Material Indebtedness.” Deutsche Bank Securities, an affiliate of one of the initial purchasers, will also act as settlement agent for the purposes of settling the Bonds in connection with the offering.

Goldman Sachs International, an affiliate of one of the initial purchasers, will act as borrower under the Securities Lending Agreement.

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 Bonds offered hereby. Any such short positions could adversely affect future trading prices of the Bonds 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.

In connection with the offering of the Bonds, each of the Initial Purchasers and their respective affiliates may act as an investor for its own account and may take up Bonds in the offering and in that capacity may retain, purchase or sell for its own account the Bonds and any other securities of the Company or related investments and may offer or sell such Bonds, other securities or other investments otherwise than in connection with the offering. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds 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.

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 Bonds or the Shares issuable upon the conversion of the Bonds, or the possession, circulation or distribution of this offering memorandum or any other material relating to the Bonds or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Bonds and the Shares issuable upon the conversion of the Bonds 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, warranted and agreed that:

- 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 Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection

with the issue or sale of the Bonds in circumstances in which Section 21(1) of 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 Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

Each Initial Purchaser has represented, warranted and agreed that no Bonds will be offered or sold in Hong Kong, by means of any document, other than (i) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong (the “SFO”) and any rules made thereunder, or (ii) in circumstances that do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) (the “CO”) of the laws of Hong Kong or that do not constitute an offer or invitation to the public within the meaning of the CO or the SFO. No invitation, advertisement or document relating to the Bonds 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) has been or will be issued, whether in Hong Kong or elsewhere, other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors,” as defined under the SFO and any rule made thereunder.

Notice to Capital Market Intermediaries (“CMIs”) and Prospective Investors pursuant to paragraph 21 of the Hong Kong SFC Code of Conduct—Important Notice to CMIs (including private banks)

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Paragraph 21.3.3(c) of the SFC Code requires that a CMI should take all reasonable steps to identify whether investors may have any associations with the issuer and provide sufficient information to the OCs to enable it to assess whether orders placed by these investors may negatively impact the price discovery process.

Prospective investors who are the directors, employees or major shareholders of the Issuer, a CMI or its group companies would be considered under the SFC Code as having an Association with the Issuer, the CMI or the relevant group company (as the case may be). CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the relevant Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Issuer, or any CMI (including its group companies) and inform the relevant Managers accordingly.

Prospective investors to whom the allocation of Bonds will be subject to restrictions or require prior consent from the SEHK under Listing Rules and the SEHK Requirements (e.g. a connected person of a listed issuer would be considered as “Restricted Investors”). The Bonds may only be allocated to Restricted Investors in accordance with applicable SEHK Requirements. CMIs should specifically disclose whether their investor clients are Restricted Investors when submitting orders for the Bonds.

CMIs are informed that, unless otherwise notified, the marketing and investor targeting strategy for this offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions and any MiFID II product governance language (if applicable) set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the relevant Bonds (except for omnibus orders where underlying investor information should be provided to the OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMI should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.

CMI (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Issuer. In addition, CMI (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the relevant Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the relevant Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that if any of their group companies is a CMI of this offering, placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorize it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order and will require such Manager(s) to apply the “rebates” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are requested to provide the following underlying investor information, preferably in Excel Workbook format, in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected).

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Issuer, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The relevant Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Managers with such evidence within the timeline requested.

To:

asia.syndicate@list.db.com

SyndicateExecutionHK@ny.email.gs.com

CMIs submitting orders should send ALL of the below information, at the same time as such order is submitted, to EACH OC contact set out above. Failure to do so may result in such order being rejected.

Offering:

*US\$600 MILLION 4.50% CONVERTIBLE BONDS
DUE 2029*

Date:

Name of CMI submitting order:

Name of prospective investor:

Type of unique identification of prospective investor:

*For **individual investor clients**, indicate one of the following:*

- (i) HKID card; or*
- (ii) national identification document; or*
- (iii) passport.*

*For **corporate investor clients**, indicate one of the following:*

- (i) legal entity identifier (LEI) registration; or*
- (ii) company incorporation identifier; or*
- (iii) business registration identifier; or*
- (iv) other equivalent identity document identifier.*

Unique identification number of prospective investor:

Indicate the unique identification number which corresponds with the above “type” of unique identification

Order size (and any price limits):

Other information:

— Associations

*Identify any “**Associations**” (as defined above) and, if any Associations identified, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*

— Restricted Investors

*Identify any “**Restricted Investors**” (as used in the Code, e.g. a connected person of a listed issuer) and, if any Restricted Investors identified, inform the OCs (whether directly or indirectly) before placing an order on behalf of such clients.*

— Proprietary Orders

*Identify if this order is a “**Proprietary Order**” (as used in the Code) and, if so, provide sufficient information to enable the OCs to assess whether such order may negatively impact the price discovery process.*

— Duplicated Orders (i.e. two or more corresponding or identical orders placed via two or more CMIs)

If the prospective investor has placed an/any order(s) via other CMIs in this offering, identify if this order is (i) a separate/unique order or (ii) a duplicated order.

Contact Information of CMI submitting the order:

Provide 24-hour contact details (telephone and email) of relevant individual(s) who may be contacted in relation to this order.

By placing an order, prospective investors (including any underlying investors in relation to omnibus orders) are deemed to represent to the Managers that it is not a Sanctions Restricted Person. A “**Sanctions Restricted Person**” means an individual or entity (a “**Person**”): (a) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at:

<http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: https://eeas.europa.eu/headquarters/headquartershomepage_en/8442/Consolidated%20list%20of%20sanctions); or (b) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of: (i) their inclusion in the most current “Sectoral Sanctions Identifications” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf>) (the “**SSI List**”), (ii) their inclusion in Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended by Council Regulation No. 960/2014 (the “**EU Annexes**”), (iii) their inclusion in any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes, (iv) them being the subject of restrictions imposed by the U.S. Department of Commerce’s Bureau of Industry and Security (“**BIS**”) under which BIS has restricted exports, re-exports or transfers of certain controlled goods, technology or software to such individuals or entities; (v) them being an entity listed in the Annex to the new Executive Order of June 3, 2021 entitled “Addressing the Threat from Securities Investments that Finance Certain Companies of the People’s Republic of China” (known as the Non-SDN Chinese Military—Industrial Complex Companies List), which amends the Executive Order 13959 of November 12, 2020 entitled “Addressing the threat from Securities Investments that Finance Chinese Military Companies”; or (vi) them being subject to restrictions imposed on the operation of an online service, Internet application or other information or communication services in the United States directed at preventing a foreign government from accessing the data of U.S. persons; or (c) that is located, organized or a resident in a comprehensively sanctioned country or territory, including Cuba, Iran, North Korea, Syria, the Crimea region of Ukraine, the Donetsk’s People’s Republic, Luhansk People’s Republic, Afghanistan, Kherson or Zaporizhzhia. “**Sanctions Authority**” means: (a) the United States government; (b) the United Nations; (c) the European Union (or any of its member states); (d) the United Kingdom; (e) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (f) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the U.S. Department of the Treasury, the United States Department of State, the United States Department of Commerce and His Majesty’s Treasury.

Macau

Each Initial Purchaser has represented, warranted and agreed that the Bonds and the Shares issuable upon conversion of the Bonds will not be offered, sold or delivered to members of the public in Macau.

Cayman Islands

Each Initial Purchaser has represented, warranted and agreed that the Bonds and the Shares issuable upon conversion of the Bonds will not be offered or sold in the Cayman Islands.

Canada

Each Initial Purchaser has represented, warranted and agreed that (i) the Bonds have not been and the Bonds and the Shares issuable upon conversion of the Bonds will not be registered under the laws of any province or territory of Canada, and (ii) the Bonds and the Shares issuable upon conversion of the Bonds may not be offered or sold in Canada or to, or for the benefit of, residents of Canada except to purchasers resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland which are both an “accredited investor” 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 Bonds 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.

Prohibition of Sales to EEA Retail Investors

Each Initial Purchaser has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (i) the expression "retail investor" means a person who is one (or more) of the following:
 - a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or
 - b) 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
 - c) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "Prospectus Regulation"); and
- (ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds and Shares issuable upon the conversion of the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds.

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation. This offering memorandum has been prepared on the basis that any offer of the Bonds in any Member State of the EEA will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of the Bonds. This offering memorandum is not a prospectus for the purposes of the Prospectus Regulation.

Prohibition of sales to United Kingdom retail investors

Each Initial Purchaser has represented, warranted and agreed that the Bonds and the Shares issuable upon the conversion of the Bonds will not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

Singapore

Each Initial Purchaser has represented, warranted and agreed that this offering memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (the “MAS”) and the Bonds will be offered pursuant to exemptions under the Securities and Futures Act 2001 (“SFA”). Accordingly, each Initial Purchaser has represented, warranted and agreed that this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds will not be circulated or distributed, nor will the Bonds and the Shares issuable upon the conversion of the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to 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.

Where the Bonds are subscribed or purchased in reliance of an exemption under Section 274 or 275 of the SFA, the Bonds shall not be sold within the period of six months from the date of the initial acquisition of the Bonds, except to any of the following persons (a) an institutional investor, (b) a relevant person, or (c) any person pursuant to an offer referred to in Section 275(1A) of the SFA, unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) 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, or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, securities (as defined in Section 2(1) of the SFA) or securities-based derivatives contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor or to a relevant person defined under Section 275(2) of the SFA or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA, (2) where no consideration is or will be given for the transfer, (3) where the transfer is by operation of law, (4) as specified in Section 276(7) of the SFA, or (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA—In connection with this offering, the classification of the Bonds offered or sold under this offering 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).

United States

See “Transfer Restrictions”.

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 Bonds offered hereby.

We have not registered the Bonds under the Securities Act, and the Bonds and the Shares issuable upon the conversion of the Bonds (together the “Securities”) 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) non-U.S. persons outside the United States 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 the Securities will be deemed to have represented and agreed as follows:

1. You understand and acknowledge that the Securities have not been registered under the Securities Act or any other applicable securities laws and that the Securities 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 and you are either:
 - a. a “qualified institutional buyer” as defined under Rule 144A and are aware that any sale of these Securities 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 Securities 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 Securities, 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 Securities. 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 Securities, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.
4. You are purchasing these Securities 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 Bonds 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 Bonds, and each subsequent holder of these Bonds by its acceptance thereof will agree, to offer, sell or otherwise transfer such Bonds prior to (x) the date which is one year after the later of the date of the original issue of these Bonds and the last date on which we or any of

our affiliates were the owner of such Bonds (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 Bonds 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 Bonds 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 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 Bond offered hereby will contain a legend substantially in the following form:

“THIS BOND AND THE SHARES DELIVERED UPON THE CONVERSION OF THE BONDS HAVE 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 BOND OR THE SHARES DELIVERABLE UPON THE CONVERSION HEREOF (OR OF A BENEFICIAL INTEREST HEREIN OR THEREIN) FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND IS ACQUIRING THIS BOND OR THE SHARES DELIVERABLE UPON THE CONVERSION HEREOF (OR OF A BENEFICIAL INTEREST HEREIN OR THEREIN) IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, PRIOR TO THE DATE [IN THE CASE OF RULE 144A BONDS: ON WHICH THE ISSUER 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 BONDS: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS BOND (OR ANY PREDECESSOR OF SUCH NOTE)] RESELL OR OTHERWISE TRANSFER THIS BOND EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHO 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 (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS BOND OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS BOND 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 TRUST DEED CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS BOND IN VIOLATION OF THE FOREGOING RESTRICTIONS.”

If you purchase the Securities, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Securities as well as to holders of these Securities.

1. You acknowledge that the registrar will not be required to accept for registration of transfer any Securities acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.
2. 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 Securities 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.
3. You agree that you will give to each person to whom you transfer these Securities notice of any restrictions on the transfer of the Securities.
4. 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 Securities 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 Securities.
5. 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 Securities or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Securities in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Securities will be subject to the selling restrictions set forth under “Plan of Distribution.”

The Securities offered hereby may not be sold or transferred to, and you as a purchaser, by your purchase of the Securities shall be deemed to have represented and covenanted that you are not acquiring the Securities for or

on behalf of, and will not transfer the Securities to, any pension or welfare plan (as defined in Section 3 of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”)), or any entity whose assets include assets of such a plan pursuant to 29 C.F.R. Section 2510-101 or otherwise (each, a “Plan Entity”) except that such a purchase for or on behalf of a pension or welfare plan shall be permitted:

1. to the extent such purchase is made by or on behalf of a bank collective investment fund maintained by the purchaser in which no Plan Entity (together with any other plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total assets in such collective investment fund and the conditions of Section III of Prohibited Transaction Class Exemption 91-38 issued by the U.S. Department of Labor are satisfied;
2. to the extent such purchase is made by or on behalf of an insurance company pooled separate account maintained by the purchaser in which, at any time while the Securities are outstanding, no Plan Entity (together with any other plans maintained by the same employer or employee organization) has an interest in excess of 10% of the total of all assets in such pooled separate account and the conditions of Section III of Prohibited Transaction Class Exemption 90—1 issued by the U.S. Department of Labor are satisfied;
3. to the extent such purchase is made on behalf of a Plan Entity by:
 - a. an investment advisor registered under the U.S. Investment Advisers Act of 1940, as amended, that had as of the last day of its most recent fiscal year total client assets under its management and control in excess of US\$85.0 million and had shareholders’ or partners’ equity in excess of US\$1,000,000, as shown in its most recent balance sheet prepared in accordance with generally accepted accounting principles;
 - b. a bank as defined in Section 202(a)(2) of the U.S. Investment Advisers Act of 1940, as amended, with equity capital in excess of US\$1.0 million as of the last day of its most recent fiscal year; or
 - c. an insurance company that is qualified under the laws of more than one state to manage, acquire or dispose of any assets of a Plan Entity, which insurance company has as of the last day of its most recent fiscal year, net worth in excess of US\$1.0 million and which is subject to supervision and examination by a state authority having supervision over insurance companies and, in any case, such investment advisor, bank or insurance company is an independent fiduciary and is otherwise a qualified professional asset manager, as such terms are used in Prohibited Transaction Class Exemption 84-14 issued by the U.S. Department of Labor, and the assets of that Plan Entity when combined with the assets or other plans established or maintained by the same employer (or affiliate thereof) or employee organization and managed by such investment advisor, bank or insurance company, do not represent more than 20% of the total client assets managed by such investment advisor, bank or insurance company, and the conditions of Part 1 of such exemption are otherwise satisfied;
4. to the extent such purchase is made with funds from an insurance company general account, the conditions of Sections I and IV of Prohibited Transactions Class Exemption 95-60 issued by the U.S. Department of Labor are satisfied;
5. to the extent such plan is a governmental plan (as defined in Section 3 of ERISA) which is not subject to the provisions of Title I of ERISA or Section 4975 of the Internal Revenue Code;
6. to the extent an in-house asset manager makes such purchase on behalf of a Plan Entity and the conditions of Part I of Prohibited Transactions Class Exemption 96-23 issued by the U.S. Department of Labor are satisfied; or
7. to the extent such purchase is made for or on behalf of a plan as to which any other statutory, regulatory, administrative or other exemption from the prohibited transaction rules set forth in Section 406 of ERISA and Section 4975 of the Code applies.

LEGAL MATTERS

We are being represented by Kirkland & Ellis with respect to certain matters of United States federal, New York, English and Hong Kong laws. Certain legal matters with respect to legal matters of United States federal and New York, English and Hong Kong laws in connection with this offering will be passed upon for the Initial Purchasers by Latham & Watkins LLP. Certain legal matters as to Cayman Islands law will be passed upon for us by Maples and Calder (Hong Kong) LLP. Certain legal matters as to Macau law will be passed upon for us by Rato, Ling, Lei & Cortés—Advogados e Notários. Certain legal matters as to English law will be passed upon for the Trustee by Allen & Overy.

INDEPENDENT ACCOUNTANTS

Our audited consolidated financial statements as of and for the fiscal years ended December 31, 2019, 2020 and 2021 included in this offering memorandum have been audited by Ernst & Young, independent accountants.

The offices of Ernst & Young are located at 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong.

GENERAL INFORMATION

1. **Clearing Systems:** The Bonds will be deposited with a custodian for and will be registered in the name of a nominee for The Depository Trust Company.
2. **Listing of Bonds:** Application will be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds issued to Professional Investors only. It is expected that dealing in, and listing of, the Bonds on the Hong Kong Stock Exchange will commence on March 8, 2023.
3. **Authorizations:** The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorized by the board of directors of the Issuer on February 28, 2023.
5. **No Material Adverse Change:** There has not occurred any material adverse change (nor any development or event involving a prospective change), in our condition (financial or otherwise), prospects, results of operations, profitability, business, management, shareholders' equity, properties or general affairs since June 30, 2022, save as disclosed in this offering memorandum.
6. **Litigation:** None of the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened, save as disclosed in this offering memorandum.
7. **Available Documents:** For so long as any of the Bonds are outstanding, copies of the Trust Deed governing the Bonds may be inspected free of charge during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents. For so long as any of the Bonds are outstanding, copies of our audited financial statements for the last two financial years, if any, may be obtained during normal business hours on any weekday (except public holidays) at the specified offices of the paying agents.

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Independent Auditor's Report



Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Wynn Macau, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 202, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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 Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKICPA's *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.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in *the Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<i>Provision for expected credit losses</i>	
<p>Referring to note 2.5 to the Group's consolidated financial statements for significant accounting judgements and estimates, the Group uses a provision matrix to calculate the expected credit losses ("ECLs") for trade receivables. The provision matrix is calibrated to adjust the historical credit loss experience with known customer information and forward-looking information. Management's assessment of the correlation between historical observed default rates, forecast economic conditions and the ECLs can provide significant changes in the estimate between periods. Further disclosures on the ECLs of the Group's trade receivables are set out in note 13 to the consolidated financial statements.</p>	<p>We evaluated and tested the design and operating effectiveness of the controls over the accounting process of provision for ECLs of trade receivables.</p> <p>We evaluated management's assumptions and judgements by comparing the Group's provisioning rates against historical collection data.</p> <p>We considered the support related to the original issuance of credits to gaming patrons and/or their subsequent settlements when performing analysis of receivables' aging brackets and write-offs as a percentage of gross trade receivables.</p> <p>We corroborated management's representations with the source data for specific provisions made for certain individual casino patrons, performed ratio analysis on the Group's provision for ECLs; and re-calculated the provision for ECLs using management's model and considered the adequacy of the provision.</p> <p>We assessed the Group's provisioning policy applied, which included assessing whether the calculation was made in accordance with IFRS 9.</p> <p>We assessed the time value of money considered in the ECLs impairment model and tested the mathematical accuracy of the calculations.</p> <p>We assessed the adequacy of the Group's disclosures regarding provision for ECLs of trade receivables.</p>

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

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. Our report is made solely to you, as a body, 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 HKSA's 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 HKSA's, we exercise professional judgement and maintain professional scepticism 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.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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 the Audit Committee 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.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit Committee 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 the Audit Committee, 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 this independent auditor's report is Samuel Yuen Ka Cheong.

Ernst & Young
Certified Public Accountants
Hong Kong

31 March 2021

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended	
		2020	2019
		HK\$	HK\$
		(in thousands, except for per Share amounts)	
Operating revenues			
Casino		5,538,696	30,850,256
Rooms		661,625	2,233,225
Food and beverage		592,052	1,559,151
Retail and other		820,039	1,519,059
		7,612,412	36,161,691
Operating costs and expenses			
Gaming taxes and premiums		3,429,055	16,748,677
Staff costs	3.1	4,230,793	5,227,038
Other operating expenses	3.2	2,249,534	4,864,175
Depreciation	3.3	2,915,423	2,922,543
Property charges and other	3.4	186,201	34,044
		13,011,006	29,796,477
Operating (loss)/profit		(5,398,594)	6,365,214
Finance revenues	3.5	84,828	76,052
Finance costs	3.6	(1,952,448)	(1,486,404)
Net foreign currency differences		97,784	114,226
Loss on extinguishment of debt		(36,015)	—
		(1,805,851)	(1,296,126)
(Loss)/profit before tax		(7,204,445)	5,069,088
Income tax expense	4	12,427	12,427
Net (loss)/profit attributable to owners of the Company		(7,216,872)	5,056,661

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended 31 December	
		2020 HK\$	2019 HK\$
		(in thousands, except for per Share amounts)	
Other comprehensive income/(loss)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Currency translation reserve		—	(1,233)
Other comprehensive income/(loss) for the year		—	(1,233)
Total comprehensive (loss)/income attributable to owners of the Company		(7,216,872)	5,055,428
Basic (loss)/earning per Share	6	(1.39)	0.98
Diluted (loss)/earning per Share	6	(1.39)	0.97

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2020 HK\$	2019 HK\$
		(in thousands)	
Non-current assets			
Property and equipment and construction in progress	8	28,560,638	30,885,928
Right-of-use assets	9	1,651,637	2,019,444
Goodwill	10	398,345	398,345
Deposits for acquisition of property and equipment		6,592	28,290
Other non-current assets	11	572,232	606,803
Restricted cash and cash equivalents	15	12,437	17,471
Total non-current assets		31,201,881	33,956,281
Current assets			
Inventories	12	286,808	346,604
Trade and other receivables	13	1,047,020	1,552,991
Prepayments and other current assets	14	100,772	143,212
Amounts due from related companies	26	183,222	187,097
Restricted cash and cash equivalents	15	5,380	16,331
Cash and cash equivalents	16	18,831,109	14,087,486
Total current assets		20,454,311	16,333,721
Current liabilities			
Accounts payable	17	438,472	402,395
Interest-bearing borrowings	18	4,236,095	2,132,855
Lease liabilities		68,160	109,024
Construction payables and accruals		295,300	490,380
Other payables and accruals	19	6,139,307	7,769,824
Amounts due to related companies	26	46,705	111,527
Income tax payables		12,427	12,427
Other current liabilities		127,306	24,652
Total current liabilities		11,363,772	11,053,084
Net current assets		9,090,539	5,280,637
Total assets less current liabilities		40,292,420	39,236,918

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2020	2019
		HK\$	HK\$
		(in thousands)	
Non-current liabilities			
Interest-bearing borrowings	18	44,963,402	36,461,883
Lease liabilities		205,560	453,770
Construction retentions payable		1,182	1,315
Other payables and accruals	19	70,157	144,297
Other long-term liabilities		108,541	188,897
Total non-current liabilities		45,348,842	37,250,162
Net (liabilities)/assets		(5,056,422)	1,986,756
Equity			
(Deficiency in assets)/equity attributable to owners of the Company			
Issued capital	20	5,197	5,197
Share premium account	21	386,521	388,533
Shares held for employee ownership scheme	20	(117,327)	(178,785)
(Deficit)/reserves	21	(5,330,813)	1,771,811
Total (deficiency in assets)/equity		(5,056,422)	1,986,756

Approved and authorized for issue by the Board on 31 March 2021.

Matthew O. Maddox
Director

Ian Michael Coughlan
Director

Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of the Company							Total (Deficiency in Assets)/ Equity HK\$	
		Issued Capital HK\$	Share Premium Account HK\$ (Note 21)	Shares Held for Employee Ownership Scheme HK\$	Share Option Reserve* HK\$	Other Reserves** HK\$	Statutory Reserve* HK\$ (Note 21)	Retained Earnings/ (Accumulated Loss)* HK\$		Currency Translation Reserve* HK\$
As at 1 January 2019		5,197	385,288	(160,749)	633,824	554,740	48,568	34,491	17,100	1,518,459
Net profit for the year		—	—	—	—	—	—	5,056,661	—	5,056,661
Changes in currency translation reserve		—	—	—	—	—	—	—	(1,233)	(1,233)
Total comprehensive income for the year		—	—	—	—	—	—	5,056,661	(1,233)	5,055,428
Share-based payments	22	—	—	—	129,211	—	—	—	—	129,211
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	3,245	23,994	(27,239)	—	—	—	—	—
Shares purchased for employee ownership scheme	20	—	—	(42,030)	—	—	—	—	—	(42,030)
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	—	2,950	—	2,950
Dividends declared	5	—	—	—	—	—	—	(4,677,262)	—	(4,677,262)
As at 31 December 2019 and 1 January 2020		5,197	388,533	(178,785)	735,796	554,740	48,568	416,840	15,867	1,986,756
Net loss and total comprehensive loss for the year		—	—	—	—	—	—	(7,216,872)	—	(7,216,872)
Share-based payments	22	—	—	—	171,933	—	—	—	—	171,933
Exercise of share options		—	779	—	(233)	—	—	—	—	546
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	(2,791)	61,458	(58,667)	—	—	—	—	—
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	—	1,215	—	1,215
As at 31 December 2020		5,197	386,521	(117,327)	848,829	554,740	48,568	(6,798,817)	15,867	(5,056,422)

* These reserve accounts comprised the consolidated deficit of HK\$5.33 billion in the consolidated statement of financial position as at 31 December 2020. As at 31 December 2019, these reserve accounts comprised the consolidated reserves of HK\$1.77 billion in the consolidated statement of financial position.

** "Other reserves" as at 1 January 2019, 1 January 2020 and 31 December 2020 was composed of HK\$194.3 million of issued capital of WRM and HK\$360.4 million of issued capital of Wynn Resorts International, Ltd.

Financial Statements

Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December	
		2020 HK\$ (in thousands)	2019 HK\$
Operating activities			
(Loss)/profit before tax		(7,204,445)	5,069,088
Adjustments to reconcile (loss)/profit before tax to net cash flows from operating activities:			
Depreciation of property and equipment	3.3	2,690,855	2,693,320
Depreciation of right-of-use assets	3.3	224,568	229,223
Property charges and other	3.4	186,201	34,044
Provision for credit losses, net	3.2	237,560	44,528
Expense of share-based payments	3.1	162,707	124,125
Finance revenues	3.5	(84,828)	(76,052)
Finance costs	3.6	1,952,448	1,486,404
Loss on extinguishment of debt		36,015	—
Net foreign currency differences		(97,784)	(114,226)
Working capital adjustments:			
Decrease/(increase) in inventories		59,796	(33,979)
Decrease/(increase) in trade and other receivables		246,795	(451,415)
Decrease in prepayments and other assets		43,390	37,046
Increase/(decrease) in accounts payable		27,218	(323,209)
Decrease in other payables, accruals and other liabilities		(2,117,425)	(2,003,462)
(Increase)/decrease in net amounts due from related companies		(58,879)	48,066
Income taxes paid		(12,427)	(12,427)
Net cash flows (used in)/generated from operating activities		(3,708,235)	6,751,074
Investing activities			
Increase in restricted cash and cash equivalents		(107)	(8,210)
Purchases of property and equipment and other assets, net of construction payables and accruals and construction retentions payable		(749,148)	(1,640,188)
Proceeds from sale of property and equipment		57	742
Proceeds from insurance claims		16,561	20,866
Interest received		89,872	83,267
Net cash flows used in investing activities		(642,765)	(1,543,523)
Financing activities			
Decrease/(increase) in restricted cash and cash equivalents		16,092	(7,525)
Proceeds from borrowings		25,386,787	14,646,116
Repayments of borrowings		(14,610,434)	(8,995,106)
Payments of debt financing costs		(153,065)	(60,613)
Shares purchased for employee ownership scheme	20	—	(42,030)
Payments of principal component of lease liabilities		(108,761)	(122,086)
Payments of interest component of lease liabilities		(19,713)	(22,190)
Proceeds from exercise of share options		546	—
Receipts of accrued interest		125,210	—
Interest paid		(1,499,774)	(1,343,855)
Dividends paid		(8,443)	(4,673,977)
Net cash flows generated from/(used in) financing activities		9,128,445	(621,266)
Net increase in cash and cash equivalents		4,777,445	4,586,285
Cash and cash equivalents as at 1 January		14,087,486	9,526,423
Effect of foreign exchange rate changes, net		(33,822)	(25,222)
Cash and cash equivalents as at 31 December	16	18,831,109	14,087,486

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2009. The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 9 October 2009. The Company's registered office address is P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.

The Group owns and operates hotel and casino resorts in Macau, namely Wynn Palace and Wynn Macau. WRM conducts gaming activities in our casinos in Macau under a concession contract signed with the Macau government on 24 June 2002. The 20-year concession period commenced on 27 June 2002 and will expire on 26 June 2022.

The Group is a party to land concessions for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located for terms of 25 years from May 2012 and August 2004, respectively.

WM Cayman Holdings Limited I owns approximately 72% of the Shares of the Company and approximately 28% of the Shares of the Company is owned by public shareholders. The ultimate parent company of Wynn Macau, Limited is Wynn Resorts, Limited, a publicly-traded company incorporated in the United States of America.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2020

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

The following is a list of subsidiaries of the Company as at 31 December 2020:

Name	Place of Incorporation/ Operation	Principal Activities	Nominal Value of Issued Share/ Registered Capital	Interest Held
WM Cayman Holdings Limited II	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%
Wynn Resorts International, Ltd.	Isle of Man	Investment holding	Ordinary shares — GBP2	100%
Wynn Resorts (Macau) Holdings, Ltd.	Isle of Man	Investment holding	Ordinary shares — Class A shares: GBP343 — Class B shares: GBP657	100%
Wynn Resorts (Macau), Limited	Hong Kong	Investment holding	Ordinary shares — HK\$100	100%
Wynn Resorts (Macau) S.A.	Macau	Operator of hotel casino and related gaming businesses	Share capital — MOP200,100,000	100%**
Palo Real Estate Company Limited	Macau	Development, design and preconstruction activities	Share capital — MOP1,000,000	100%
WML Finance I Limited	Cayman Islands	Entity facilitates lending within the Group	Ordinary shares — US\$1	100%
WML Corp. Ltd.	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%*

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1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

* Shares directly held by the Company

** 10% of the shares are held by a Macau-resident investor which entitle the holder to 10% of the voting rights and social rights and the rights to maximum dividend or payment upon dissolution of one MOP. The remaining 90% of the shares held by the Group are entitled to 90% of the voting rights and 100% of the profit participation or economic interest.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The Company has consolidated certain operating entities within the Group without any legal interests. Due to the implementation of the employee ownership scheme of the Group mentioned in note 22, the Company has set up a structured entity, Trust. In addition, WRM has set up a charitable foundation in Macau, Wynn Care Foundation, which is a structured entity of the Group. The particulars of the structured entities are as follows:

Structured Entities	Principal Activities
Trust	Administering and holding the Company's Shares acquired for the employee ownership scheme, which is set up for the benefits of eligible persons of the scheme
Charitable foundation	Conducting charitable activities for the benefit of Macau and the PRC

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2.1 BASIS OF PREPARATION

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

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 a pandemic on 12 March 2020 (the “COVID-19 Pandemic”). The COVID-19 Pandemic has had and will continue to have an adverse effect on the Group’s results of operations. The Group is currently unable to determine when COVID-19 specific protective measures in effect at our Macau Operations will be lifted. 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, management cannot reasonably estimate the impact to the Group’s future results of operations, cash flows, or financial condition.

As at 31 December 2020, the Group was in a deficiency in assets of HK\$5.06 billion. Nonetheless, the Group had total cash and cash equivalents, excluding restricted cash, of HK\$18.83 billion, and had access to approximately HK\$2.66 billion of available borrowing capacity from the revolving credit facility of the Wynn Macau Credit Facilities. In addition, the Group has undertaken various cost containment initiatives and postponed major project capital expenditures to manage through the current environment. Given the Group’s liquidity position as at 31 December 2020 and the steps the Group has taken as further described in note 18, the Group believes it is able to support continuing operations and respond to the current COVID-19 Pandemic challenges.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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For the year ended 31 December 2020

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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

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

In August 2020, WRM set up a charitable foundation, “Wynn Care Foundation”. Through Wynn Care Foundation, we will continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. As the Group has control over the Trust and the foundation, the Directors of the Company consider that it is appropriate to consolidate these structured entities.

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in the consolidated statement of profit or loss and other comprehensive income as a gain on bargain purchase.

Goodwill arising on acquisition is recognized in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating unit ("CGU") of the Group, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU or the group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or the group of CGUs is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU or a group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values were measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the currency translation reserve.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies: (continued)

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and construction in progress

Property and equipment, other than construction in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repair and maintenance costs, are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the asset if the recognition criteria for a provision are met.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment and construction in progress (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated useful lives used are as follows:

Buildings and improvements	10 to 45 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements (shorter of remaining lease period and estimated useful life)	1 to 5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Residual values, useful lives and methods of depreciation are reviewed at least at each financial year end and adjusted prospectively, if appropriate.

Construction in progress represents assets under development or construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a CGU's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group determines the classification of its financial assets on initial recognition and, it shall reclassify the affected financial assets when, only when the Group changes its business model for managing financial assets.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets consist of trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents that are subsequently measured at amortized cost using the effective interest rate ("EIR") method less any allowances for impairments. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired, as well as through the amortization process.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

Financial assets at amortized cost

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The carrying amount of the asset is reduced through use of an allowance account and the loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience from customers, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default and a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the transaction. Impaired debts are written off when they are assessed as uncollectible.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out, weighted average or specific identification methods as appropriate. Net realizable value is based on estimated selling prices less estimated costs to be incurred on completion and disposal.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at banks and on hand and short term deposits with an original maturity of generally three months or less, which are subject to an insignificant risk of changes in value and are not restricted as to use.

Financial liabilities at amortized cost

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include accounts payable, other payables, amounts due to related companies, lease liabilities, interest-bearing borrowings, construction payables, construction retentions payable and other current and long-term liabilities, which are subsequently measured at amortized cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Interest-bearing borrowings

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost, using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flow receipts in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

Pensions and other post employment benefits

The Group operates a defined contribution retirement benefit scheme (the "Retirement Benefit Scheme"). The Retirement Benefit Scheme allows eligible employees to contribute 5% of their base salary to the Retirement Benefit Scheme and the Group matches the contributions with an equal amount. The Group's matching contributions vest to the employees at 10% per year with full vesting in ten years. On 1 July 2019, the Group offered the option for the eligible Macau resident employees to join the non-mandatory central provident fund (the "CPF") system. Eligible Macau resident employees joining the Group from 1 July 2019 onwards will enroll in the CPF system while the Group's existing Macau resident employees who are currently members of the Retirement Benefit Scheme will be provided with the option of joining the CPF system or staying in the existing Retirement Benefit Scheme, which will continue to be in effect in parallel. The CPF system allows eligible employees to contribute 5% or more of their base salary to the CPF while the Group matches with a 5% of such salary as employer's contribution to the CPF. Same as the Retirement Benefit Scheme, the Group's matching contributions under the CPF system vest at 10% per year with full vesting in ten years. The assets of the Retirement Benefit Scheme and the CPF are held separately from those of the Group in independently administered funds, and the assets of the CPF are also overseen by the Macau government. Forfeitures of unvested contributions are used to reduce the Group's liability for its contributions payable. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the Retirement Benefit Scheme and the CPF.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

Employees (including senior executives and directors) of the Group receive remuneration in the form of share-based payments; whereby, employees render services as consideration for equity instruments in the form of common shares or options to purchase common shares of the ultimate parent company, Wynn Resorts, and beginning in September 2009, the Company.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment transactions and the fair value of any identifiable goods or services received at the grant date. This is then capitalized or expensed as appropriate.

Equity-settled transactions

The cost of equity-settled transactions with employees, for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 22.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in staff costs.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Equity-settled transactions (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. When awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled awards are treated equally.

The dilutive effect of outstanding options and non-vested shares are reflected as additional share dilution in the computation of diluted earnings per share.

As disclosed in note 20 to the financial statements, the Group has set up the Trust for the employee ownership scheme, where the Trust purchases Shares issued by the Group and the consideration paid by the Company, including any directly attributable incremental costs, is presented as "Shares held for employee ownership scheme" and deducted from the Group's equity.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group has elected to combine lease and associated non-lease components as a single lease component in its determination of lease payments, except for certain asset classes that have a significant non-lease component. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the Group's accounting policy for impairment of non-financial assets in this section.

b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue recognition

Revenue from contracts with customers

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

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

For casino transactions that include complimentary goods or services provided by the Group to incentivize future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Costs of complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expenses.

Under the Group's loyalty program, customers earn points based on their level of table games and slots play, which can be redeemed for free play, gifts and complimentary goods or services provided by the Group. For casino transactions that include points earned under the Group's loyalty programs, the Group defers a portion of the revenue by recording the estimated standalone selling price of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Group-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Group's loyalty programs, the residual amount is recorded as casino revenue.

The transaction price for rooms, food and beverage, retail and other transactions is based on the net amounts collected from other customers for similar goods and services provided and is recorded as revenue when the goods are provided or services are performed. Advance deposits on rooms are performance obligations that are recorded as customer deposits until services are provided to the customer. Revenues from contracts with multiple goods or services are allocated to each good or service based on its relative standalone selling price.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Retail and other revenue primarily includes rental income. The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases within note 2.2.

Finance revenue is accrued on a time-proportion basis by reference to the principal outstanding and at the applicable interest rates.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

Deferred income tax (continued)

Deferred income tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are only recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent it is probable the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Gaming taxes and premiums

According to the Concession Agreement granted by the Macau government and the relevant legislation, the Group is required to pay a 35% gaming tax on gross gaming win. The Group is also required to pay an additional 4% of gross gaming win as public development and social related contributions. The Group also makes certain variable and fixed payments to the Macau government based on the number of slot machines and table games in operation on a monthly and yearly basis, respectively. These expenses are reported as "gaming taxes and premiums" in the consolidated statement of profit or loss and other comprehensive income.

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For the year ended 31 December 2020

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fine art

The Group's fine art is stated at cost less any impairment losses. Any fine art impairment is assessed based on the CGU to which it belongs. No impairment has been recognized for the years ended 31 December 2020 and 2019.

Fine art is derecognized upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Dividends

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Interim/special dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim/special dividends. Consequently, interim/special dividends are recognized immediately as a liability when they are proposed and declared.

Statutory reserve

In accordance with the provisions of the Macau Commercial Code, WRM and Palo incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. This reserve is not distributable to shareholders.

2.3 IMPACT OF REVISED IFRSs

The Group has adopted the following revised standards for the first-time for the current year's financial statements:

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>

The adoption of these revised standards did not have a material impact on the consolidated financial statements of the Group.

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2.4 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised standards, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework³</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2²</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions¹</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current⁴</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies⁴</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates⁴</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use³</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract³</i>
<i>Annual Improvements to IFRS Standards 2018-2020 Cycle</i>	<i>Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41³</i>

- 1 Effective for annual periods beginning on or after 1 June 2020
- 2 Effective for annual periods beginning on or after 1 January 2021
- 3 Effective for annual periods beginning on or after 1 January 2022
- 4 Effective for annual periods beginning on or after 1 January 2023

The revised standards are not expected to have a significant impact on the Group's consolidated financial statements.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. Key sources of estimation uncertainty and critical judgments in applying the Group's accounting policies, which have a significant effect on the consolidated financial statements are set out below.

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2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Useful lives of property and equipment

The useful lives of assets are based on management's estimations. Management considers the impact of changes in technology, customer service requirements, availability of capital funding and the required return on assets and equity to determine the optimum useful life expectation for each of the individual categories of property and equipment. The estimations of residual values of assets are also based on management's judgments as to whether the assets will be sold or used to the end of their useful lives and what their condition will be like at that time. Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. Management's periodic reviews on the estimations made could result in changes in depreciable lives and, therefore, depreciation expense in future periods.

Impairment of non-financial assets

Management is required to make judgments concerning the cause, timing and amount of impairments. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessments to its separate CGUs. This requires management to make significant judgments concerning the existence of impairment indicators, identification of separate CGUs' remaining useful lives of assets and estimates of projected cash flows and fair values less costs of disposal. For non-financial assets other than goodwill, management's judgments are also required when assessing whether a previously recognized impairment loss should be reversed. Where impairment indicators exist, the determination of the recoverable amount of a CGU requires management to make assumptions to determine the fair value less costs of disposal and value-in-use. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Key assumptions on which management has based its determinations of fair values less costs of disposal include the existence of binding sale agreements, and for the determination of values in use include projected revenues, gross margins, and average revenue per asset component, capital expenditures, expected customer base and market share. Management is also required to choose suitable discount rates in order to calculate the present values of those cash flows. Changes in key assumptions on which the recoverable amounts of assets are based could significantly affect the Group's financial condition and results of operations.

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For the year ended 31 December 2020

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Provision for ECLs of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days outstanding for groupings of customers that have shared credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with known customer information and forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the gaming sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 13.

Determining the lease term of contracts with renewal and termination options — Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases — Estimating the incremental borrowing rate

The interest rate implicit in the lease is not readily determinable, therefore, the Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

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2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the year ended 31 December 2020, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments.

Fair value estimation — Black-Scholes pricing model

The Group uses the Black-Scholes pricing model to value Wynn Resorts, Limited's and Wynn Macau, Limited's grants of options. The Black-Scholes pricing model uses assumptions of expected volatility, risk-free interest rates, the expected terms of options granted, and expected rates of dividends. Changes in these assumptions could materially affect the estimated fair values. Expected volatility is based on implied and historical factors related to Wynn Resorts, Limited's and Wynn Macau, Limited's common stock. Expected term represents the weighted average time between the option's grant date and its exercise date. The risk-free interest rate used is equal to the U.S. Treasury yield curve and the Hong Kong Exchange Fund Bills for the WRL Omnibus Plan and Wynn Macau, Limited's share option schemes, respectively, at the time of grant for the period equal to the expected term.

Income taxes

Income taxes represent the sum of income taxes currently payable and any deferred taxes. The calculation of deferred income taxes and any associated tax reserve is subject to a significant amount of judgment. The Group's income tax returns may be examined by governmental authorities. Accordingly, the Group reviews any potentially unfavorable tax outcome and, when an unfavorable outcome is identified as probable and can be reasonably estimated, a tax reserve is established.

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3. OTHER REVENUES AND EXPENSES

3.1 Staff costs

	For the year ended 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Wages and salaries	3,611,453	4,539,624
Expense of share-based payments	162,707	124,125
Retirement plan contributions	151,193	145,228
Employee relations and training	20,808	34,574
Social security costs	9,448	12,285
Other costs and benefits	275,184	371,202
	4,230,793	5,227,038

3.2 Other operating expenses

	For the year ended 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Repairs and maintenance	336,820	528,869
License fees	309,445	1,318,132
Utilities and fuel	267,443	339,580
Cost of sales	261,743	697,345
Provision for credit losses, net	237,560	44,528
Operating supplies and equipment	179,306	480,084
Advertising and promotions	155,907	480,222
Contracted services	152,809	311,293
Corporate support services and other	46,194	72,584
Other support services	37,161	54,142
Auditor's remuneration	7,879	9,134
Short-term leases expenses	1,381	33,958
Other expenses	255,886	494,304
	2,249,534	4,864,175

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For the year ended 31 December 2020

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.3 Depreciation

	For the year ended	
	31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Depreciation of property and equipment	2,690,855	2,693,320
Depreciation of right-of-use assets	224,568	229,223
	2,915,423	2,922,543

Depreciation expense of property and depreciation expense of right-of-use assets of approximately HK\$750,000 and HK\$140,000, respectively, for the year ended 31 December 2020 (2019: HK\$4,280,000 and HK\$841,000, respectively) are excluded from the table above and are classified as staff costs and included in other costs and benefits in note 3.1 to the financial statements. Such amounts are related to a home purchased by WRM for the use by one of the Group's executives as described in note 26 to the financial statements.

3.4 Property charges and other

	For the year ended	
	31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Loss on disposals and abandonment of assets, net	211,804	71,471
Insurance reimbursement	—	(37,427)
Gain on lease contracts termination	(25,603)	—
	186,201	34,044

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For the year ended 31 December 2020

3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.5 Finance revenues

	For the year ended 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Interest income from cash at banks	84,828	76,052

3.6 Finance costs

	For the year ended 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Interest expense	1,807,787	1,324,037
Amortization of debt financing costs and premiums	117,956	113,703
Interest expense on lease liabilities	20,753	25,309
Bank fees for unused facilities	5,952	27,203
Less: capitalized interest	—	(3,848)
	1,952,448	1,486,404

For the year ended 31 December 2020, no interest was capitalized. For the year ended 31 December 2019, interest of approximately HK\$3,848,000 was capitalized using a weighted average rate of 4.32%.

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For the year ended 31 December 2020

4. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2020 and 2019 were:

	For the year ended 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Income tax expense:		
Current — overseas	12,427	12,427

No provision for Hong Kong profits tax for the year ended 31 December 2020 has been made as there was no assessable profit generated in Hong Kong (2019: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2019: 12%).

The tax position for the years ended 31 December 2020 and 2019 reconciles to (loss)/profit before tax as follows:

	For the year ended 31 December			
	2020		2019	
	HK\$	%	HK\$	%
	(in thousands, except for percentages)			
(Loss)/profit before tax	(7,204,445)		5,069,088	
Tax at the applicable income tax rate	(864,533)	12.0	608,291	12.0
Income not subject to tax	(66,388)	0.9	(1,034,183)	(20.4)
Gaming loss not deductible	359,559	(5.0)	—	—
Macau dividend tax	12,427	(0.2)	12,427	0.2
Deferred tax not recognized	376,255	(5.2)	340,352	6.7
Others	195,107	(2.7)	85,540	1.7
Effective tax expense for the year	12,427	(0.2)	12,427	0.2

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4. INCOME TAX EXPENSE (CONTINUED)

The Group incurred Macau tax losses of approximately HK\$2.63 billion, HK\$2.29 billion and HK\$1.96 billion during the tax years ended 31 December 2020, 2019 and 2018, respectively. These tax losses will expire in 2023, 2022 and 2021, respectively. As at 31 December 2020, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, share-based payment plan, executive compensation, fixed assets, tax loss carryforwards and others amounting to HK\$1.35 billion (2019: HK\$1.21 billion) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax assets could be utilized.

On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective through 31 December 2020. In April 2020, WRM received an extension of the exemption through 26 June 2022, the date on which the Concession Agreement expires. Accordingly, the Group was exempted from the payment of approximately HK\$602.9 million in such tax for the year ended 31 December 2019. For the year ended 31 December 2020, the Group did not have any casino gaming profits exempted from the Macau's 12% Complementary Tax. The Group's non-gaming profits remain subject to the Macau's 12% Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020. In March 2021, an extension was granted with a payment of MOP12.8 million (approximately HK\$12.4 million) for year 2021 and MOP6.3 million (approximately HK\$6.1 million) for the period ending 26 June 2022, the date on which the Concession Agreement expires.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2016 to 2019 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administrative Region (the "Financial Services Bureau"). In January 2020, the Financial Services Bureau commenced examination of Palo's 2015 and 2016 Macau Complementary Tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for Palo for the years 2015 and 2016 and the examination resulted in no change to the tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for WRM for the years 2015 and 2016, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In March 2021, Palo received final tax assessments from the Financial Services Bureau for the years 2017 and 2018 and there is no change to the tax returns.

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4. INCOME TAX EXPENSE (CONTINUED)

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

The Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. As at 31 December 2020, the Group had unrecognized tax losses of HK\$6.88 billion (2019: HK\$6.26 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authority. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

5. DIVIDENDS

	For the year ended 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
2018 final dividend of HK\$0.45 per Share declared	—	2,338,631
2019 interim dividend of HK\$0.45 per Share declared	—	2,338,631
	—	4,677,262

No final dividend was declared for the year ended 31 December 2020 (2019: nil).

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6. LOSS/EARNING PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss/earning per Share for the year ended 31 December 2020 is based on the consolidated net loss/profit attributable to owners of the Company and on the weighted average number of Shares in issue of 5,185,949,947 during the year (2019: 5,185,606,109), excluding Shares issued, purchased and reserved for the Company's employee ownership scheme. No Shares (2019: Shares of 2,420,000) were purchased and reserved and 180,000 Shares (2019: nil) were issued and reserved for the Company's employee ownership scheme during the year. 4,526,175 of awarded shares vested under the Company's employee ownership scheme during the year.

No adjustment had been made to the basic loss per Share amount presented for the year ended 31 December 2020 in respect of a dilution as the impact of the share options and vesting of awards had an anti-dilutive effect on the basic loss per Share amount presented. The calculation of diluted earning per Share for the year ended 31 December 2019 is based on the consolidated net profit attributable to owners of the Company and on the weighted average number of Shares of 5,190,717,462 including the weighted average number of Shares in issue of 5,185,606,109 during the year plus the weighted average number of potential Shares of 5,111,353 arising from the deemed exercise of share options and deemed vesting of awards under the Company's employee ownership scheme (see also note 22).

7. SEGMENT INFORMATION

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

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7. SEGMENT INFORMATION (CONTINUED)

	For the year ended	
	31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Wynn Palace:		
Casino	2,861,588	16,771,781
Rooms	358,029	1,368,158
Food and beverage	335,262	919,861
Retail and other	371,223	877,586
Wynn Macau:		
Casino	2,677,108	14,078,475
Rooms	303,596	865,067
Food and beverage	256,790	639,290
Retail and other	448,816	641,473
Total operating revenues	7,612,412	36,161,691

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7. SEGMENT INFORMATION (CONTINUED)

	Notes	For the year ended	
		31 December	2019
		2020	2019
		HK\$	HK\$
		(in thousands)	
Adjusted EBITDA			
Wynn Palace		(1,274,060)	5,041,256
Wynn Macau		(789,776)	4,527,105
		(2,063,836)	9,568,361
Other operating costs and expenses			
Depreciation	3.3	2,915,423	2,922,543
Pre-opening costs		11,108	17,424
Property charges and other	3.4	186,201	34,044
Share-based payments	3.1	162,707	124,125
Wynn Macau, Limited corporate expenses		59,319	105,011
		(5,398,594)	6,365,214
Operating (loss)/profit			
Non-operating income and expenses			
Finance revenues	3.5	84,828	76,052
Finance costs	3.6	(1,952,448)	(1,486,404)
Net foreign currency differences		97,784	114,226
Loss on extinguishment of debt		(36,015)	—
		(7,204,445)	5,069,088
(Loss)/profit before tax			
Income tax expense	4	12,427	12,427
		(7,216,872)	5,056,661
Net (loss)/profit attributable to owners of the Company			

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7. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Capital expenditures		
Wynn Palace	378,228	514,077
Wynn Macau	370,920	1,126,111
Total	749,148	1,640,188

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Total assets		
Wynn Palace	26,295,571	29,056,220
Wynn Macau	9,745,737	13,337,831
Other Macau	15,614,884	7,895,951
Total	51,656,192	50,290,002

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Non-current assets		
Macau	31,197,709	33,946,893
Foreign countries	4,172	9,388
Total	31,201,881	33,956,281

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8. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of the property and equipment and construction in progress is set forth below.

	Buildings and Improvements HK\$	Furniture, Fixtures and Equipment HK\$	Leasehold Improvements HK\$ (in thousands)	Construction in Progress HK\$	Total Property and Equipment and Construction in Progress HK\$
Cost:					
As at 1 January 2019	38,733,533	5,985,047	28,671	302,255	45,049,506
Additions	62,073	159,575	—	1,510,891	1,732,539
Transfers	794,281	339,180	—	(1,133,461)	—
Adjustment to project costs	(4,964)	(12,048)	—	296	(16,716)
Abandonments/disposals	(149,923)	(257,709)	—	(7,883)	(415,515)
As at 31 December 2019 and 1 January 2020	39,435,000	6,214,045	28,671	672,098	46,349,814
Additions	31,587	48,890	1,891	472,301	554,669
Transfers	472,115	(14,834)	84	(457,365)	—
Adjustment to project costs	18,771	2,200	—	37	21,008
Abandonments/disposals	(97,169)	(48,612)	(3,614)	(183,441)	(332,836)
As at 31 December 2020	39,860,304	6,201,689	27,032	503,630	46,592,655
Depreciation:					
As at 1 January 2019	9,125,089	3,958,542	22,687	—	13,106,318
Depreciation charged for the year	1,903,540	790,410	3,650	—	2,697,600
Abandonments/disposals	(104,055)	(235,977)	—	—	(340,032)
As at 31 December 2019 and 1 January 2020	10,924,574	4,512,975	26,337	—	15,463,886
Depreciation charged for the year	1,910,487	779,912	1,206	—	2,691,605
Abandonments/disposals	(78,476)	(43,008)	(1,990)	—	(123,474)
As at 31 December 2020	12,756,585	5,249,879	25,553	—	18,032,017
Net carrying amount:					
As at 31 December 2020	27,103,719	951,810	1,479	503,630	28,560,638
As at 31 December 2019	28,510,426	1,701,070	2,334	672,098	30,885,928
As at 1 January 2019	29,608,444	2,026,505	5,984	302,255	31,943,188

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9. RIGHT-OF-USE ASSETS

(a) Lessee arrangements

The Group has entered into leases primarily for warehouse facilities, apartment units for executives, dormitories for imported labor, and for certain office equipment in Macau. These leases typically contain renewal or continuation clauses.

In addition to the leases described above, the Group has the leasing rights for approximately 51 acres of the Cotai Land where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located. Both pieces of leased land are under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively. Land concessions in Macau are generally renewable for additional periods, subject to applicable legislation.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Land HK\$	Buildings HK\$	Fixtures and Equipment HK\$ (in thousands)	Vehicles HK\$	Total Right-of-use Assets HK\$
As at 1 January 2019	1,713,767	331,157	74,831	4,755	2,124,510
Additions	—	105,127	8,560	19,773	133,460
Terminations	—	—	(5,494)	—	(5,494)
Depreciation of right-of-use assets	(104,222)	(89,762)	(34,174)	(4,874)	(233,032)
As at 31 December 2019 and 1 January 2020	1,609,545	346,522	43,723	19,654	2,019,444
Additions	—	41,775	22,803	—	64,578
Terminations	—	(198,572)	(5,178)	(1,025)	(204,775)
Depreciation of right-of-use assets	(104,222)	(100,379)	(17,827)	(5,182)	(227,610)
As at 31 December 2020	1,505,323	89,346	43,521	13,447	1,651,637

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9. RIGHT-OF-USE ASSETS (CONTINUED)

(b) Lessor arrangements

The Group has entered into leases for space with many high-end retailers which represent approximately 101,000 and 59,000 square feet of space at Wynn Palace and Wynn Macau, respectively. The lease arrangements generally include minimum base rent and contingent rental clauses based on a percentage of net sales. Generally, the terms of the leases range between three and five years. The Group records revenue on a straight-line basis over the term of the lease, and recognizes revenue for contingent rentals when the contingency has been resolved. Rental income during the year ended 31 December 2020 includes the impact of rent concessions provided to tenants due to the adverse effects of the COVID-19 Pandemic.

The following table sets out the minimum and contingent rental income for the year:

	For the year ended 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Contingent rental income	390,043	355,930
Minimum rental income	341,743	825,326
	731,786	1,181,256

Future minimum rents to be received as at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Within one year	511,139	892,541
After one year but within two years	463,898	447,316
After two years but within three years	341,379	299,747
After three years but within four years	274,876	179,360
After four years but within five years	162,176	110,937
After five years	24,918	1,867
	1,778,386	1,931,768

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10. GOODWILL

In September 2004, the Group acquired all of the 17.5% indirect ownership interests in WRM held by third parties, in exchange for 1,333,333 shares of Wynn Resorts, Limited's common stock. As a result of the acquisition, WRM became an indirectly wholly-owned subsidiary of the Group.

In accordance with the Group's accounting policy for the acquisition of non-controlling interests, the assets and liabilities of WRM were not restated to reflect their fair values at the date of the acquisition. The difference between the purchase price and the non-controlling interests' share of the assets and liabilities reflected within the consolidated statement of financial position of HK\$398.3 million at the date of the acquisition was recorded as goodwill.

The recoverable amount of a CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% that is determined based on past performance and expectations for market development. The weighted average growth rate used is consistent with the forecasts used in the industry. The discount rate applied to the cash flow projections is 7.29% (2019: 11.15%). The discount rate used is pre-tax and reflects specific risks relating to the Group.

During the year ended 31 December 2020, there was no impairment of goodwill with indefinite useful lives (2019: nil).

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11. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following as at 31 December 2020 and 2019:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Fine art	386,468	386,468
China, glass, silverware and others	121,767	121,259
Deposits and others	62,977	98,056
Memberships	1,020	1,020
	572,232	606,803

12. INVENTORIES

Inventories consisted of the following as at 31 December 2020 and 2019:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Operating supplies	212,185	234,667
Food and beverage	66,055	92,331
Retail merchandise	8,568	19,606
	286,808	346,604

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13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 31 December 2020 and 2019:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Casino	804,830	1,440,710
Retail leases	242,350	106,365
Hotel	4,629	7,944
Trade receivables	1,051,809	1,555,019
Other receivables	326,926	91,296
Less: allowance for credit losses	(331,715)	(93,324)
Total trade and other receivables, net	1,047,020	1,552,991

An aged analysis of trade receivables is as follows:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Within 30 days	167,125	968,461
31 to 90 days	218,844	242,182
91 to 365 days	257,782	283,236
Over 365 days	408,058	61,140
Trade receivables	1,051,809	1,555,019
Other receivables	326,926	91,296
Less: allowance for credit losses	(331,715)	(93,324)
Total trade and other receivables, net	1,047,020	1,552,991

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13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The advanced commissions included in the trade and other receivables are on terms requiring settlement within five business days of the month following the advance. Except for the advanced commissions, the trade and other receivables are generally repayable within 14 days. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	(In thousands)
As at 1 January 2019	110,765
Charge for the year, net	44,528
Amounts written off, net	(61,969)
As at 31 December 2019 and 1 January 2020	93,324
Charge for the year, net	237,560
Reversal of amounts written off, net	831
As at 31 December 2020	331,715

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 30 days	31 to 90 days	91 to 365 days	Over 365 days	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
	(in thousands, except for percentages)				
As at 31 December 2020					
Gross trade receivables	167,125	218,844	257,782	408,058	1,051,809
Provision for impairment	(971)	(3,644)	(83,277)	(243,823)	(331,715)
Expected credit loss rate	0.6%	1.7%	32.3%	59.8%	31.5%
As at 31 December 2019					
Gross trade receivables	968,461	242,182	283,236	61,140	1,555,019
Provision for impairment	(4,430)	(8,186)	(49,033)	(31,675)	(93,324)
Expected credit loss rate	0.5%	3.4%	17.3%	51.8%	6.0%

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13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The increase in allowance for credit losses is primarily due to the impact of historical collection patterns and expectations of current and future collection trends in light of the COVID-19 Pandemic, as well as the specific review of customer accounts, on estimated credit losses for the respective years.

14. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following as at 31 December 2020 and 2019:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Prepayments	64,794	86,851
Deposits	35,978	56,361
	100,772	143,212

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to deposits for which there have been no recent history of defaults.

15. RESTRICTED CASH AND CASH EQUIVALENTS

As at 31 December 2020, the Group had restricted cash and cash equivalents of HK\$9.5 million (2019: HK\$25.6 million) reserved at the Trust to fund the WML employee ownership scheme. The remaining balance of HK\$8.3 million (2019: HK\$8.2 million) represents deposits placed with banks for certain bank guarantees provided for operational purpose.

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16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as at 31 December 2020 and 2019:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Cash at banks and short-term deposits	18,199,483	13,317,935
Cash on hand	631,626	769,551
	18,831,109	14,087,486

The cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
US\$	17,511,019	9,387,044
HK\$	1,079,211	4,546,065
MOP	154,689	74,276
Australian dollar	78,281	71,383
Singapore dollar	6,741	7,355
Other	1,168	1,363
	18,831,109	14,087,486

Cash deposited at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months generally, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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17. ACCOUNTS PAYABLE

During 2020 and 2019, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2020 and 2019, based on the invoice dates, is as follows:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Within 30 days	236,570	275,983
31 to 60 days	90,959	30,721
61 to 90 days	37,119	17,593
Over 90 days	73,824	78,098
	438,472	402,395

18. INTEREST-BEARING BORROWINGS

	Notes	As at 31 December	
		2020	2019
		HK\$	HK\$
		(in thousands)	
Bank loans, secured	(a)	12,989,897	20,659,687
Senior notes, unsecured	(b)	36,437,321	18,301,709
		49,427,218	38,961,396
Unamortized debt financing costs and premiums, net		(227,721)	(366,658)
Total interest-bearing borrowings		49,199,497	38,594,738

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	Notes	As at 31 December	
		2020 HK\$	2019 HK\$
		(in thousands)	
Bank loans:	(a)		
In the next twelve months		4,236,095	2,132,855
In the second year		8,753,802	2,472,559
In the third to fifth years, inclusive		—	16,054,273
		12,989,897	20,659,687
Unamortized debt financing costs, net		(39,226)	(123,235)
		12,950,671	20,536,452
Senior notes:	(b)		
In the third to fifth years, inclusive		4,651,573	4,672,777
After the fifth year		31,785,748	13,628,932
		36,437,321	18,301,709
Unamortized debt financing costs and premiums, net		(188,495)	(243,423)
		36,248,826	18,058,286

Notes:

(a) **Bank loans, secured**

Wynn Macau Credit Facilities

On 21 December 2018, WRM's senior secured bank facilities were amended to, among other things, extend the maturity dates of the senior secured term loan and revolving credit facilities. As at 31 December 2020, the Wynn Macau Credit Facilities consisted of approximately HK\$15.65 billion equivalent in a combination of Hong Kong dollar and U.S. dollar facilities, including an approximately HK\$9.83 billion equivalent fully funded senior term loan facility and an approximately HK\$5.82 billion equivalent senior revolving credit facility.

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

Wynn Macau Credit Facilities (continued)

The amended term loan facility is repayable in graduating installments of between 2.875% and 4.50% of the principal amount on a quarterly basis commencing 30 September 2020, with a final installment of 75% of the principal amount repayable on 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day). The Group voluntarily prepaid approximately HK\$7.28 billion equivalent, excluding contractual amortization payments of HK\$780.5 million equivalent, of the term loan facility of the Wynn Macau Credit Facilities during 2020. On 29 January 2021, the Group voluntarily prepaid approximately HK\$3.20 billion equivalent of the term loan facility of the Wynn Macau Credit Facilities, and accordingly, has presented that amount as a current liability on the accompanying consolidated statement of financial position as at 31 December 2020. The future contractual amortization payments were amended on a pro-rata basis.

The final maturity of any outstanding borrowings from the revolving credit facility is 26 June 2022 (or if 26 June 2022 is not a business day, the immediately preceding business day), by which time any outstanding borrowings from the revolving credit facility must be repaid.

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

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

The Wynn Macau Credit Facilities contain representations, warranties, covenants and events of default customary for casino development financings in Macau. The circumstances giving rise to an event of default include if Wynn Resorts, Limited, the Company's controlling shareholder, ceases to own directly or indirectly at least 51% of the voting rights or issued capital of WRM or ceases to retain the ability or the right to direct or procure the direction of the management and policies of WRM. Upon an event of default, the lenders are entitled to exercise certain remedies including acceleration of the indebtedness repayable by WRM under the senior secured credit facilities.

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

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans, secured** (continued)

Wynn Macau Credit Facilities (continued)

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300.0 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. BNU, as issuer of the guarantee, is currently secured by a second priority security interest in the senior lender collateral package. After repayment of all indebtedness under the WRM's credit facilities, the Group is obligated to promptly, upon demand by BNU, repay any claims made on the guarantee by the Macau government. The Group paid an annual fee to BNU of approximately MOP2.3 million (approximately HK\$2.2 million) for the guarantee during 2020.

As at 31 December 2020, the Group had approximately HK\$2.66 billion in funding available under the revolving credit facility of the Wynn Macau Credit Facilities.

(b) **Senior notes, unsecured**

WML Senior Notes

On 20 September 2017, the Company completed the issuance of 4.875% senior notes due 2024 with an aggregate principal amount of US\$600.0 million (approximately HK\$4.65 billion) (the "WML 2024 Notes") and 5.50% senior notes due 2027 with an aggregate principal amount of US\$750.0 million (approximately HK\$5.81 billion) (the "WML 2027 Notes"). The Company used the net proceeds from the WML 2024 Notes and WML 2027 Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes. Interest on the WML 2024 Notes and WML 2027 Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018. The WML 2024 Notes and WML 2027 Notes, which are listed on the Hong Kong Stock Exchange, mature on 1 October 2024 and 1 October 2027, respectively.

On 17 December 2019, the Company completed the issuance of 5.125% senior notes due 2029 with an aggregate principal amount of US\$1.00 billion (approximately HK\$7.75 billion) (the "WML 2029 Notes"). The Company expects to use certain amounts from the net proceeds from the WML 2029 Notes to facilitate the repayment of the term loan of the Wynn Macau Credit Facilities over the next two years, subject to business recovery from the effects of COVID-19 Pandemic. Interest on the WML 2029 Notes is payable semi-annually in arrears on 15 June and 15 December of each year, beginning on 15 June 2020. The WML 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 December 2029.

During 2020, the Company issued US\$1.00 billion (approximately HK\$7.75 billion) of 5.500% senior notes due 2026 (the "WML 2026 Notes") and US\$1.35 billion (approximately HK\$10.47 billion) of 5.625% senior notes due 2028 (the "WML 2028 Notes"). The Company expects to use the proceeds from the WML 2026 Notes to facilitate repayments of the term loans outstanding under the Wynn Macau Credit Facilities and for general corporate purposes, and used the proceeds from the WML 2028 Notes to facilitate repayments on the Wynn Macau Credit Facilities. Interest on the WML 2026 Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 January 2021. Interest on the WML 2028 Notes is payable semi-annually in arrears on 26 February and 26 August of each year, beginning on 26 February 2021. The WML 2026 Notes and WML 2028 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 January 2026 and 26 August 2028, respectively.

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes, unsecured** (continued)

WML Senior Notes (continued)

The WML Senior Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness, will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including the Wynn Macau Credit Facilities.

The WML Senior Notes indentures contain covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with another company; transfer or sell all or substantially all of its properties or assets; and lease all or substantially all of its properties or assets. The WML Senior Notes indentures also contain customary events of default. In the case of an event of default arising from certain events of bankruptcy or insolvency, all WML Senior Notes then outstanding will become due and payable immediately without further action or notice.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same scope as it does on the date on which each of the WML Senior Notes are issued, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML Senior Notes will have the right to require the Company to repurchase all or any part of such holder's WML Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

If the Company undergoes a Change of Control (as defined in the WML Senior Notes indentures), it must offer to repurchase the WML Senior Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the indentures of the WML 2024 Notes and WML 2027 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of WML and the first day on which a majority of the members of the Board are not continuing directors. Under the indentures of the WML 2026 Notes, WML 2028 Notes and WML 2029 Notes, respectively, the circumstances that will constitute a Change of Control include, among others, the consummation of any transaction that results in any party other than WML or any affiliate of WML becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests.

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19. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

	As at 31 December		As at 1 January
	2020	2019	2019
	HK\$	HK\$	HK\$
	(in thousands)		
Current:			
Customer deposits ⁽¹⁾	2,236,167	1,833,253	2,722,322
Outstanding chip liabilities ⁽²⁾	1,939,193	3,478,348	3,905,079
Gaming taxes payable	460,450	1,227,614	1,858,734
Donation payable	89,586	83,249	77,670
Loyalty program and related liabilities ⁽³⁾	86,209	86,781	111,607
Other gaming-related liabilities ⁽⁴⁾	5,368	18,271	20,136
Others	1,322,334	1,042,308	1,008,322
	6,139,307	7,769,824	9,703,870
Non-current:			
Donation payable	70,157	144,297	203,943
Total	6,209,464	7,914,121	9,907,813

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

- (1) Customer deposits include casino front money deposits and advance room and other deposits. Casino front money deposits represent funds deposited by customers before gaming play occurs. Such amounts may be recognized as revenue or will be redeemed for cash in the future. The advance room and other deposits represent cash received in advance for goods and services to be provided in the future. These amounts will be recognized as revenue when the goods and services are provided. Decreases in this balance generally represent the recognition of revenue and increases in the balance represent additional deposits made by customers. The deposits are expected to be primarily recognized as revenue within one year.

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19. OTHER PAYABLES AND ACCRUALS (CONTINUED)

- (2) Outstanding chips generally represent amounts owed to gaming promoters and customers for chips in their possession. The amounts may be recognized as revenue or will be redeemed for cash in the future.
- (3) Loyalty program and related liabilities represent the deferral of revenue until the loyalty points or other complimentaries are redeemed. The amounts are expected to be recognized as revenue within one year from being earned by customers.
- (4) Other gaming-related liabilities generally represent unpaid wagers primarily in the form of unredeemed slot tickets.

20. ISSUED CAPITAL AND SHARES HELD FOR EMPLOYEE OWNERSHIP SCHEME

	As at 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Authorized:		
20,000,000,000 Shares of HK\$0.001 each	20,000	20,000
Issued and fully paid:		
5,197,188,600 (2019: 5,196,958,600) Shares of HK\$0.001 each	5,197	5,197

As at 31 December 2020, nil Shares (2019: nil) held under the employee ownership scheme were included in the total number of issued Shares (note 22).

During the year ended 31 December 2020, nil Shares were acquired by the Trust. During the year ended 31 December 2019, the Trust acquired 2,420,000 Shares for HK\$42.0 million, which was deducted from shareholders' equity.

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21. SHARE PREMIUM ACCOUNT AND RESERVES

The Group's share premium account mainly includes the amounts transferred from the share option reserve upon vesting of share awards under the employee ownership scheme. It also includes the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganization prior to the Listing of the Company's Shares, over the nominal value of the Company's Shares issued in exchange with adjustments arising from the Group Reorganization.

The amount of the Group's deficit and the movements therein for the current year and reserves and the movements therein for the prior year are presented in the consolidated statement of changes in equity on page 120 of the financial statements.

In accordance with the provisions of the Macau Commercial Code, WRM and Palo incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. WRM and Palo met this statutory requirement and WRM continues to maintain the required reserve of HK\$48.6 million in "statutory reserve". This reserve is not distributable to the respective shareholders.

22. SHARE-BASED PAYMENT PLAN

The Company's share option schemes

The Company adopted a share option scheme (the "Original Share Option Scheme") on 16 September 2009 until it was terminated upon the Company's adoption of a new share option scheme on 30 May 2019 (the "WML Share Option Scheme"). The purpose of the share option schemes is to reward participants, which may include Directors and employees of the Group, who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The options granted under the share option schemes do not give immediate ownership of the underlying Shares as they require payment of an exercise price which must be higher than the then prevailing market price of the Shares on the date of the options granted.

Upon the termination of the Original Share Option Scheme on 30 May 2019, no further options may be offered or granted under the Original Share Option Scheme but in all other respects the provisions of the Original Share Option Scheme shall remain in full force and effect in respect of options which are granted during the life of the Original Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the Original Share Option Scheme.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's share option schemes (continued)

The WML Share Option Scheme was adopted for a period of 10 years commencing from 30 May 2019. The maximum number of Shares which may be issued pursuant to the WML Share Option Scheme is 519,695,860 Shares. Except for the number of the options that may be granted and the expiry date of the WML Share Option Scheme, the terms of the WML Share Option Scheme and Original Share Option Scheme are the same in all material respects. Subsequent to 31 December 2020 and up to the date of approval of these financial statements, no share options were granted under the WML Share Option Scheme.

The following share options were outstanding under the Company's share option schemes during the year:

	Number of Options	Weighted Average Exercise Price (HK\$)	Weighted Average Exercise Term (Years)
Outstanding as at 1 January 2019	10,558,400	19.50	7.8
Granted during the year ⁽¹⁾	455,000	19.80	9.2
Outstanding as at 31 December 2019 and 1 January 2020	11,013,400	19.51	6.9
Granted during the year	8,895,000	16.76	9.5
Exercised during the year	(50,000)	10.92	—
Outstanding as at 31 December 2020	19,858,400	18.30	7.5
Options exercisable as at 31 December 2020	7,033,400	19.65	5.0
Options exercisable as at 31 December 2019	5,212,000	20.27	5.4

Note:

- (1) During the year ended 31 December 2019, share options for a total of 455,000 Shares were granted under the Original Share Option Scheme, and no share options were granted under the WML Share Option Scheme.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's share option schemes (continued)

The weighted average fair value of the share options granted during the year was estimated at HK\$4.19 per option (2019: HK\$4.31 per option) based on the Black-Scholes pricing model. The following table lists the assumptions used in estimating the fair values of the share options on the date of grant.

	2020	2019
Expected dividend yield	4.7%	5.7%
Expected stock price volatility	42.6%	40.7%
Risk-free interest rate	1.0%	1.4%
Expected average life of options (years)	6.5	6.5
Share price on the date of grant (HK\$ per Share)	16.76	19.80
Exercise price (HK\$ per Share)	16.76	19.80

Changes in subjective assumptions could materially affect the fair value estimate.

The Company's employee ownership scheme

On 30 June 2014, the Company approved and adopted the employee ownership scheme. The employee ownership scheme allows for the grant of Awards to eligible employees. The employee ownership scheme is administered by the Company's Board of Directors and has been mandated under the plan to allot, issue and procure the transfer of a maximum of 50,000,000 Shares. In May 2020, an ordinary resolution was passed at the Company's annual general meeting to increase the scheme limit under the employee ownership scheme from 50,000,000 Shares to 75,000,000 Shares. The Board of Directors has discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits. The fair value of the awarded non-vested Shares was calculated based on the market prices of the Company's Shares at the respective grant dates.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's employee ownership scheme (continued)

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2019	9,753,267	16.25
Granted during the year	3,742,418	18.93
Vested during the year	(2,420,915)	11.25
Forfeited during the year	(1,408,607)	17.60
Non-vested as at 31 December 2019 and 1 January 2020	9,666,163	18.34
Granted during the year	6,900,759	14.36
Vested during the year	(4,526,175)	12.96
Forfeited during the year	(1,161,969)	19.28
Non-vested as at 31 December 2020	10,878,778	17.95

Subsequent to 31 December 2020 and up to the date of approval of these financial statements, the Company awarded 5,102,953 non-vested Shares and 1,115,309 immediate vested Shares to Eligible Persons under the employee ownership scheme.

WRL Omnibus Plan

On 16 May 2014, Wynn Resorts, Limited adopted the Wynn Resorts, Limited 2014 omnibus incentive plan (the "WRL Omnibus Plan") after approval from its stockholders, which was adopted for a period of 10 years. The WRL Omnibus Plan allows for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards and other share-based awards to eligible participants. WRL reserved 4,409,390 shares of its common stock for issuance under the WRL Omnibus Plan. On 25 June 2020, the Wynn Resorts' shareholders approved an amendment to the WRL Omnibus Plan that increases the shares authorized for issuance by 1,500,000 shares, for an aggregate number of shares authorized for issuance to 5,909,390 shares. As at the date of approval of these financial statements, Wynn Resorts had an aggregate of 3,183,018 shares of its common stock available for grant as share-based awards under the WRL Omnibus Plan.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan (continued)

Stock options for the Group

A summary of option activities under the plan as at 31 December 2020 and 2019 and the changes during the year ended 31 December 2019 as it relates to the Group is presented below. There were no changes during the year ended 31 December 2020.

	Number of Options	Weighted Average Exercise Price (HK\$)	Weighted Average Exercise Term (Years)
Outstanding as at 1 January 2019	167,390	369.02	0.3
Transferred during the year	380	366.97	
Exercised during the year	(167,770)	366.97	
<hr/>			
Outstanding as at 31 December 2019,			
1 January 2020 and 31 December 2020	—	—	—
<hr/>			
Options exercisable as at 31 December 2019			
and 31 December 2020	—	—	—
<hr/>			

Since no options were granted under the WRL Omnibus Plan for the years ended 31 December 2020 and 2019, the disclosures of the weighted average fair value of options granted at the measurement date and, in turn, the significant inputs used in estimating the fair value per option are not applicable. Since no options were exercised during the year ended 31 December 2020, the disclosure of the intrinsic value of the options exercised is not applicable. The total intrinsic value of the options exercised for the year ended 31 December 2019 was HK\$119.7 million.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan (continued)

Non-vested shares for the Group

A summary of the status of the WRL Omnibus Plan's non-vested shares as at 31 December 2020 and 2019 and the changes during the years then ended as it relates to the Group is set out below:

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2019	97,600	1,054.20
Granted during the year	110,177	964.94
Vested during the year	(35,920)	923.72
Transferred during the year	80	1,314.22
Non-vested as at 31 December 2019 and 1 January 2020	171,937	1,021.06
Granted during the year	192,680	808.88
Vested during the year	(80,616)	692.38
Forfeited during the year	(63,367)	1,192.02
Transferred during the year	432	959.54
Non-vested as at 31 December 2020	221,066	903.25

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group recorded an expense for matching contributions of approximately HK\$151.2 million for the year ended 31 December 2020 (2019: HK\$145.2 million). Forfeited unvested contributions totaling HK\$11.5 million (2019: HK\$17.5 million) were utilized during the year. As at 31 December 2020, contributions of approximately HK\$25.8 million (2019: HK\$28.1 million) due had not been paid. The amounts were paid subsequent to the end of the reporting period.

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the years ended 31 December 2020 and 2019 disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	For the year ended	
	31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Share-based payments	120,096	58,914
Salaries	12,202	22,042
Discretionary bonus	10,252	17,640
Fees	5,375	5,163
Contributions to retirement plan	680	588
Other	1,975	3,575
Total emoluments	150,580	107,922

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

	Fees HK\$	Salaries HK\$	Discretionary Bonus HK\$	Share-based Payments HK\$ (in thousands)	Contributions to Retirement Plan HK\$	Other HK\$	Total HK\$
2020							
Executive Directors:							
Matthew O. Maddox ¹	—	—	—	—	—	—	—
Linda Chen	—	3,890	4,825	56,270	1	137	65,123
Ian Michael Coughlan	—	8,312	5,427	48,535	679	1,838	64,791
Non-executive Director:							
Craig S. Billings ²	—	—	—	—	—	—	—
Independent non-executive Directors:							
Jeffrey Kin-fung Lam	1,050	—	—	2,433	—	—	3,483
Bruce Rockowitz	1,075	—	—	2,433	—	—	3,508
Nicholas Sallnow-Smith	1,325	—	—	2,433	—	—	3,758
Allan Zeman	1,075	—	—	6,101	—	—	7,176
Leah Dawn Xiaowei Ye ³	850	—	—	1,891	—	—	2,741
	5,375	12,202	10,252	120,096	680	1,975	150,580
2019							
Executive Directors:							
Matthew O. Maddox ¹	—	—	—	—	—	—	—
Linda Chen	—	10,287	8,272	28,808	—	685	48,052
Ian Michael Coughlan	—	11,755	9,368	18,945	588	2,890	43,546
Non-executive Director:							
Craig S. Billings ²	—	—	—	—	—	—	—
Independent non-executive Directors:							
Jeffrey Kin-fung Lam	1,050	—	—	2,061	—	—	3,111
Bruce Rockowitz	1,075	—	—	2,061	—	—	3,136
Nicholas Sallnow-Smith	1,325	—	—	2,061	—	—	3,386
Allan Zeman	1,075	—	—	4,306	—	—	5,381
Leah Dawn Xiaowei Ye ³	638	—	—	672	—	—	1,310
	5,163	22,042	17,640	58,914	588	3,575	107,922

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

Notes:

- 1 In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Maddox was charged to the Group, through the corporate allocation agreement, amounting to HK\$17.7 million for the year ended 31 December 2020 (2019: HK\$16.3 million).
- 2 In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Billings was charged to the Group, through the corporate allocation agreement, amounting to HK\$7.9 million for the year ended 31 December 2020 (2019: HK\$11.1 million).
- 3 Ms. Leah Dawn Xiaowei Ye was appointed as the independent non-executive Director of the Company with effect from 1 April 2019.

Five highest paid individuals' emoluments

During the year ended 31 December 2020, the five individuals whose emoluments were the highest in the Group included two (2019: two) Directors whose emoluments were reflected in the analysis presented above. Details of the emoluments payable to the remaining three (2019: three) highest paid individuals for each of the years ended 31 December 2020 and 2019 were as follows:

	For the year ended	
	31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Share-based payments	17,330	23,961
Salaries and other benefits	11,696	26,352
Discretionary bonus	3,480	15,161
Contributions to retirement plan	334	331
Total emoluments	32,840	65,805

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Five highest paid individuals' emoluments (continued)

The emoluments were within the following bands:

	For the year ended 31 December	
	2020 Number of Individuals	2019 Number of Individuals
HK\$8,500,001 to HK\$9,000,000	1	—
HK\$11,500,001 to HK\$12,000,000	1	—
HK\$12,500,001 to HK\$13,000,000	1	—
HK\$14,500,001 to HK\$15,000,000	—	1
HK\$15,000,001 to HK\$15,500,000	—	1
HK\$35,500,001 to HK\$36,000,000	—	1
Total	3	3

The emoluments of certain individuals have been apportioned on a basis that is considered to be reasonable estimates of the utilization of services provided or the benefits received by the Group. The apportioned emoluments of these individuals are included in the expense allocations charged by Wynn Resorts, Limited and the Group's fellow subsidiaries for the years ended 31 December 2020 and 2019 (See note 26 "Related Party Disclosures").

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or in connection with the management of the affairs of any members of the Group. None of the Directors waived any emoluments during the years.

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25. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 December 2020 and 2019, the Group had the following capital commitments under construction contracts, construction-related consulting and other agreements and purchase orders which have not been provided for in the Group's consolidated statement of financial position:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Contracted, but not provided for	140,493	561,300

Gaming premium commitment

Pursuant to the Concession Agreement signed with the Macau government, the Group has committed to paying an annual premium of MOP30.0 million (approximately HK\$29.1 million) plus a variable annual premium which is equal to MOP300,000 (approximately HK\$291,000) per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 (approximately HK\$146,000) per gaming table not so reserved and MOP1,000 (approximately HK\$970) per electrical or mechanical gaming machine, including slot machines, subject to an annual minimum of MOP45.0 million (approximately HK\$43.7 million).

Other service commitments

The Group has entered into agreements for providing shuttle-bus services for customers and for employees commuting to and from work. The Group has also entered into various agreements for operations and maintenance of hotel and other facilities for both Wynn Palace and Wynn Macau. Under these agreements, the Group was obligated to make the following future payments as at 31 December 2020 and 2019:

	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Within one year	343,306	381,163
After one year but not more than five years	242,122	414,847
	585,428	796,010

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other service commitments (continued)

As at 31 December 2020, the Group was committed to purchases of operating supplies totaling HK\$80.2 million (2019: HK\$173.4 million).

As at 31 December 2020, in addition to the MOP300.0 million (approximately HK\$291.3 million) bank guarantee issued for the Concession Agreement as described in note 18, banks granted guarantees to the Group for other purposes totaling HK\$39.9 million (2019: HK\$37.4 million).

Employment agreements

The Group has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have three-year terms and typically indicate a base salary and often contain provisions for a discretionary bonus. Certain executives are also entitled to a separation payment if terminated without "cause" or upon voluntary termination of employment for "good reason" following a "change of control" (as these terms are defined in the employment contracts).

Litigation

The Group did not have any material litigation outstanding as at 31 December 2020. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau litigation related to Dore

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

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

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26. RELATED PARTY DISCLOSURES

As at 31 December 2020 and 2019, the outstanding balances between the Group and the related companies were as follows:

Name of related companies	Relation to the Company	As at 31 December	
		2020 HK\$	2019 HK\$
		(in thousands)	
Due from related companies — current			
WIML	Subsidiary of Wynn Resorts, Limited	132,265	182,155
Palo Marketing Services Limited	Subsidiary of Wynn Resorts, Limited	49,599	—
Wynn Manpower Limited	Subsidiary of Wynn Resorts, Limited	352	493
Wynn MA, LLC	Subsidiary of Wynn Resorts, Limited	274	324
Palo Manpower Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	185	109
Palo Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	184	107
SAC Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	107	47
Lumini Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	107	47
Harthor Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	107	47
SAC Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	13
Lumini Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	13
Harthor Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	13
Wynn Resorts Hotel Marketing and Sales (Asia), LLC	Subsidiary of Wynn Resorts, Limited	3	3
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	—	3,726
		183,222	187,097

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26. RELATED PARTY DISCLOSURES (CONTINUED)

As at 31 December 2020 and 2019, the outstanding balances between the Group and the related companies were as follows (continued):

Name of related companies	Relation to the Company	As at 31 December	
		2020 HK\$	2019 HK\$
		(in thousands)	
Due to related companies — current			
Wynn Resorts, Limited	Ultimate parent company	41,763	103,400
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	1,819	4,679
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	1,810	1,605
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	1,313	—
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	—	1,586
Palo Marketing Services Limited	Subsidiary of Wynn Resorts, Limited	—	257
		46,705	111,527

The amounts disclosed in the above table are unsecured, interest-free and repayable on demand.

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26. RELATED PARTY DISCLOSURES (CONTINUED)

The Group had the following material related party and connected transactions with related companies during the year:

Name of related companies	Relation to the Company	Primary nature of transactions	For the year ended 31 December	
			2020 HK\$	2019 HK\$
			(in thousands)	
Wynn Resorts, Limited	Ultimate parent Company	License fees (i)	309,445	1,318,132
Wynn Resorts, Limited	Ultimate parent Company	Corporate support services (ii)	46,194	60,098
Wynn Resorts, Limited	Ultimate parent Company	Share-based payment expenses	80,842	72,885
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	Airplane usage charges (ii)	—	12,486
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	34,498	48,476
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	55,920	119,025
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development payroll (v)	20,581	36,443

Except for the share-based payment expenses incurred with Wynn Resorts, Limited, all of the above transactions are noted as continuing connected transactions.

Notes:

(i) **License fees**

The license fees payable to Wynn Resorts, Limited equals the greater of (1) 3% of the gross monthly revenues of the intellectual property, and (2) US\$1.5 million (approximately HK\$11.7 million) per month.

(ii) **Corporate support services**

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services. In any event, the annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts during any financial year.

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For the year ended 31 December 2020

26. RELATED PARTY DISCLOSURES (CONTINUED)

Notes: (continued)

(ii) **Corporate support services** (continued)

Wynn Resorts allows the Company and its employees to use aircraft assets owned by Wynn Resorts and its subsidiaries (other than the Group) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of Wynn Resorts.

(iii) **International marketing expenses**

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) **Staff secondment payroll charges**

Worldwide Wynn, a subsidiary of Wynn Resorts, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn is compensated for these services of the seconded employees during the period of secondment to WRM with a service fee equal to its aggregate costs plus 5%.

(v) **Design/development payroll**

Wynn Design & Development provides design and development services to the Group in connection with the construction and renovation works at Wynn Palace, Wynn Macau and Encore. A service fee is charged at the costs incurred by Wynn Design & Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the years ended 31 December 2020 and 2019. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

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For the year ended 31 December 2020

26. RELATED PARTY DISCLOSURES (CONTINUED)

Home purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at 31 December 2020, the net carrying amount of the house together with improvements and its land lease right was HK\$43.7 million (2019: HK\$47.3 million). Ms. Chen has the option to purchase the home for no further consideration at any time before the expiration of her employment contract.

Compensation of senior/key management personnel of the Group

	For the year ended	
	31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
Share-based payments	124,142	76,733
Salaries, bonuses, allowances and benefits in kind	47,520	135,022
Retirement benefits	1,374	1,698
Total compensation paid to senior/ key management personnel	173,036	213,453

Further details of Directors' emoluments are included in note 24 to the financial statements.

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For the year ended 31 December 2020

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, deposits, balances with related companies, accounts payable, the current portion of interest-bearing borrowings, construction payables and the current portion of financial liabilities included in other payables and accruals and other liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. The fair value of the lease liabilities is calculated by discounting the expected future cash flows using the Group's incremental borrowing rate. The non-current portion of financial liabilities included in other payables and accruals, other liabilities and construction retentions payable were not discounted as the discounting factors were considered by management to be insignificant.

28. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1 January 2020 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2020 HK\$
	(in thousands)				
Interest-bearing borrowings	38,594,738	10,638,157	(131,270)	97,872	49,199,497
Lease liabilities	562,794	(128,474)	—	(160,600)	273,720
Interest payable	158,284	(1,374,564)	(1,318)	1,804,630	587,032
Dividends payable	17,895	(8,443)	—	(1,215)	8,237
Total liabilities from financing activities	39,333,711	9,126,676	(132,588)	1,740,687	50,068,486

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For the year ended 31 December 2020

28. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	As at 1 January 2019 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2019 HK\$
			(in thousands)		
Interest-bearing borrowings	33,078,147	5,595,375	(137,138)	58,354	38,594,738
Lease liabilities	555,995	(144,276)	—	151,075	562,794
Interest payable	167,193	(1,343,855)	(309)	1,335,255	158,284
Dividends payable	17,560	(6,984)	—	7,319	17,895
Total liabilities from financing activities	33,818,895	4,100,260	(137,447)	1,552,003	39,333,711

The "Other" column primarily includes the effect of amortization of debt financing costs and premiums, loss on extinguishment of debt, additions and terminations of lease liabilities, movement in dividends payable during the year and interest expenses incurred and capitalized during the year.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest-bearing borrowings, lease liabilities, construction payables, construction retentions payable, accounts payable, amounts due to related companies, other payables and other liabilities. The main purpose of these financial liabilities is to finance the Group's construction activities and its operations. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

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For the year ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's primary exposure is changes in market interest rates associated with its bank loans that bear interest based on variable rates. The Group attempts by managing the mix of long-term fixed rate borrowings and variable rate borrowings, supplemented by hedging activities as believed by us to be appropriate. These risk management strategies may not always have the desired effect, and interest rate fluctuations could have a negative impact on the results of operations.

As at 31 December 2020, all of the interest-bearing bank loans were variable rate borrowings based on LIBOR or HIBOR plus a margin (2019: same). Based on borrowings as at 31 December 2020, an assumed 100-basis-point change in the variable rates would cause the annual interest expenses, without adjusting for any amounts to be capitalized, to change by HK\$129.9 million (2019: HK\$206.6 million).

Foreign currency risk

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's and the Group's presentation currency, for incorporation into the consolidated financial statements. Some of the Group's activities were denominated in currencies other than the functional currencies of the entities making the activities (primarily US\$). The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

As at 31 December 2020 and 2019, the Group had certain assets and liabilities that were denominated in currencies (primarily US\$) other than Hong Kong dollar. Based on the financial position as at 31 December 2020, an assumed 1% increase or decrease in the value of the Hong Kong dollar against the U.S. dollar would cause the Group to recognize a gain or loss of HK\$267.6 million (2019: HK\$208.6 million).

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For the year ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk arises from financial assets of the Group, which comprise trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Exposure at the reporting dates is outlined under each applicable note. The Group does not hold any credit derivatives or collateral to offset its credit exposure.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of casino accounts receivable.

The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness. The Group maintains strict controls over the issuance of markers and aggressively pursues collection from those customers who fail to pay their marker balances on a timely basis. These collection efforts may include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies, and litigation. Markers are generally legally enforceable instruments in Macau, however, markers are not legally enforceable instruments in some other countries. The collectability of markers given to foreign customers is affected by a number of factors including changes in currency exchange rates and economic conditions in the customers' home countries.

In assessing the allowance for credit losses, the Group applies a simplified approach to measure credit risk. The simplified approach requires the recognition of a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for current and forward-looking factors specific to the debtors and the economic environment.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 13 to the financial statements.

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For the year ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group measures and monitors its liquidity structure based on the overall assets, liabilities and debt in conjunction with its expected cash flows to ensure the capability to meet any unexpected and material cash requirements in the ordinary course of business. In addition, the Group's senior bank facilities' governing documents contain capital spending restrictions and other affirmative and negative covenants that require the maintenance of certain financial ratios.

As at 31 December 2020, the estimated fair value for level 2 of the Group's outstanding debt instruments was HK\$50.22 billion (2019: HK\$39.14 billion). The Group did not hold any assets or liabilities measured at fair value for levels 1 and 3 during the years 2020 and 2019. Level 1 fair values are those measured using quoted prices (unadjusted) in active markets for identical financial instruments, level 2 fair values are those measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data and level 3 fair values are those measured using valuation techniques in which any significant input is not based on observable market data.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date as at 31 December 2020 and 2019. The amounts disclosed are based on the contractual undiscounted cash flows of financial liabilities that include principal and interest payments. The maturities are calculated assuming the effect of interest rates with respect to variable rate financial liabilities remains constant as at the respective year ends and there are no changes in the aggregate principal amount of financial liabilities other than repayments at scheduled maturities as reflected in the table below.

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For the year ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Interest rates	Within one year or on demand HK\$	Between one and two years HK\$	Between two and five years HK\$	Over five years HK\$	Total HK\$
(in thousands)						
As at 31 December 2020						
Interest-bearing borrowings	2.40%–5.63%	6,484,908	10,818,978	10,301,780	35,993,967	63,599,633
Lease liabilities	2.30%–5.40%	78,827	57,691	88,592	108,642	333,752
Construction payables and accruals and construction retentions payable		295,300	1,182	—	—	296,482
Accounts payable		438,472	—	—	—	438,472
Amounts due to related companies		46,705	—	—	—	46,705
Other payables		4,314,556	77,670	—	—	4,392,226
Other liabilities		85,296	33,438	39,084	35,089	192,907
As at 31 December 2019						
Interest-bearing borrowings	3.55%–5.50%	3,874,357	4,137,563	23,883,787	16,588,357	48,484,064
Lease liabilities	4.90%–5.40%	132,373	114,505	257,974	167,976	672,828
Construction payables and accruals and construction retentions payable		490,380	1,315	—	—	491,695
Accounts payable		402,395	—	—	—	402,395
Amounts due to related companies		111,527	—	—	—	111,527
Other payables		5,441,537	83,249	77,670	—	5,602,456
Other liabilities		10,314	126,787	57,129	4,100	198,330

“Other payables” mainly comprised outstanding chip liabilities, customer deposits, donation payable, and other miscellaneous payables, excluding tax liabilities, incurred as at 31 December 2020 and 2019.

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For the year ended 31 December 2020

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it as economic conditions change, i.e., interest rates and equity markets. To maintain a strong capital structure and in response to changes in economic conditions, the Group may modify debt instruments to obtain more favorable interest rates, obtain additional debt financing, and may adjust dividend payments to shareholders as conditions require.

The gearing ratio is a key indicator of the Group's capital structure. The gearing ratio is net debt divided by total (capital deficiency)/capital plus net debt.

	As at 31 December	
	2020 HK\$	2019 HK\$
	(in thousands, except for percentages)	
Interest-bearing borrowings	49,199,497	38,594,738
Accounts payable	438,472	402,395
Construction payables and accruals and construction retentions payable	296,482	491,695
Other payables and accruals	6,209,464	7,914,121
Amounts due to related companies	46,705	111,527
Other liabilities	235,847	213,549
Lease liabilities	273,720	562,794
Less: cash and cash equivalents	(18,831,109)	(14,087,486)
restricted cash and cash equivalents	(17,817)	(33,802)
Net debt	37,851,261	34,169,531
(Deficiency in assets)/equity	(5,056,422)	1,986,756
Total (capital deficiency)/capital	(5,056,422)	1,986,756
Capital and net debt	32,794,839	36,156,287
Gearing ratio	115.4%	94.5%

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For the year ended 31 December 2020

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company is set forth below:

	As at 31 December	
	2020 HK\$	2019 HK\$
	(in thousands)	
Non-current assets		
Financial assets	17,443,398	17,522,913
Investment in a subsidiary	5,031,905	237,692
Contribution to Trust	118,672	186,547
Total non-current assets	22,593,975	17,947,152
Current assets		
Prepayments	756	708
Amounts due from related companies	13,529,025	41,026
Other receivables	333,584	637,154
Cash and cash equivalents	15,593,486	7,863,516
Total current assets	29,456,851	8,542,404
Current liabilities		
Other payables and accruals	639,768	193,371
Amounts due to related companies	1,184	11,338
Total current liabilities	640,952	204,709
Net current assets	28,815,899	8,337,695
Total assets less current liabilities	51,409,874	26,284,847
Non-current liabilities		
Interest-bearing borrowings	36,248,826	18,058,286
Other payables and accruals	—	5,578
Total non-current liabilities	36,248,826	18,063,864
Net assets	15,161,048	8,220,983
Equity		
Issued capital	5,197	5,197
Share premium account#	12,947,716	12,949,728
Reserves/(deficits)	2,208,135	(4,733,942)
Total equity	15,161,048	8,220,983

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Notes to Financial Statements

For the year ended 31 December 2020

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

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	As at 31 December	
	2020	2019
	HK\$	HK\$
	(in thousands)	
The Company's share premium account	12,947,716	12,949,728
Adjustment arising from the Group Reorganization	(12,561,195)	(12,561,195)
Consolidated share premium account	386,521	388,533

Information about the statement of changes in equity of the Company is set forth below:

	Issued Capital HK\$	Share Premium Account HK\$	Share Option Reserve HK\$ <small>(in thousands)</small>	(Accumulated Losses)/ Retained Earnings HK\$	Total Equity HK\$
As at 1 January 2019	5,197	12,946,483	135,854	(4,791,008)	8,296,526
Net profit and other comprehensive income for the year	—	—	—	4,570,830	4,570,830
Total comprehensive income for the year	—	—	—	4,570,830	4,570,830
Share-based payments	—	—	51,933	—	51,933
Vesting of shares issued for the employee ownership scheme	—	3,245	(27,239)	—	(23,994)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	2,950	2,950
Dividends declared	—	—	—	(4,677,262)	(4,677,262)
As at 31 December 2019 and 1 January 2020	5,197	12,949,728	160,548	(4,894,490)	8,220,983
Net profit and other comprehensive income for the year	—	—	—	6,916,131	6,916,131
Total comprehensive income for the year	—	—	—	6,916,131	6,916,131
Share-based payments	—	—	83,631	—	83,631
Exercise of share options	—	779	(233)	—	546
Vesting of shares issued for the employee ownership scheme	—	(2,791)	(58,667)	—	(61,458)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	1,215	1,215
As at 31 December 2020	5,197	12,947,716	185,279	2,022,856	15,161,048

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For the year ended 31 December 2020

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

The Company's reserves available for distribution represent the share premium account, share option reserve and accumulated losses/retained earnings. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and, provided that immediately following the distribution of a dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. Accordingly, the Company's reserves available for distribution to shareholders as at 31 December 2020 amounted to approximately HK\$15.16 billion (2019: HK\$8.22 billion).

31. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current year's presentation.

Independent Auditor's Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

OPINION

We have audited the consolidated financial statements of Wynn Macau, Limited (the "Company") and its subsidiaries (the "Group") set out on pages 119 to 204, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, 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 Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). 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 HKICPA's *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.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed key audit matter
Classification of interest-bearing borrowings	
Referring to notes 1 and 18 to the Group's consolidated financial statements for the Concession Agreement and interest-bearing borrowings, the Group classified the outstanding amounts under the WML Senior Notes and WM Cayman II Revolver (collectively the "Borrowings") as non-current liabilities at 31 December 2021.	We evaluated and tested the design and operating effectiveness of the controls over management's process to determine the classification of the Borrowings, including such controls over (i) assessing the Group's compliance with the requirements of the Group's interest-bearing borrowings and, (ii) identifying and assessing applicable authoritative accounting standards and related interpretive literature, as well as the information used by management in those controls.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed key audit matter
Classification of interest-bearing borrowings (continued)	
<p>These Borrowings have maturity dates beyond 12 months from 31 December 2021. Under the indentures governing the WML Senior Notes and the facility agreement governing the WM Cayman II Revolver, upon the occurrence of any event after which the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as of the issue dates of the respective senior notes or the date of the facility agreement, for a period of 10 consecutive days or more in the case of the WML Senior Notes or a period of 30 consecutive days or more in the case of the WM Cayman II Revolver, and such event has a material adverse effect on the financial condition, business, properties or results of operations of the Group, taken as a whole, holders of the WML Senior Notes can require the Company to repurchase all or any part of the WML Senior Notes at par, plus any accrued and unpaid interest under the special put option, and any amounts owed under the WM Cayman II Revolver may become immediately due and payable under the property mandatory prepayment event.</p>	<p>We reviewed the relevant covenant requirements of the Borrowings, ensured the Group's compliance to these requirements as at the reporting date and up to the date of approval of these consolidated financial statements.</p> <p>We reviewed and considered management's assertion that the Group will continue to maintain its gaming business in its current form after the concession's expiry on 26 June 2022.</p> <p>We assessed management's application of authoritative accounting standards and related interpretive literature pertaining to the current or non-current classification of liabilities.</p>

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed key audit matter
Classification of interest-bearing borrowings (continued)	
<p>The Group's current concession ends on 26 June 2022. On 11 March 2022, the Group submitted its request for an extension until 31 December 2022. The extension of its concession is subject to approval by the Macau government.</p> <p>We identified the classification of the Borrowings as non-current liabilities at 31 December 2021 as a key audit matter because it has involved significant management judgement. Factors taken into account by management in their assessment included, but were not limited to, whether there was a breach of covenants associated with the Borrowings as at 31 December 2021 and up to the date of approval of the consolidated financial statements; and, as detailed in note 1 to the Group's consolidated financial statements, that the Group continues to believe that its concession will be extended or renewed beyond 26 June 2022.</p>	<p>We assessed relevant information known to us, including information provided to us by the management and information that was publicly available, particularly regarding recent developments pertaining to the formulation by the Macau government of the process and requirements for renewal or the potential extension of the Group's Concession Agreement.</p> <p>We assessed the adequacy of the Group's disclosures regarding the interest-bearing borrowings, expectation of extension of the current concession and renewal of the Concession Agreement in the Group's consolidated financial statements.</p>

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed key audit matter
<p>Provision for expected credit losses</p> <p>Referring to note 2.5 to the Group's consolidated financial statements for significant accounting judgements and estimates, the Group uses a provision matrix to calculate the expected credit losses ("ECLs") for trade receivables. The provision matrix is calibrated to adjust the historical credit loss experience with known customer information and forward-looking information. Management's assessment of the correlation between historical observed default rates, forecast economic conditions and the ECLs can provide significant changes in the estimate between periods. Further disclosures on the ECLs of the Group's trade receivables are set out in note 13 to the consolidated financial statements.</p>	<p>We evaluated and tested the design and operating effectiveness of the controls over the accounting process of provision for ECLs of trade receivables.</p> <p>We evaluated management's assumptions and judgements by comparing the Group's provisioning rates against historical collection data.</p> <p>We considered the support related to the original issuance of casino credits and/or their subsequent settlements when performing analysis of receivables' aging brackets and write-offs as a percentage of gross trade receivables.</p> <p>We corroborated management's representations with the source data for specific provisions made for certain trade receivables, performed ratio analysis on the Group's provision for ECLs; and re-calculated the provision for ECLs using management's model and considered the adequacy of the provision.</p> <p>We assessed the Group's provisioning policy applied, which included assessing whether the calculation was made in accordance with IFRS 9.</p> <p>We assessed the time value of money considered in the ECLs impairment model and tested the mathematical accuracy of the calculations.</p> <p>We assessed the adequacy of the Group's disclosures regarding provision for ECLs of trade receivables.</p>

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit and Risk Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

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. Our report is made solely to you, as a body, 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 HKSA's 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 HKSA's, 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.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 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 the Audit and Risk Committee 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.

Independent Auditor's Report



To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We also provide the Audit and Risk Committee 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 the Audit and Risk Committee, 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 this independent auditor's report is Samuel Yuen Ka Cheong.

Ernst & Young
Certified Public Accountants
Hong Kong

31 March 2022

Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the year ended 31 December	
		2021 HK\$	2020 HK\$
		(in thousands, except for per Share amounts)	
Operating revenues			
Casino		8,973,480	5,538,696
Rooms		928,717	661,625
Food and beverage		624,907	592,052
Retail and other		1,198,322	820,039
		11,725,426	7,612,412
Operating costs and expenses			
Gaming taxes and premiums		4,863,197	3,429,055
Staff costs	3.1	4,134,401	4,230,793
Other operating expenses	3.2	2,649,895	2,249,534
Depreciation	3.3	2,624,970	2,915,423
Property charges and other	3.4	104,412	186,201
		14,376,875	13,011,006
Operating loss		(2,651,449)	(5,398,594)
Finance revenues	3.5	19,857	84,828
Finance costs	3.6	(2,341,597)	(1,952,448)
Net foreign currency differences		(175,677)	97,784
Loss on extinguishment of debt		(18,002)	(36,015)
		(2,515,419)	(1,805,851)
Loss before tax		(5,166,868)	(7,204,445)
Income tax expense	4	12,427	12,427
Net loss and total comprehensive loss attributable to owners of the Company		(5,179,295)	(7,216,872)
Basic and diluted loss per Share	6	(1.00)	(1.39)

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2021 HK\$	2020 HK\$
		(in thousands)	
Non-current assets			
Property and equipment and construction in progress	8	26,486,155	28,560,638
Right-of-use assets	9	1,495,132	1,651,637
Goodwill	10	398,345	398,345
Deposits for acquisition of property and equipment		4,593	6,592
Other non-current assets	11	762,915	572,232
Restricted cash and cash equivalents	15	8,827	12,437
Total non-current assets		29,155,967	31,201,881
Current assets			
Inventories	12	296,165	286,808
Trade and other receivables	13	498,444	1,047,020
Prepayments and other current assets	14	101,050	100,772
Amounts due from related companies	26	177,725	183,222
Restricted cash and cash equivalents	15	3,546	5,380
Cash and cash equivalents	16	11,664,100	18,831,109
Total current assets		12,741,030	20,454,311
Current liabilities			
Accounts payable	17	393,618	438,472
Interest-bearing borrowings	18	—	4,236,095
Lease liabilities		52,595	68,160
Construction payables and accruals		243,496	295,300
Other payables and accruals	19	4,285,475	6,139,307
Amounts due to related companies	26	46,125	46,705
Income tax payables		12,427	12,427
Other current liabilities		56,780	127,306
Total current liabilities		5,090,516	11,363,772
Net current assets		7,650,514	9,090,539
Total assets less current liabilities		36,806,481	40,292,420

Financial Statements

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2021 HK\$	2020 HK\$
(in thousands)			
Non-current liabilities			
Interest-bearing borrowings	18	46,537,145	44,963,402
Lease liabilities		162,087	205,560
Construction retentions payable		1,978	1,182
Other payables and accruals	19	—	70,157
Other long-term liabilities		127,870	108,541
Total non-current liabilities		46,829,080	45,348,842
Net liabilities		(10,022,599)	(5,056,422)
Equity			
Deficiency in assets attributable to owners of the Company			
Issued capital	20	5,206	5,197
Share premium account	21	393,901	386,521
Shares held for employee ownership scheme	20	(31,785)	(117,327)
Deficit	21	(10,389,921)	(5,330,813)
Total deficiency in assets		(10,022,599)	(5,056,422)

Approved and authorized for issue by the Board on 31 March 2022.

Craig S. Billings
Director

Ian Michael Coughlan
Director

Financial Statements

Consolidated Statement of Changes in Equity

	Notes	Attributable to owners of the Company							Total Equity/ (Deficiency in Assets) HK\$	
		Issued Capital HK\$	Share Premium Account HK\$ (Note 21)	Shares Held for Employee Ownership Scheme HK\$	Share Option Reserve* HK\$	Other Reserves** HK\$	Statutory Reserve* HK\$ (Note 21)	Retained Earnings/ (Accumulated Loss)* HK\$		Currency Translation Reserve* HK\$
As at 1 January 2020		5,197	388,533	(178,785)	735,796	554,740	48,568	416,840	15,867	1,986,756
Net loss and total comprehensive loss for the year		—	—	—	—	—	—	(7,216,872)	—	(7,216,872)
Share-based payments	22	—	—	—	171,933	—	—	—	—	171,933
Exercise of share options		—	779	—	(233)	—	—	—	—	546
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	(2,791)	61,458	(58,667)	—	—	—	—	—
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	—	1,215	—	1,215
As at 31 December 2020 and 1 January 2021		5,197	386,521	(117,327)	848,829	554,740	48,568	(6,798,817)	15,867	(5,056,422)
Net loss and total comprehensive loss for the year		—	—	—	—	—	—	(5,179,295)	—	(5,179,295)
Share-based payments	22	—	—	—	212,543	—	—	—	—	212,543
Transfer of share option reserve upon expiry of share options		—	—	—	(2,344)	—	—	2,344	—	—
Transfer to share premium upon vesting of awards under the employee ownership scheme		—	7,380	85,551	(92,931)	—	—	—	—	—
Shares issued for the employee ownership scheme	20	9	—	(9)	—	—	—	—	—	—
Returned dividend from forfeited awards under the employee ownership scheme		—	—	—	—	—	—	575	—	575
As at 31 December 2021		5,206	393,901	(31,785)	966,097	554,740	48,568	(11,975,193)	15,867	(10,022,599)

* These reserve accounts comprised the consolidated deficit of HK\$10.39 billion and HK\$5.33 billion in the consolidated statement of financial position as at 31 December 2021 and 2020, respectively.

"Other reserves" as at 1 January 2020, 1 January 2021 and 31 December 2021 was composed of HK\$194.3 million of issued capital of WRM and HK\$360.4 million of issued capital of Wynn Resorts International, Ltd.

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Consolidated Statement of Cash Flows

	Notes	For the year ended 31 December	
		2021 HK\$ (in thousands)	2020 HK\$
Operating activities			
Loss before tax		(5,166,868)	(7,204,445)
Adjustments to reconcile loss before tax to net cash flows from operating activities:			
Depreciation of property and equipment	3.3	2,460,494	2,690,855
Depreciation of right-of-use assets	3.3	164,476	224,568
Property charges and other	3.4	104,412	186,201
Provision for credit losses, net	3.2	184,968	237,560
Expense of share-based payments	3.1	224,257	162,707
Finance revenues	3.5	(19,857)	(84,828)
Finance costs	3.6	2,341,597	1,952,448
Loss on extinguishment of debt		18,002	36,015
Net foreign currency differences		175,677	(97,784)
Working capital adjustments:			
(Increase)/decrease in inventories		(9,357)	59,796
Decrease in trade and other receivables		365,562	246,795
Decrease in prepayments and other assets		8,775	43,390
(Decrease)/increase in accounts payable		(37,584)	27,218
Decrease in other payables, accruals and other liabilities		(2,018,900)	(2,117,425)
Decrease/(increase) in net amounts due from related companies		4,393	(58,879)
Income taxes paid		(12,427)	(12,427)
Net cash flows used in operating activities		(1,212,380)	(3,708,235)
Investing activities			
Increase in restricted cash and cash equivalents		(150)	(107)
Purchases of property and equipment and other assets, net of construction payables and accruals and construction retentions payable		(476,022)	(749,148)
Proceeds from sale of property and equipment		207	57
Proceeds from insurance claims		4,152	16,561
Interest received		17,903	89,872
Net cash flows used in investing activities		(453,910)	(642,765)
Financing activities			
Decrease in restricted cash and cash equivalents		5,594	16,092
Proceeds from borrowings		10,425,562	25,386,787
Repayments of borrowings		(13,397,925)	(14,610,434)
Payments of debt financing costs		(250,415)	(153,065)
Payments of principal component of lease liabilities		(71,532)	(108,761)
Payments of interest component of lease liabilities		(11,475)	(19,713)
Proceeds from exercise of share options		—	546
Receipts of accrued interest		—	125,210
Interest paid		(2,260,859)	(1,499,774)
Dividends paid		(4,023)	(8,443)
Net cash flows (used in)/generated from financing activities		(5,565,073)	9,128,445
Net (decrease)/increase in cash and cash equivalents		(7,231,363)	4,777,445
Cash and cash equivalents as at 1 January		18,831,109	14,087,486
Effect of foreign exchange rate changes, net		64,354	(33,822)
Cash and cash equivalents as at 31 December	16	11,664,100	18,831,109

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Notes to Financial Statements

For the year ended 31 December 2021

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2009. The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 9 October 2009. The Company's registered office address is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.

The Group owns and operates hotel and casino resorts in Macau, namely Wynn Palace and Wynn Macau. WRM conducts gaming activities in our casinos in Macau under a concession contract signed with the Macau government on 24 June 2002. The 20-year concession period commenced on 27 June 2002 and will expire on 26 June 2022.

The Group is a party to land concessions for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located for terms of 25 years from May 2012 and August 2004, respectively.

WM Cayman Holdings Limited I owns approximately 72% of the Shares of the Company and approximately 28% of the Shares of the Company is owned by public shareholders. The ultimate parent company of Wynn Macau, Limited is Wynn Resorts, Limited, a publicly-traded company incorporated in the United States of America.

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Notes to Financial Statements

For the year ended 31 December 2021

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

The following is a list of subsidiaries of the Company as at 31 December 2021:

Name	Place of Incorporation/ Operation	Principal Activities	Nominal Value of Issued Share/ Registered Capital	Interest Held
WM Cayman Holdings Limited II	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%
Wynn Resorts International, Ltd.	Isle of Man	Investment holding	Ordinary shares — GBP2	100%
Wynn Resorts (Macau) Holdings, Ltd.	Isle of Man	Investment holding	Ordinary shares — Class A shares: GBP343 — Class B shares: GBP657	100%
Wynn Resorts (Macau), Limited	Hong Kong	Investment holding	Ordinary shares — HK\$100	100%
Wynn Resorts (Macau) S.A.	Macau	Operator of hotel casino and related gaming businesses	Share capital — MOP200,100,000	100%**
Palo Real Estate Company Limited	Macau	Development, design and preconstruction activities	Share capital — MOP1,000,000	100%
WML Finance I Limited	Cayman Islands	Entity facilitates lending within the Group	Ordinary shares — US\$1	100%
WML Corp. Ltd.	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%*

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Notes to Financial Statements

For the year ended 31 December 2021

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

* Shares directly held by the Company

** 10% of the shares are held by a Macau-resident investor which entitle the holder to 10% of the voting rights and social rights and the rights to maximum dividend or payment upon dissolution of one MOP. The remaining 90% of the shares held by the Group are entitled to 90% of the voting rights and 100% of the profit participation or economic interest.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

The Company has consolidated certain operating entities within the Group without any legal interests. Due to the implementation of the employee ownership scheme of the Group mentioned in note 22, the Company has set up a structured entity, Trust. In addition, WRM has set up a charitable foundation in Macau, Wynn Care Foundation, which is a structured entity of the Group. The particulars of the structured entities are as follows:

Structured Entities	Principal Activities
Trust	Administering and holding the Company's Shares acquired for the employee ownership scheme, which is set up for the benefits of eligible persons of the scheme
Charitable foundation	Conducting charitable activities for the benefit of Macau and the PRC

Impact of COVID-19

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 a pandemic on 12 March 2020 (the "COVID-19 Pandemic"). The COVID-19 Pandemic has had and will likely continue to have an adverse effect on the Group's results of operations. Given the evolving conditions created by and in response to the COVID-19 Pandemic, measures that have been lifted may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau, the Group is currently unable to determine when COVID-19 specific protective measures and the suspension of certain offerings in effect at our Macau Operations will be lifted. 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, management cannot reasonably estimate the impact to the Group's future results of operations, cash flows, or financial condition.

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Notes to Financial Statements

For the year ended 31 December 2021

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Concession Agreement

The term of the Group's Concession Agreement with the Macau government ends on 26 June 2022. If the term of this Concession Agreement is not extended or renewed or is not replaced by a new gaming concession, all of the Group's gaming operations and related equipment in Macau will be automatically transferred to the Macau government without compensation on that date and the Group will cease to generate gaming revenues from its Macau Operations. In addition, under the indentures governing the Company's HK\$36.65 billion aggregate principal amount of WML Senior Notes and the facility agreement governing the WM Cayman II Revolver, upon the occurrence of any event after which the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as of the issue date of the respective senior notes or the date of the facility agreement, for a period of 10 consecutive days or more in the case of the WML Senior Notes or a period of 30 consecutive days or more in the case of the WM Cayman II Revolver, and such event has a material adverse effect on the financial condition, business, properties or results of operations of WML and its subsidiaries, taken as a whole, holders of the WML Senior Notes can require the Company to repurchase all or any part of the WML Senior Notes at par, plus any accrued and unpaid interest (the "Special Put Option"), and any amounts owed under the WM Cayman II Revolver may become immediately due and payable (the "Property Mandatory Prepayment Event").

In January 2022, the Macau government published a draft of its proposed revisions to the gaming law which is currently under review by the Macau Legislative Assembly. On 3 March 2022, the Macau government announced its intention to extend the term of Macau's six concession and subconcession contracts until 31 December 2022 in order to ensure sufficient time to complete the amendment to the Macau gaming law and conduct a public tender for the awarding of new gaming concessions. The Macau government invited WRM to submit a formal request for an extension along with a commitment to pay the Macau government approximately MOP47.0 million (approximately HK\$45.6 million) and provided a bank guarantee to secure the fulfillment of WRM's payment obligations towards its employees should WRM be unsuccessful in tendering for a new concession contract after its concession expires. WRM submitted its request for an extension on 11 March 2022. The extension of WRM's concession is subject to approval by the Macau government. The Group is monitoring developments with respect to the Macau government's concession extension and renewal process, and at this time believes that its concession will be extended and renewed beyond 26 June 2022. The failure to extend or renew the Group's concession or obtain a new concession and the resulting ability of the WML Senior Notes holders to exercise the Special Put Option and triggering of the Property Mandatory Prepayment Event would have a material adverse effect on the Group's business, financial condition, results of operations, and cash flows.

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2021

2.1 BASIS OF PREPARATION

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

As at 31 December 2021, the Group was in a deficiency in assets of HK\$10.02 billion, however, the Group had total cash and cash equivalents, excluding restricted cash, of HK\$11.66 billion, and had access to approximately HK\$1.66 billion of available borrowing capacity from the WM Cayman II Revolver. In addition, the Group has undertaken various cost containment initiatives to manage through the current environment. Given the Group’s liquidity position as at 31 December 2021 and the steps the Group has taken as further described in note 18, the Group believes it is able to support continuing operations and respond to the COVID-19 Pandemic challenges. Moreover, the Group is monitoring developments with respect to the Macau government’s concession extension and renewal process as described in note 1, and at this time believes that its concession will be extended and renewed beyond 26 June 2022.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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For the year ended 31 December 2021

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

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

In August 2020, WRM set up a charitable foundation, “Wynn Care Foundation”. Through Wynn Care Foundation, we continue to broaden our efforts in pursuing positive social impact and supporting charitable development within Macau and the PRC. As the Group has control over the Trust and the foundation, the Directors of the Company consider that it is appropriate to consolidate these structured entities.

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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Notes to Financial Statements

For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognized in the consolidated statement of profit or loss and other comprehensive income as a gain on bargain purchase.

Goodwill arising on acquisition is recognized in the consolidated statement of financial position as an asset, initially measured at cost and subsequently at cost less any accumulated impairment losses.

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Notes to Financial Statements

For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each cash-generating unit ("CGU") of the Group, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU or the group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or the group of CGUs is less than the carrying amount, an impairment loss is recognized. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU or a group of CGUs and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

Foreign currencies

The consolidated financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values were measured. The gain or loss arising on translation of a non-monetary item is treated in line with the recognition of the gain or loss on change in fair value of the item.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the currency translation reserve.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

- (b) the party is an entity where any of the following conditions applies: (continued)
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property and equipment and construction in progress

Property and equipment, other than construction in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after items of property and equipment have been put into operation, such as repair and maintenance costs, are recognized in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred. When significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property and equipment as a replacement if the recognition criteria are satisfied. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the asset if the recognition criteria for a provision are met.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and equipment and construction in progress (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated useful lives used are as follows:

Buildings and improvements	10 to 45 years
Furniture, fixtures and equipment	3 to 5 years
Leasehold improvements (shorter of remaining lease period and estimated useful life)	1 to 5 years

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Residual values, useful lives and methods of depreciation are reviewed at least at each financial year end and adjusted prospectively, if appropriate.

Construction in progress represents assets under development or construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction.

Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or a CGU's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or a CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using pre-tax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculations on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to projected future cash flows after the fifth year.

Impairment losses are recognized in the consolidated statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired assets.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group determines the classification of its financial assets on initial recognition and, it shall reclassify the affected financial assets when, only when the Group changes its business model for managing financial assets.

All regular way purchases and sales of financial assets are recognized on the trade date, which is the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets at amortized cost

The Group measures financial assets at amortized cost if both of the following conditions are met:

- i. The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets consist of trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents that are subsequently measured at amortized cost using the effective interest rate ("EIR") method less any allowances for impairments. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the financial assets at amortized cost are derecognized, modified or impaired, as well as through the amortization process.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

Financial assets at amortized cost

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The carrying amount of the asset is reduced through use of an allowance account and the loss is recognized in the consolidated statement of profit or loss and other comprehensive income.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience from customers, adjusted for forward-looking factors specific to the debtors and the economic environment.

In certain cases, the Group may also consider a financial asset to be in default and a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Group will not be able to collect all of the amounts due under the original terms of the transaction. Impaired debts are written off when they are assessed as uncollectible.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined on the first-in, first-out, weighted average or specific identification methods as appropriate. Net realizable value is based on estimated selling prices less estimated costs to be incurred on completion and disposal.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows comprise cash at banks and on hand and short term deposits with an original maturity of generally three months or less, which are subject to an insignificant risk of changes in value and are not restricted as to use.

Financial liabilities at amortized cost

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include accounts payable, other payables, amounts due to related companies, lease liabilities, interest-bearing borrowings, construction payables, construction retentions payable and other current and long-term liabilities, which are subsequently measured at amortized cost, using the EIR method unless the effect of discounting would be immaterial, in which case they are stated at cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Interest-bearing borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost, using the EIR method. Gains and losses are recognized in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay cash flow receipts in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost in the consolidated statement of profit or loss and other comprehensive income.

Pensions and other post-employment benefits

The Group operates a defined contribution retirement benefit scheme (the "Retirement Benefit Scheme"). The Retirement Benefit Scheme allows eligible employees to contribute 5% of their base salary to the Retirement Benefit Scheme and the Group matches the contributions with an equal amount. The Group's matching contributions vest to the employees at 10% per year with full vesting in ten years. On 1 July 2019, the Group offered the option for the eligible Macau resident employees to join the non-mandatory central provident fund (the "CPF") system. Eligible Macau resident employees joining the Group from 1 July 2019 onwards have the option of enrolling in the CPF system while the Group's existing Macau resident employees who are currently members of the Retirement Benefit Scheme will be provided with the option of joining the CPF system or staying within the existing Retirement Benefit Scheme, which will continue to be in effect in parallel. The CPF system allows eligible employees to contribute 5% or more of their base salary to the CPF while the Group matches with a 5% of such salary as employer's contribution to the CPF. Same as the Retirement Benefit Scheme, the Group's matching contributions under the CPF system vest at 10% per year with full vesting in ten years. The assets of both Retirement Benefit Scheme and the CPF are held separately from those of the Group in independently administered funds, and overseen by the Macau government. Forfeitures of unvested contributions are used to reduce the Group's liability for its contributions payable. The contributions are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the Retirement Benefit Scheme and the CPF.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

Employees (including senior executives and directors) of the Group receive remuneration in the form of share-based payments; whereby, employees render services as consideration for equity instruments in the form of common shares or options to purchase common shares of the ultimate parent company, Wynn Resorts, and beginning in September 2009, the Company.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured as the difference between the fair value of the share-based payment transactions and the fair value of any identifiable goods or services received at the grant date. This is then capitalized or expensed as appropriate.

Equity-settled transactions

The cost of equity-settled transactions with employees, for awards granted after 7 November 2002, is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model, further details of which are given in note 22.

The cost of equity-settled transactions is recognized in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in staff costs.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments (continued)

Equity-settled transactions (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognized. When awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled awards are treated equally.

The dilutive effect of outstanding options and non-vested shares are reflected as additional share dilution in the computation of diluted earnings per share.

As disclosed in note 20 to the financial statements, the Group has set up the Trust for the employee ownership scheme, where the Trust purchases Shares issued by the Group and the consideration paid by the Company, including any directly attributable incremental costs, is presented as "Shares held for employee ownership scheme" and deducted from the Group's equity.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group has elected to combine lease and associated non-lease components as a single lease component in its determination of lease payments, except for certain asset classes that have a significant non-lease component. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

a) Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the Group's accounting policy for impairment of non-financial assets in this section.

b) Lease liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

b) Lease liabilities (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Revenue recognition

Revenue from contracts with customers

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

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

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

For casino transactions that include complimentary goods or services provided by the Group to incentivize future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Costs of complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expenses.

Under the Group's loyalty program, customers earn points based on their level of table games and slots play, which can be redeemed for free play, gifts and complimentary goods or services provided by the Group. For casino transactions that include points earned under the Group's loyalty programs, the Group defers a portion of the revenue by recording the estimated standalone selling price of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Group-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Group's loyalty programs, the residual amount is recorded as casino revenue.

The transaction price for rooms, food and beverage, retail and other transactions is based on the net amounts collected from other customers for similar goods and services provided and is recorded as revenue when the goods are provided or services are performed. Advance deposits on rooms are performance obligations that are recorded as customer deposits until services are provided to the customer. Revenues from contracts with multiple goods or services are allocated to each good or service based on its relative standalone selling price.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from other sources

Retail and other revenue primarily includes rental income. The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leases within note 2.2.

Finance revenue is accrued on a time-proportion basis by reference to the principal outstanding and at the applicable interest rates.

Taxes

Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amounts are those that are enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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For the year ended 31 December 2021

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes (continued)

Deferred income tax (continued)

Deferred income tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are only recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognized only to the extent it is probable the temporary differences will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Gaming taxes and premiums

According to the Concession Agreement granted by the Macau government and the relevant legislation, the Group is required to pay a 35% gaming tax on gross gaming win. The Group is also required to pay an additional 4% of gross gaming win as public development and social related contributions. The Group also makes certain variable and fixed payments to the Macau government based on the number of slot machines and table games in operation on a monthly and yearly basis, respectively. These expenses are reported as "gaming taxes and premiums" in the consolidated statement of profit or loss and other comprehensive income.

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2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fine art

The Group's fine art is stated at cost less any impairment losses. Any fine art impairment is assessed based on the CGU to which it belongs. No impairment has been recognized for the years ended 31 December 2021 and 2020.

Fine art is derecognized upon disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognized.

Dividends

Dividends are recognized as a liability when they are approved by the shareholders in a general meeting.

Interim/special dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim/special dividends. Consequently, interim/special dividends are recognized immediately as a liability when they are proposed and declared.

Statutory reserve

In accordance with the provisions of the Macau Commercial Code, WRM and Palo incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. This reserve is not distributable to shareholders.

2.3 IMPACT OF REVISED IFRSs

The Group has adopted the following revised standards for the first-time for the current year's financial statements:

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform — Phase 2</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions</i>

The adoption of these revised standards did not have a material impact on the consolidated financial statements of the Group.

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2.4 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised standards, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021¹</i>
Amendments to IFRS 1 and IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction³</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies³</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates³</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract²</i>
<i>Annual Improvements to IFRS Standards 2018–2020 Cycle</i>	<i>Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41²</i>

1 Effective for annual periods beginning on or after 1 April 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

The revised standards are not expected to have a significant impact on the Group's consolidated financial statements.

2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates may result in outcomes that may require a material adjustment to the carrying amount of the asset or liability affected in the future. Key sources of estimation uncertainty and critical judgments in applying the Group's accounting policies, which have a significant effect on the consolidated financial statements are set out below.

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2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Useful lives of property and equipment

The useful lives of assets are based on management's estimations. Management considers the impact of changes in technology, customer service requirements, availability of capital funding and the required return on assets and equity to determine the optimum useful life expectation for each of the individual categories of property and equipment. The estimations of residual values of assets are also based on management's judgments as to whether the assets will be sold or used to the end of their useful lives and what their condition will be like at that time. Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. Management's periodic reviews on the estimations made could result in changes in depreciable lives and, therefore, depreciation expense in future periods.

Impairment of non-financial assets

Management is required to make judgments concerning the cause, timing and amount of impairments. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that an impairment exists. The Group applies the impairment assessments to its separate CGUs. This requires management to make significant judgments concerning the existence of impairment indicators, identification of separate CGUs' remaining useful lives of assets and estimates of projected cash flows and fair values less costs of disposal. For non-financial assets other than goodwill, management's judgments are also required when assessing whether a previously recognized impairment loss should be reversed. Where impairment indicators exist, the determination of the recoverable amount of a CGU requires management to make assumptions to determine the fair value less costs of disposal and value-in-use. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

Key assumptions on which management has based its determinations of fair values less costs of disposal include the existence of binding sale agreements, and for the determination of values in use include projected revenues, gross margins, and average revenue per asset component, capital expenditures, expected customer base and market share. Management is also required to choose suitable discount rates in order to calculate the present values of those cash flows. Changes in key assumptions on which the recoverable amounts of assets are based could significantly affect the Group's financial condition and results of operations.

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2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Provision for ECLs of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days outstanding for groupings of customers that have shared credit risk characteristics.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with known customer information and forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the gaming sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 13.

Determining the lease term of contracts with renewal and termination options — Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases — Estimating the incremental borrowing rate

The interest rate implicit in the lease is not readily determinable, therefore, the Group uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

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2.5 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the year ended 31 December 2021, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments.

Fair value estimation — Black-Scholes pricing model

The Group uses the Black-Scholes pricing model to value Wynn Resorts, Limited's and Wynn Macau, Limited's grants of options. The Black-Scholes pricing model uses assumptions of expected volatility, risk-free interest rates, the expected terms of options granted, and expected rates of dividends. Changes in these assumptions could materially affect the estimated fair values. Expected volatility is based on implied and historical factors related to Wynn Resorts, Limited's and Wynn Macau, Limited's common stock. Expected term represents the weighted average time between the option's grant date and its exercise date. The risk-free interest rate used is equal to the U.S. Treasury yield curve and the Hong Kong Exchange Fund Bills for the WRL Omnibus Plan and Wynn Macau, Limited's share option schemes, respectively, at the time of grant for the period equal to the expected term.

Income taxes

Income taxes represent the sum of income taxes currently payable and any deferred taxes. The calculation of deferred income taxes and any associated tax reserve is subject to a significant amount of judgment. The Group's income tax returns may be examined by governmental authorities. Accordingly, the Group reviews any potentially unfavorable tax outcome and, when an unfavorable outcome is identified as probable and can be reasonably estimated, a tax reserve is established.

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3. OTHER REVENUES AND EXPENSES

3.1 Staff costs

	For the year ended 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Wages and salaries	3,459,880	3,611,453
Expense of share-based payments	224,257	162,707
Retirement plan contributions	134,053	151,193
Employee relations and training	16,015	20,808
Social security costs	8,607	9,448
Other costs and benefits	291,589	275,184
	4,134,401	4,230,793

3.2 Other operating expenses

	For the year ended 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
License fees	385,171	309,445
Advertising and promotions	362,729	155,907
Repairs and maintenance	355,967	336,820
Utilities and fuel	293,619	267,443
Cost of sales	276,715	261,743
Operating supplies and equipment	218,921	179,306
Provision for credit losses, net	184,968	237,560
Contracted services	163,424	152,809
Corporate support services and other	44,027	46,194
Other support services	40,859	37,161
Auditor's remuneration	7,812	7,879
Short-term leases expenses	2,006	1,381
Other expenses	313,677	255,886
	2,649,895	2,249,534

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3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.3 Depreciation

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Depreciation of property and equipment	2,460,494	2,690,855
Depreciation of right-of-use assets	164,476	224,568
	2,624,970	2,915,423

For the year ended 31 December 2020, depreciation expense of property and depreciation expense of right-of-use assets of approximately HK\$750,000 and HK\$140,000, respectively, were excluded from the table above and were classified as staff costs and included in other costs and benefits in note 3.1 to the financial statements. Such amounts are related to a home purchased by WRM for the use by one of the Group's executives as described in note 26 to the financial statements.

3.4 Property charges and other

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Provision for litigation and others	62,024	—
Loss on disposals and abandonment of assets, net	42,388	211,804
Gain on lease contracts termination	—	(25,603)
	104,412	186,201

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3. OTHER REVENUES AND EXPENSES (CONTINUED)

3.5 Finance revenues

	For the year ended 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Interest income from cash at banks	19,857	84,828

3.6 Finance costs

	For the year ended 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Interest expense	2,218,666	1,807,787
Amortization of debt financing costs and premiums	90,759	117,956
Bank fees for unused facilities	21,413	5,952
Interest expense on lease liabilities	10,759	20,753
	2,341,597	1,952,448

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4. INCOME TAX EXPENSE

The major components of the income tax expense for the years ended 31 December 2021 and 2020 were:

	For the year ended 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Income tax expense:		
Current — overseas	12,427	12,427

No provision for Hong Kong profits tax for the year ended 31 December 2021 has been made as there was no assessable profit generated in Hong Kong (2020: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (2020: 12%).

The tax position for the years ended 31 December 2021 and 2020 reconciles to loss before tax as follows:

	For the year ended 31 December			
	2021		2020	
	HK\$	%	HK\$	%
	(in thousands, except for percentages)			
Loss before tax	(5,166,868)		(7,204,445)	
Tax at the applicable income tax rate	(620,024)	12.0	(864,533)	12.0
Income not subject to tax	—	0.0	(66,388)	0.9
Gaming loss not deductible	70,983	(1.4)	359,559	(5.0)
Macau dividend tax	12,427	(0.2)	12,427	(0.2)
Deferred tax not recognized	267,172	(5.2)	376,255	(5.2)
Others	281,869	(5.4)	195,107	(2.7)
Effective tax expense for the year	12,427	(0.2)	12,427	(0.2)

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4. INCOME TAX EXPENSE (CONTINUED)

The Group incurred Macau tax losses of approximately HK\$1.85 billion, HK\$2.38 billion and HK\$1.83 billion during the tax years ended 31 December 2021, 2020 and 2019, respectively. These tax losses will expire in 2024, 2023 and 2022, respectively. As at 31 December 2021, the Group's deferred tax assets relating to the pre-opening costs and other, University of Macau Development Foundation contribution, share-based payment plan, executive compensation, fixed assets, tax loss carryforwards and others amounting to HK\$1.30 billion (2020: HK\$1.35 billion) were not recognized as the Group determined it was not probable that future taxable profits will be available against which the deferred tax assets could be utilized.

On 15 October 2015, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective through 31 December 2020. In April 2020, WRM received an extension of the exemption through 26 June 2022, the date on which the Concession Agreement expires. For the year ended 31 December 2021, the Group did not have any casino gaming profits which would otherwise have been exempted from the Macau's 12% Complementary Tax (2020: nil). The Group's non-gaming profits remain subject to the Macau's 12% Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement.

In August 2016, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for annual payments of MOP12.8 million (approximately HK\$12.4 million) to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits for each of the years 2016 through 2020. In March 2021, an extension was granted with a payment of MOP12.8 million (approximately HK\$12.4 million) for year 2021 and MOP6.3 million (approximately HK\$6.1 million) for the period ending 26 June 2022, the date on which the Concession Agreement expires.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2017 to 2020 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administrative Region (the "Financial Services Bureau"). In January 2020, the Financial Services Bureau commenced examination of Palo's 2015 and 2016 Macau Complementary Tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for Palo for the years 2015 and 2016 and the examination resulted in no change to the tax returns. In July 2020, the Financial Services Bureau issued final tax assessments for WRM for the years 2015 and 2016, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In March 2021, Palo received final tax assessments from the Financial Services Bureau for the years 2017 and 2018 and there is no change to the tax returns. In January 2022, the Financial Services Bureau issued final tax assessments for WRM for the years 2017 and 2018, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In March 2022, the Financial Services Bureau commenced examination of Palo's 2019 and 2020 Macau Complementary Tax returns.

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4. INCOME TAX EXPENSE (CONTINUED)

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

The Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. As at 31 December 2021, the Group had unrecognized tax losses of HK\$6.06 billion (2020: HK\$6.88 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authority. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

5. DIVIDEND

No dividend was declared for the year ended 31 December 2021 (2020: nil).

6. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per Share for the year ended 31 December 2021 is based on the consolidated net loss attributable to owners of the Company and on the weighted average number of Shares in issue of 5,191,307,258 during the year (2020: 5,185,949,947), excluding Shares issued, purchased and reserved for the Company's employee ownership scheme. No Shares (2020: nil) were purchased and reserved and 8,943,000 Shares (2020: 180,000) were issued and reserved for the Company's employee ownership scheme during the year. 4,934,549 of awarded non-vested shares vested under the Company's employee ownership scheme during the year. The Company also awarded 1,115,309 immediate vested Shares during the year.

No adjustment had been made to the basic loss per Share amount presented for the year ended 31 December 2021 and 2020 in respect of a dilution as the impact of the share options and vesting of awards had an anti-dilutive effect on the basic loss per Share amount presented.

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7. SEGMENT INFORMATION

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

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Wynn Palace:		
Casino	5,267,310	2,861,588
Rooms	536,350	358,029
Food and beverage	372,902	335,262
Retail and other	684,634	371,223
Wynn Macau:		
Casino	3,706,170	2,677,108
Rooms	392,367	303,596
Food and beverage	252,005	256,790
Retail and other	513,688	448,816
Total operating revenues	11,725,426	7,612,412

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7. SEGMENT INFORMATION (CONTINUED)

	Notes	For the year ended 31 December	
		2021 HK\$	2020 HK\$
		(in thousands)	
Adjusted EBITDA			
Wynn Palace		502,460	(1,274,060)
Wynn Macau		(118,660)	(789,776)
		383,800	(2,063,836)
Other operating costs and expenses			
Depreciation	3.3	2,624,970	2,915,423
Pre-opening costs		6,969	11,108
Property charges and other	3.4	104,412	186,201
Share-based payments	3.1	224,257	162,707
Wynn Macau, Limited corporate expenses		74,641	59,319
Operating loss		(2,651,449)	(5,398,594)
Non-operating income and expenses			
Finance revenues	3.5	19,857	84,828
Finance costs	3.6	(2,341,597)	(1,952,448)
Net foreign currency differences		(175,677)	97,784
Loss on extinguishment of debt		(18,002)	(36,015)
Loss before tax		(5,166,868)	(7,204,445)
Income tax expense	4	12,427	12,427
Net loss attributable to owners of the Company		(5,179,295)	(7,216,872)

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7. SEGMENT INFORMATION (CONTINUED)

	For the year ended 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Capital expenditures		
Wynn Palace	274,426	378,228
Wynn Macau	201,596	370,920
Total	476,022	749,148

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Total assets		
Wynn Palace	24,335,693	26,295,571
Wynn Macau	8,478,839	9,745,737
Other Macau	9,082,465	15,614,884
Total	41,896,997	51,656,192

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Non-current assets		
Macau	29,155,554	31,197,709
Foreign countries	413	4,172
Total	29,155,967	31,201,881

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8. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

A summary of the property and equipment and construction in progress is set forth below.

	Buildings and Improvements HK\$	Furniture, Fixtures and Equipment HK\$	Leasehold Improvements HK\$ (in thousands)	Construction in Progress HK\$	Total Property and Equipment and Construction in Progress HK\$
Cost:					
As at 1 January 2020	39,435,000	6,214,045	28,671	672,098	46,349,814
Additions	31,587	48,890	1,891	472,301	554,669
Transfers	472,115	(14,834)	84	(457,365)	—
Adjustment to project costs	18,771	2,200	—	37	21,008
Abandonments/disposals	(97,169)	(48,612)	(3,614)	(183,441)	(332,836)
As at 31 December 2020 and 1 January 2021	39,860,304	6,201,689	27,032	503,630	46,592,655
Additions	19,960	25,650	—	387,461	433,071
Transfers	245,778	46,254	—	(292,032)	—
Adjustment to project costs	(2,311)	3,458	—	22	1,169
Abandonments/disposals	(98,908)	(75,712)	(427)	(16,663)	(191,710)
As at 31 December 2021	40,024,823	6,201,339	26,605	582,418	46,835,185
Depreciation:					
As at 1 January 2020	10,924,574	4,512,975	26,337	—	15,463,886
Depreciation charged for the year	1,910,487	779,912	1,206	—	2,691,605
Abandonments/disposals	(78,476)	(43,008)	(1,990)	—	(123,474)
As at 31 December 2020 and 1 January 2021	12,756,585	5,249,879	25,553	—	18,032,017
Depreciation charged for the year	1,912,216	547,722	556	—	2,460,494
Abandonments/disposals	(69,338)	(73,716)	(427)	—	(143,481)
As at 31 December 2021	14,599,463	5,723,885	25,682	—	20,349,030
Net carrying amount:					
As at 31 December 2021	25,425,360	477,454	923	582,418	26,486,155
As at 31 December 2020	27,103,719	951,810	1,479	503,630	28,560,638
As at 1 January 2020	28,510,426	1,701,070	2,334	672,098	30,885,928

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9. RIGHT-OF-USE ASSETS

(a) Lessee arrangements

The Group has entered into leases primarily for warehouse facilities, certain office equipment, shuttle buses for guests and an apartment unit for an executive in Macau. These leases typically contain renewal or continuation clauses.

In addition to the leases described above, the Group has the leasing rights for approximately 51 acres of the Cotai Land where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located. Both pieces of leased land are under land concession contracts each with terms of 25 years from May 2012 and August 2004, respectively. Land concessions in Macau are generally renewable for additional periods, subject to applicable legislation.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the year:

	Land HK\$	Buildings HK\$	Fixtures and Equipment HK\$ (in thousands)	Vehicles HK\$	Total Right-of-use Assets HK\$
As at 1 January 2020	1,609,545	346,522	43,723	19,654	2,019,444
Additions	—	41,775	22,803	—	64,578
Terminations	—	(198,572)	(5,178)	(1,025)	(204,775)
Depreciation of right-of-use assets	(104,222)	(100,379)	(17,827)	(5,182)	(227,610)
As at 31 December 2020 and 1 January 2021	1,505,323	89,346	43,521	13,447	1,651,637
Additions	—	12,088	—	—	12,088
Terminations	—	(997)	—	—	(997)
Depreciation of right-of-use assets	(104,222)	(49,342)	(10,043)	(3,989)	(167,596)
As at 31 December 2021	1,401,101	51,095	33,478	9,458	1,495,132

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9. RIGHT-OF-USE ASSETS (CONTINUED)

(b) Lessor arrangements

The Group has entered into leases for space with many high-end retailers which represent approximately 105,000 and 59,000 square feet of space at Wynn Palace and Wynn Macau, respectively. The lease arrangements generally include minimum base rent and contingent rental clauses based on a percentage of net sales. Generally, the terms of the leases range between three and five years. The Group records revenue on a straight-line basis over the term of the lease, and recognizes revenue for contingent rentals when the contingency has been resolved.

The following table sets out the minimum and contingent rental income for the year:

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Contingent rental income	595,082	390,043
Minimum rental income	535,591	341,743
	1,130,673	731,786

Future minimum rents to be received as at 31 December 2021 and 2020 were as follows:

	As at 31 December	
	2021	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Within one year	666,481	511,139
After one year but within two years	553,226	463,898
After two years but within three years	485,389	341,379
After three years but within four years	370,208	274,876
After four years but within five years	120,195	162,176
After five years	17,443	24,918
	2,212,942	1,778,386

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10. GOODWILL

In September 2004, the Group acquired all of the 17.5% indirect ownership interests in WRM held by third parties, in exchange for 1,333,333 shares of Wynn Resorts, Limited's common stock. As a result of the acquisition, WRM became an indirectly wholly-owned subsidiary of the Group.

In accordance with the Group's accounting policy for the acquisition of non-controlling interests, the assets and liabilities of WRM were not restated to reflect their fair values at the date of the acquisition. The difference between the purchase price and the non-controlling interests' share of the assets and liabilities reflected within the consolidated statement of financial position of HK\$398.3 million at the date of the acquisition was recorded as goodwill.

The recoverable amount of a CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated weighted average growth rate of 3% that is determined based on past performance and expectations for market development. The weighted average growth rate used is consistent with the forecasts used in the industry. The discount rate applied to the cash flow projections is 7.02% (2020: 7.29%). The discount rate used is pre-tax and reflects specific risks relating to the Group.

During the year ended 31 December 2021, there was no impairment of goodwill with indefinite useful lives (2020: nil).

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11. OTHER NON-CURRENT ASSETS

Other non-current assets consisted of the following as at 31 December 2021 and 2020:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Fine art	386,468	386,468
Deposits and others	255,728	62,977
China, glass, silverware and others	119,699	121,767
Memberships	1,020	1,020
	762,915	572,232

12. INVENTORIES

Inventories consisted of the following as at 31 December 2021 and 2020:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Operating supplies	204,600	212,185
Food and beverage	86,231	66,055
Retail merchandise	5,334	8,568
	296,165	286,808

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13. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 31 December 2021 and 2020:

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Casino	665,261	804,830
Retail leases	116,268	242,350
Hotel	10,694	4,629
Trade receivables	792,223	1,051,809
Other receivables	206,429	326,926
Less: allowance for credit losses	(500,208)	(331,715)
Total trade and other receivables, net	498,444	1,047,020

An aged analysis of trade receivables is as follows:

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Within 30 days	114,634	167,125
31 to 90 days	59,048	218,844
91 to 365 days	246,734	257,782
Over 365 days	371,807	408,058
Trade receivables	792,223	1,051,809
Other receivables	206,429	326,926
Less: allowance for credit losses	(500,208)	(331,715)
Total trade and other receivables, net	498,444	1,047,020

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13. TRADE AND OTHER RECEIVABLES (CONTINUED)

The advanced commissions included in the trade and other receivables are settled shortly after each month end. As of 31 December 2021, the Group had no agreements in place with gaming promoters. Except for the advanced commissions, the trade and other receivables are generally repayable within 14 days. Movements in the provision for impairment of receivables of the Group, which were collectively impaired, are as follows:

	HK\$
	(In thousands)
As at 1 January 2020	93,324
Charge for the year, net	237,560
Reversal of amounts written off, net	831
As at 31 December 2020 and 1 January 2021	331,715
Charge for the year, net	184,968
Amounts written off, net	(16,475)
As at 31 December 2021	500,208

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 30 days	31 to 90 days	91 to 365 days	Over 365 days	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
	(in thousands, except for percentages)				
As at 31 December 2021					
Gross trade receivables	114,634	59,048	246,734	371,807	792,223
Provision for impairment	(1,313)	(405)	(204,072)	(294,418)	(500,208)
Expected credit loss rate	1.1%	0.7%	82.7%	79.2%	63.1%
As at 31 December 2020					
Gross trade receivables	167,125	218,844	257,782	408,058	1,051,809
Provision for impairment	(971)	(3,644)	(83,277)	(243,823)	(331,715)
Expected credit loss rate	0.6%	1.7%	32.3%	59.8%	31.5%

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14. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets consisted of the following as at 31 December 2021 and 2020:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Prepayments	68,088	64,794
Deposits	32,962	35,978
	101,050	100,772

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to deposits for which there have been no recent history of defaults.

15. RESTRICTED CASH AND CASH EQUIVALENTS

As at 31 December 2021, the Group had restricted cash and cash equivalents of HK\$3.9 million (2020: HK\$9.5 million) reserved at the Trust to fund the WML employee ownership scheme. The remaining balance of HK\$8.5 million (2020: HK\$8.3 million) represents deposits placed with banks for certain bank guarantees provided for operational purpose.

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16. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as at 31 December 2021 and 2020:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Cash at banks and short-term deposits	10,994,689	18,199,483
Cash on hand	669,411	631,626
	11,664,100	18,831,109

The cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
US\$	9,073,713	17,511,019
HK\$	2,491,853	1,079,211
MOP	87,589	154,689
Singapore dollar	6,626	6,741
Other	4,319	79,449
	11,664,100	18,831,109

Cash deposited at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months generally, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

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17. ACCOUNTS PAYABLE

During 2021 and 2020, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at 31 December 2021 and 2020, based on the invoice dates, is as follows:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Within 30 days	170,937	236,570
31 to 60 days	113,782	90,959
61 to 90 days	51,876	37,119
Over 90 days	57,023	73,824
	393,618	438,472

18. INTEREST-BEARING BORROWINGS

	Notes	As at 31 December	
		2021	2020
		HK\$	HK\$
		(in thousands)	
Bank loans	(a)	10,041,953	12,989,897
Senior notes	(b)	36,650,417	36,437,321
		46,692,370	49,427,218
Unamortized debt financing costs and premiums, net		(155,225)	(227,721)
Total interest-bearing borrowings		46,537,145	49,199,497

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

The borrowings are repayable as follows:

	Notes	As at 31 December	
		2021 HK\$	2020 HK\$
		(in thousands)	
Bank loans:	(a)		
In the next twelve months		—	4,236,095
In the second year		—	8,753,802
In the third to fifth years, inclusive		10,041,953	—
		10,041,953	12,989,897
Unamortized debt financing costs, net		—	(39,226)
		10,041,953	12,950,671
Senior notes:	(b)		
In the third to fifth years, inclusive		12,476,738	4,651,573
After the fifth year		24,173,679	31,785,748
		36,650,417	36,437,321
Unamortized debt financing costs and premiums, net		(155,225)	(188,495)
		36,495,192	36,248,826

Notes:

(a) **Bank loans**

WM Cayman II Revolver, unsecured

On 16 September 2021, WM Cayman II, an indirect wholly owned subsidiary of WML, as borrower and WML as guarantor, entered into a facility agreement with, among others, Bank of China Limited, Macau Branch as agent and a syndicate of lenders, pursuant to which the lenders will make available in an aggregate amount of HK\$11.70 billion equivalent revolving unsecured credit facility consisting of one tranche in an amount of US\$312.5 million (approximately HK\$2.44 billion) and one tranche in an amount of HK\$9.26 billion to WM Cayman II. WM Cayman II has the ability to upsize the total WM Cayman II Revolver by an additional HK\$7.80 billion equivalent under the facility agreement and related agreements upon the satisfaction of various conditions.

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes (continued):

(a) **Bank loans** (continued)

WM Cayman II Revolver, unsecured (continued)

The final maturity of all outstanding loans under the WM Cayman II Revolver is 16 September 2025 (or if 16 September 2025 is not a business day, the next business day in the relevant calendar month), by which time any outstanding borrowings from the WM Cayman II Revolver must be repaid.

Each loan under the revolving facility, consisting of both United States dollar and Hong Kong dollar tranches, will bear interest at LIBOR or HIBOR, as applicable, plus a margin of 2.625% per annum until 30 June 2022, the date from which the margin will be 1.875% to 2.875% per annum based on the leverage ratio of WM Cayman II on a consolidated basis.

Borrowings of HK\$8.48 billion under the WM Cayman II Revolver, along with HK\$1.56 billion of cash, were used to facilitate the prepayment of the outstanding HK\$9.79 billion of borrowings under the Wynn Macau Credit Facilities, and to pay related fees and expenses totaling HK\$236.0 million, which was recorded as debt financing costs within the consolidated statement of financial position. The Group recognized this transaction primarily as a modification of existing debt with the related unamortized debt financing costs reallocated to the WM Cayman II Revolver. For those components of debt that were deemed extinguished, the Group recognized a loss on extinguishment of debt of HK\$6.0 million. As at 31 December 2021, the Group had approximately HK\$1.66 billion in funding available under WM Cayman II Revolver.

The facility agreement contains representations, warranties, covenants and events of default customary for similar financings, including, but not limited to, restrictions on indebtedness to be incurred by WM Cayman II or its group members and restrictions on creating security over the assets of WM Cayman II or by its group members. The facility agreement also requires WM Cayman II to maintain a certain leverage ratio and interest coverage ratio from time to time as provided under the facility agreement. The facility agreement also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers). It is a property mandatory prepayment event under the facility agreement if there is a loss of gaming operation or Concession Agreement by the Group. Customary fees and expenses were paid by WM Cayman II in connection with the facility agreement and related agreements. It is a mandatory prepayment event under the facility agreement if Wynn Resorts, Limited ceases to legally and beneficially own and control, directly or indirectly, more than 50% of the outstanding share capital of WM Cayman II through the Company measured by voting power.

As at 31 December 2021, there was no non-compliance with covenants contained in the WM Cayman II Revolver, and accordingly the outstanding balance was classified as non-current liabilities.

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes (continued):

(a) **Bank loans** (continued)

Wynn Macau Credit Facilities, secured

As at 31 December 2020, the Group's Wynn Macau Credit Facilities consisted of an approximately HK\$9.83 billion equivalent senior secured term loan facility (the "Wynn Macau Term Loan") and an approximately HK\$5.82 billion equivalent senior secured revolving credit facility. The borrower was WRM, an indirect subsidiary of the Company.

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

During 2020, the Group prepaid HK\$7.28 billion equivalent, excluding contractual amortization payments of HK\$780.5 million equivalent, on the Wynn Macau Term Loan using the proceeds from issuances of WML senior notes and operating cash. In January 2021, the Group prepaid HK\$3.20 billion equivalent of the Wynn Macau Term Loan, and accordingly, has presented that amount as a current liability on the accompanying consolidated statement of financial position as of 31 December 2020.

As discussed above, in September 2021, the Wynn Macau Credit Facilities were prepaid in full along with related financing costs.

(b) **Senior notes**

WML Senior Notes, unsecured

On 20 September 2017, the Company completed the issuance of 4.875% senior notes due 2024 with an aggregate principal amount of US\$600.0 million (approximately HK\$4.68 billion) (the "WML 2024 Notes") and 5.500% senior notes due 2027 with an aggregate principal amount of US\$750.0 million (approximately HK\$5.85 billion) (the "WML 2027 Notes"). The Company used the net proceeds from the WML 2024 Notes and WML 2027 Notes and cash on hand to fund the cost of extinguishing the WML 2021 Notes. Interest on the WML 2024 Notes and WML 2027 Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018. The WML 2024 Notes and WML 2027 Notes, which are listed on the Hong Kong Stock Exchange, mature on 1 October 2024 and 1 October 2027, respectively.

On 17 December 2019, the Company completed the issuance of 5.125% senior notes due 2029 with an aggregate principal amount of US\$1.00 billion (approximately HK\$7.80 billion) (the "WML 2029 Notes"). Interest on the WML 2029 Notes is payable semi-annually in arrears on 15 June and 15 December of each year, beginning on 15 June 2020. The WML 2029 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 December 2029. During 2020, the Company issued US\$1.00 billion (approximately HK\$7.80 billion) of 5.500% senior notes due 2026 (the "WML 2026 Notes") and US\$1.35 billion (approximately HK\$10.53 billion) of 5.625% senior notes due 2028 (the "WML 2028 Notes"). Interest on the WML 2026 Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 January 2021. Interest on the WML 2028 Notes is payable semi-annually in arrears on 26 February and 26 August of each year, beginning on 26 February 2021. The WML 2026 Notes and WML 2028 Notes, which are listed on the Hong Kong Stock Exchange, mature on 15 January 2026 and 26 August 2028, respectively. Certain amounts from the net proceeds were used to facilitate repayments of the Wynn Macau Credit Facilities and the Company expects to use the remaining proceeds for general corporate purposes.

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18. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes (continued):

(b) **Senior notes** (continued)

WML Senior Notes, unsecured (continued)

The WML Senior Notes are WML's general unsecured obligations and rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness, will rank senior to all of WML's future subordinated indebtedness, if any; will be effectively subordinated to all of WML's future secured indebtedness to the extent of the value of the assets securing such debt; and will be structurally subordinated to all existing and future obligations of WML's subsidiaries, including the WM Cayman II Revolver.

The WML Senior Notes indentures contain covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with another company; transfer or sell all or substantially all of its properties or assets; and lease all or substantially all of its properties or assets. The WML Senior Notes indentures also contain customary events of default. In the case of an event of default arising from certain events of bankruptcy or insolvency, all WML Senior Notes then outstanding will become due and payable immediately without further action or notice.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same manner and scope as it does on the date on which each of the WML Senior Notes are issued, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML Senior Notes will have the right to require the Company to repurchase all or any part of such holder's WML Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

If the Company undergoes a Change of Control (as defined in the WML Senior Notes indentures), it must offer to repurchase the WML Senior Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the indentures of the WML 2024 Notes and WML 2027 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the direct or indirect owner of more than 50% of the outstanding voting stock of WRL and the first day on which a majority of the members of the Board are not continuing directors. Under the indentures of the WML 2026 Notes, WML 2028 Notes and WML 2029 Notes, respectively, the circumstances that will constitute a Change of Control include, among others, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests.

As at 31 December 2021, there was no non-compliance with covenants contained in the WML Senior Notes indentures, and accordingly the outstanding balance was classified as non-current liabilities.

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19. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following:

	As at 31 December		As at 1 January
	2021	2020	2020
	HK\$	HK\$	HK\$
	(in thousands)		
Current:			
Customer deposits ⁽¹⁾	1,948,882	2,236,167	1,833,253
Gaming taxes payable	472,740	460,450	1,227,614
Outstanding chip liabilities ⁽²⁾	293,690	1,939,193	3,478,348
Loyalty program and related liabilities ⁽³⁾	96,063	86,209	86,781
Donation payable	81,872	89,586	83,249
Other gaming-related liabilities ⁽⁴⁾	5,300	5,368	18,271
Others	1,386,928	1,322,334	1,042,308
	4,285,475	6,139,307	7,769,824
Non-current:			
Donation payable	—	70,157	144,297
Total	4,285,475	6,209,464	7,914,121

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

- (1) Customer deposits include casino front money deposits and advance room and other deposits. Casino front money deposits represent funds deposited by customers before gaming play occurs. Such amounts may be recognized as revenue or will be redeemed for cash in the future. The advance room and other deposits represent cash received in advance for goods and services to be provided in the future. These amounts will be recognized as revenue when the goods and services are provided. Decreases in this balance generally represent the recognition of revenue and increases in the balance represent additional deposits made by customers. The deposits are expected to be primarily recognized as revenue within one year.

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19. OTHER PAYABLES AND ACCRUALS (CONTINUED)

- (2) Outstanding chips generally represent amounts owed to gaming promoters and customers for chips in their possession. The amounts may be recognized as revenue or will be redeemed for cash in the future. As of 31 December 2021, the Group had no agreements in place with gaming promoters.
- (3) Loyalty program and related liabilities represent the deferral of revenue until the loyalty points or other complementaries are redeemed. The amounts are expected to be recognized as revenue within one year from being earned by customers.
- (4) Other gaming-related liabilities generally represent unpaid wagers primarily in the form of unredeemed slot tickets.

20. ISSUED CAPITAL AND SHARES HELD FOR EMPLOYEE OWNERSHIP SCHEME

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Authorized:		
20,000,000,000 Shares of HK\$0.001 each	20,000	20,000
Issued and fully paid:		
5,206,131,600 (2020: 5,197,188,600) Shares of HK\$0.001 each	5,206	5,197

As at 31 December 2021, the total number of issued Shares included 8,943,000 Shares (2020: nil) issued and held under the employee ownership scheme (note 22).

During the year ended 31 December 2021 and 2020, nil Shares were acquired by the Trust.

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21. SHARE PREMIUM ACCOUNT AND RESERVES

The Group's share premium account mainly includes the amounts transferred from the share option reserve upon vesting of share awards under the employee ownership scheme. It also includes the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group Reorganization prior to the Listing of the Company's Shares, over the nominal value of the Company's Shares issued in exchange with adjustments arising from the Group Reorganization.

The amount of the Group's deficit and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 122 of the financial statements.

In accordance with the provisions of the Macau Commercial Code, WRM and Palo incorporated in Macau are required to transfer a minimum of 10% of their annual net profit to a legal reserve until that reserve equals 25% of their issued capital. WRM and Palo met this statutory requirement and WRM continues to maintain the required reserve of HK\$48.6 million in "statutory reserve". This reserve is not distributable to the respective shareholders.

22. SHARE-BASED PAYMENT PLAN

The Company's share option schemes

The Company adopted a share option scheme on 16 September 2009 until it was terminated upon the Company's adoption of a new share option scheme on 30 May 2019 for a period of 10 years (the "WML Share Option Scheme"). The maximum number of Shares which may be issued pursuant to the WML Share Option Scheme is 519,695,860 Shares. The purpose of the share option schemes is to reward participants, which may include Directors and employees of the Group, who have contributed to the Group and to encourage them to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The options granted under the share option schemes do not give immediate ownership of the underlying Shares as they require payment of an exercise price which must be higher than the then prevailing market price of the Shares on the date of the options granted. Subsequent to 31 December 2021 and up to the date of approval of these financial statements, no share options were granted under the WML Share Option Scheme.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's share option schemes (continued)

The following share options were outstanding under the Company's share option schemes during the year:

	Number of options	Weighted average exercise price (HK\$)	Weighted average exercise term (Years)
Outstanding as at 1 January 2020	11,013,400	19.51	6.9
Granted during the year	8,895,000	16.76	9.5
Exercised during the year	(50,000)	10.92	—
Outstanding as at 31 December 2020 and 1 January 2021	19,858,400	18.30	7.5
Granted during the year	9,065,000	6.92	9.9
Lapsed during the year	(400,000)	25.96	—
Outstanding as at 31 December 2021	28,523,400	14.58	7.7
Options exercisable as at 31 December 2021	10,030,200	18.62	5.3
Options exercisable as at 31 December 2020	7,033,400	19.65	5.0

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's share option schemes (continued)

The weighted average fair value of the share options granted during the year was estimated at HK\$2.06 per option (2020: HK\$4.19 per option) based on the Black-Scholes pricing model. The following table lists the assumptions used in estimating the fair values of the share options on the date of grant.

	2021	2020
Expected dividend yield	2.9%	4.7%
Expected stock price volatility	46.4%	42.6%
Risk-free interest rate	1.1%	1.0%
Expected average life of options (years)	6.5	6.5
Share price on the date of grant (HK\$ per Share)	6.36	16.76
Exercise price (HK\$ per Share)	6.92	16.76

Changes in subjective assumptions could materially affect the fair value estimate.

The Company's employee ownership scheme

On 30 June 2014, the Company approved and adopted the employee ownership scheme. The employee ownership scheme allows for the grant of Awards to eligible employees. The employee ownership scheme is administered by the Company's Board of Directors and has been mandated under the plan to allot, issue and procure the transfer of a maximum of 50,000,000 Shares. In May 2020, an ordinary resolution was passed at the Company's annual general meeting to increase the scheme limit under the employee ownership scheme from 50,000,000 Shares to 75,000,000 Shares. The Board of Directors has discretion on the vesting and service requirements, exercise price and other conditions, subject to certain limits. The fair value of the awarded non-vested Shares was calculated based on the market prices of the Company's Shares at the respective grant dates.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

The Company's employee ownership scheme (continued)

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2020	9,666,163	18.34
Granted during the year	6,900,759	14.36
Vested during the year	(4,526,175)	12.96
Forfeited during the year	(1,161,969)	19.28
Non-vested as at 31 December 2020 and 1 January 2021	10,878,778	17.95
Granted during the year	5,368,849	12.18
Vested during the year	(4,934,549)	16.09
Forfeited during the year	(1,288,341)	15.55
Non-vested as at 31 December 2021	10,024,737	16.09

During the year ended 31 December 2021, the Company awarded 1,115,309 immediate vested Shares (2020: nil) to Eligible Persons under the employee ownership scheme. The fair value per share at grant date was HK\$12.14.

Subsequent to 31 December 2021 and up to the date of approval of these financial statements, the Company awarded 123,000 non-vested Shares to Eligible Persons under the employee ownership scheme.

WRL Omnibus Plan

On 16 May 2014, Wynn Resorts, Limited adopted the Wynn Resorts, Limited 2014 omnibus incentive plan (the "WRL Omnibus Plan") after approval from its stockholders, which was adopted for a period of 10 years. The WRL Omnibus Plan allows for the grant of stock options, restricted stock, restricted stock units, stock appreciation rights, performance awards and other share-based awards to eligible participants. WRL reserved 4,409,390 shares of its common stock for issuance under the WRL Omnibus Plan. On 25 June 2020, the Wynn Resorts' shareholders approved an amendment to the WRL Omnibus Plan that increases the shares authorized for issuance by 1,500,000 shares, for an aggregate number of shares authorized for issuance to 5,909,390 shares. As at the date of approval of these financial statements, Wynn Resorts had an aggregate of 2,663,817 shares of its common stock available for grant as share-based awards under the WRL Omnibus Plan.

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22. SHARE-BASED PAYMENT PLAN (CONTINUED)

WRL Omnibus Plan (continued)

Non-vested shares for the Group

A summary of the status of the WRL Omnibus Plan's non-vested shares as at 31 December 2021 and 2020 and the changes during the years then ended as it relates to the Group is set out below:

	Number of Shares	Weighted Average Grant Date Fair Value (HK\$)
Non-vested as at 1 January 2020	171,937	1,021.06
Granted during the year	192,680	808.88
Vested during the year	(80,616)	692.38
Forfeited during the year	(63,367)	1,192.02
Transferred during the year	432	959.54
Non-vested as at 31 December 2020 and 1 January 2021	221,066	903.25
Granted during the year	56,457	842.41
Vested during the year	(87,087)	882.76
Forfeited during the year	(10,000)	1,001.10
Transferred during the year	(265)	915.36
Non-vested as at 31 December 2021	180,171	895.13

23. PENSIONS AND OTHER POST-EMPLOYMENT BENEFIT PLANS

The Group recorded an expense for matching contributions of approximately HK\$134.1 million for the year ended 31 December 2021 (2020: HK\$151.2 million). Forfeited unvested contributions totaling HK\$20.9 million (2020: HK\$11.5 million) were utilized during the year, leaving HK\$1.6 million (2020: HK\$3.8 million) available as at 31 December 2021 to reduce the contributions in the future. As at 31 December 2021, contributions of approximately HK\$25.8 million (2020: HK\$25.8 million) due had not been paid. The amounts were paid subsequent to the end of the reporting period.

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's emoluments

Directors' and chief executive's emoluments for the years ended 31 December 2021 and 2020 disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c), and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Share-based payments	135,634	120,096
Discretionary bonus	25,702	10,252
Salaries	23,083	12,202
Fees	5,375	5,375
Contributions to retirement plan	625	680
Other	1,635	1,975
Total emoluments	192,054	150,580

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

	Fees HK\$	Salaries HK\$	Discretionary Bonus HK\$	Share-based Payments HK\$ (in thousands)	Contributions to Retirement Plan HK\$	Other HK\$	Total HK\$
2021							
Executive Directors:							
Matthew O. Maddox ⁽¹⁾⁽²⁾	—	—	—	—	—	—	—
Linda Chen	—	11,298	12,056	58,814	1	122	82,291
Ian Michael Coughlan	—	11,785	13,646	59,303	624	1,513	86,871
Non-executive Director:							
Craig S. Billings ⁽³⁾⁽⁴⁾	—	—	—	—	—	—	—
Independent non-executive Directors:							
Lam Kin Fung Jeffrey	1,050	—	—	2,658	—	—	3,708
Bruce Rockowitz	1,075	—	—	2,658	—	—	3,733
Nicholas Sallnow-Smith	1,325	—	—	2,658	—	—	3,983
Allan Zeman	1,075	—	—	7,173	—	—	8,248
Leah Dawn Xiaowei Ye	850	—	—	2,370	—	—	3,220
	5,375	23,083	25,702	135,634	625	1,635	192,054
2020							
Executive Directors:							
Matthew O. Maddox ⁽²⁾	—	—	—	—	—	—	—
Linda Chen	—	3,890	4,825	56,270	1	137	65,123
Ian Michael Coughlan	—	8,312	5,427	48,535	679	1,838	64,791
Non-executive Director:							
Craig S. Billings ⁽⁴⁾	—	—	—	—	—	—	—
Independent non-executive Directors:							
Lam Kin Fung Jeffrey	1,050	—	—	2,433	—	—	3,483
Bruce Rockowitz	1,075	—	—	2,433	—	—	3,508
Nicholas Sallnow-Smith	1,325	—	—	2,433	—	—	3,758
Allan Zeman	1,075	—	—	6,101	—	—	7,176
Leah Dawn Xiaowei Ye	850	—	—	1,891	—	—	2,741
	5,375	12,202	10,252	120,096	680	1,975	150,580

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Directors' and chief executive's emoluments (continued)

Notes:

- (1) Mr. Matthew O. Maddox was re-designated from an executive Director to a non-executive Director and resigned as Chief Executive Officer of the Company, with effect from 1 February 2022. Mr. Matthew O. Maddox's appointment as a non-executive Director of the Company will end on 31 December 2022.
- (2) In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Matthew O. Maddox was charged to the Group, through the corporate allocation agreement, amounting to HK\$15.3 million for the year ended 31 December 2021 (2020: HK\$17.7 million).
- (3) Mr. Craig S. Billings was re-designated from a non-executive Director to an executive Director and was appointed as Chief Executive Officer of the Company, with effect from 1 February 2022.
- (4) In addition to the directors' emoluments disclosed in the above tables, the emolument for Mr. Craig S. Billings was charged to the Group, through the corporate allocation agreement, amounting to HK\$4.5 million for the year ended 31 December 2021 (2020: HK\$7.9 million).

Five highest paid individuals' emoluments

During the year ended 31 December 2021, the five individuals whose emoluments were the highest in the Group included two (2020: two) Directors whose emoluments were reflected in the analysis presented above. Details of the emoluments payable to the remaining three (2020: three) highest paid individuals for each of the years ended 31 December 2021 and 2020 were as follows:

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Share-based payments	23,256	17,330
Salaries and other benefits	16,903	11,696
Discretionary bonus	14,019	3,480
Contributions to retirement plan	495	334
Total emoluments	54,673	32,840

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24. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Five highest paid individuals' emoluments (continued)

The emoluments were within the following bands:

	For the year ended 31 December	
	2021 Number of Individuals	2020 Number of Individuals
HK\$8,500,001 to HK\$9,000,000	—	1
HK\$9,000,001 to HK\$9,500,000	1	—
HK\$11,500,001 to HK\$12,000,000	—	1
HK\$12,500,001 to HK\$13,000,000	—	1
HK\$20,500,001 to HK\$21,000,000	1	—
HK\$24,500,001 to HK\$25,000,000	1	—
Total	3	3

The emoluments of certain individuals have been apportioned on a basis that is considered to be reasonable estimates of the utilization of services provided or the benefits received by the Group. The apportioned emoluments of these individuals are included in the expense allocations charged by Wynn Resorts, Limited and the Group's fellow subsidiaries for the years ended 31 December 2021 and 2020 (See note 26 "Related Party Disclosures").

During the year, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or in connection with the management of the affairs of any members of the Group. None of the Directors waived any emoluments during the years.

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25. COMMITMENTS AND CONTINGENCIES

Capital commitments

As at 31 December 2021 and 2020, the Group had the following capital commitments under construction contracts, construction-related consulting and other agreements and purchase orders which have not been provided for in the Group's consolidated statement of financial position:

	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Contracted, but not provided for	382,761	140,493

Gaming premium commitment

Pursuant to the Concession Agreement signed with the Macau government, the Group has committed to paying an annual premium of MOP30.0 million (approximately HK\$29.1 million) plus a variable annual premium which is equal to MOP300,000 (approximately HK\$291,000) per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 (approximately HK\$146,000) per gaming table not so reserved and MOP1,000 (approximately HK\$970) per electrical or mechanical gaming machine, including slot machines, subject to an annual minimum of MOP45.0 million (approximately HK\$43.7 million).

Performance guarantee

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300.0 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. The Group is obligated, upon demand by BNU, to promptly repay any claims made on the guarantee by the Macau government. The Group paid an annual fee to BNU of approximately MOP2.3 million (approximately HK\$2.2 million) for the guarantee during 2021.

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other service commitments

The Group has entered into agreements for providing shuttle-bus services for customers and for employees commuting to and from work. The Group has also entered into various agreements for operations and maintenance of hotel and other facilities for both Wynn Palace and Wynn Macau. Under these agreements, the Group was obligated to make the following future payments as at 31 December 2021 and 2020:

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Within one year	270,908	351,515
After one year but not more than five years	314,617	261,563
	585,525	613,078

As at 31 December 2021, the Group was committed to purchases of operating supplies totaling HK\$99.8 million (2020: HK\$80.2 million).

As at 31 December 2021, in addition to the MOP300.0 million (approximately HK\$291.3 million) bank guarantee issued for the Concession Agreement as described above, banks granted guarantees to the Group for other purposes totaling HK\$39.9 million (2020: HK\$39.9 million).

Employment agreements

The Group has entered into employment agreements with several executive officers, other members of management and certain key employees. These agreements generally have three-year terms and typically indicate a base salary and often contain provisions for a discretionary bonus. Certain executives are also entitled to a separation payment if terminated without "cause" or upon voluntary termination of employment for "good reason" following a "change of control" (as these terms are defined in the employment contracts).

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25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The Group did not have any material litigation outstanding as at 31 December 2021. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau litigation related to Dore

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

On 19 November 2021, the Macau Court of Final Appeal issued a final ruling (the "Ruling") with respect to one such lawsuit that WRM was held jointly liable to a plaintiff. Pursuant to the Ruling, WRM was required to pay approximately HK\$9.3 million, inclusive of accumulated interest, to such plaintiff.

We believe most remaining cases are without merit and unfounded and intend to vigorously defend against the remaining claims pleaded against us in these lawsuits. The Group has made estimates for potential litigation costs based upon its assessment of the likely outcome and has recorded provisions for such amounts in the accompanying consolidated financial statements for the year ended 31 December 2021. No assurances can be provided as to the outcome of the pending Dore cases and actual results may differ from these estimates.

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26. RELATED PARTY DISCLOSURES

As at 31 December 2021 and 2020, the outstanding balances between the Group and the related companies were as follows:

Name of related companies	Relation to the Company	As at 31 December	
		2021 HK\$	2020 HK\$
		(in thousands)	
Due from related companies — current			
WIML	Subsidiary of Wynn Resorts, Limited	126,449	132,265
Palo Marketing Services Limited	Subsidiary of Wynn Resorts, Limited	49,558	49,599
Wynn Manpower Limited	Subsidiary of Wynn Resorts, Limited	315	352
Wynn MA, LLC	Subsidiary of Wynn Resorts, Limited	291	274
Palo Manpower Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	251	185
Palo Hong Kong Limited	Subsidiary of Wynn Resorts, Limited	249	184
Harthor Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	183	107
SAC Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	181	107
Lumini Hospitality Services HK Limited	Subsidiary of Wynn Resorts, Limited	181	107
Harthor Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	38	13
SAC Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	13
Lumini Hospitality Services Limited	Subsidiary of Wynn Resorts, Limited	13	13
Wynn Resorts Hotel Marketing and Sales (Asia), LLC	Subsidiary of Wynn Resorts, Limited	3	3
		177,725	183,222

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26. RELATED PARTY DISCLOSURES (CONTINUED)

As at 31 December 2021 and 2020, the outstanding balances between the Group and the related companies were as follows (continued):

Name of related companies	Relation to the Company	As at 31 December	
		2021 HK\$	2020 HK\$
		(in thousands)	
Due to related companies — current			
Wynn Resorts, Limited	Ultimate parent company	40,078	41,763
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	2,978	1,810
Wynn Las Vegas, LLC	Subsidiary of Wynn Resorts, Limited	2,259	1,313
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	810	1,819
		46,125	46,705

The amounts disclosed in the above table are unsecured, interest-free and repayable on demand.

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26. RELATED PARTY DISCLOSURES (CONTINUED)

The Group had the following material related party and connected transactions with related companies during the year:

Name of related companies	Relation to the Company	Primary nature of transactions	For the year ended 31 December	
			2021 HK\$	2020 HK\$
(in thousands)				
Wynn Resorts, Limited	Ultimate parent Company	License fees (i)	385,171	309,445
Wynn Resorts, Limited	Ultimate parent Company	Corporate support services (ii)	44,027	46,194
Wynn Resorts, Limited	Ultimate parent Company	Share-based payment expenses	111,933	80,842
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	38,947	34,498
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	40,116	55,920
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development payroll (v)	18,493	20,581

Except for the share-based payment expenses incurred with Wynn Resorts, Limited, all of the above transactions are noted as continuing connected transactions.

Notes:

(i) **License fees**

The license fees payable to Wynn Resorts, Limited equals the greater of (1) 3% of the gross monthly revenues of the intellectual property, and (2) US\$1.5 million (approximately HK\$11.7 million) per month.

(ii) **Corporate support services**

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services. In any event, the annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts during any financial year.

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26. RELATED PARTY DISCLOSURES (CONTINUED)

Notes (continued):

(iii) **International marketing expenses**

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) **Staff secondment payroll charges**

Worldwide Wynn, a subsidiary of Wynn Resorts, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn is compensated for these services of the seconded employees during the period of secondment to WRM with a service fee equal to its aggregate costs plus 5%.

(v) **Design/development payroll**

Wynn Design & Development provides design and development services to the Group in connection with the construction and renovation works at Wynn Palace, Wynn Macau and Encore. A service fee is charged at the costs incurred by Wynn Design & Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the years ended 31 December 2021 and 2020. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

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26. RELATED PARTY DISCLOSURES (CONTINUED)

Home purchase

In May 2010, Worldwide Wynn entered into an employment agreement with Ms. Linda Chen, who is also a director of the Company. Under the terms of the employment agreement, Worldwide Wynn caused WRM to purchase a house in Macau for use by Ms. Chen. As at 31 December 2021, the net carrying amount of the house together with improvements and its land lease right was HK\$38.1 million (2020: HK\$43.7 million). Ms. Chen has an option to purchase the home for no further consideration at any time before the expiration of this option arrangement.

Compensation of senior/key management personnel of the Group

	For the year ended	
	31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
Share-based payments	143,878	124,142
Salaries, bonuses, allowances and benefits in kind	92,076	47,520
Retirement benefits	1,408	1,374
Total compensation paid to senior/ key management personnel	237,362	173,036

Further details of Directors' emoluments are included in note 24 to the financial statements.

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27. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, deposits, balances with related companies, accounts payable, the current portion of interest-bearing borrowings, construction payables and the current portion of financial liabilities included in other payables and accruals and other liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. The fair value of the lease liabilities is calculated by discounting the expected future cash flows using the Group's incremental borrowing rate. The non-current portion of financial liabilities included in other payables and accruals, other liabilities and construction retentions payable were not discounted as the discounting factors were considered by management to be insignificant.

28. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES

	As at 1 January 2021 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2021 HK\$
	(in thousands)				
Interest-bearing borrowings	49,199,497	(2,972,363)	237,515	72,496	46,537,145
Lease liabilities	273,720	(83,007)	—	23,969	214,682
Interest payable	587,032	(2,260,859)	2,754	2,234,478	563,405
Dividends payable	8,237	(4,023)	—	(575)	3,639
Total liabilities from financing activities	50,068,486	(5,320,252)	240,269	2,330,368	47,318,871

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28. CHANGES IN FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES (CONTINUED)

	As at 1 January 2020 HK\$	Cash flows HK\$	Foreign exchange movement HK\$	Other HK\$	As at 31 December 2020 HK\$
			(in thousands)		
Interest-bearing borrowings	38,594,738	10,638,157	(131,270)	97,872	49,199,497
Lease liabilities	562,794	(128,474)	—	(160,600)	273,720
Interest payable	158,284	(1,374,564)	(1,318)	1,804,630	587,032
Dividends payable	17,895	(8,443)	—	(1,215)	8,237
Total liabilities from financing activities	39,333,711	9,126,676	(132,588)	1,740,687	50,068,486

The "Other" column primarily includes interest expenses incurred during the year, the effect of amortization of debt financing costs and premiums, loss on extinguishment of debt, additions and terminations of lease liabilities and movement in dividends payable during the year.

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities comprise interest-bearing borrowings, lease liabilities, construction payables, construction retentions payable, accounts payable, amounts due to related companies, other payables and other liabilities. The main purpose of these financial liabilities is to finance the Group's construction activities and its operations. The Group has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Interest rate risk

The Group's primary exposure is changes in market interest rates associated with its bank loans that bear interest based on variable rates. The Group attempts by managing the mix of long-term fixed rate borrowings and variable rate borrowings, supplemented by hedging activities as believed by us to be appropriate. These risk management strategies may not always have the desired effect, and interest rate fluctuations could have a negative impact on the results of operations.

As at 31 December 2021, all of the interest-bearing bank loans were variable rate borrowings based on LIBOR or HIBOR plus a margin (2020: same). Based on borrowings as at 31 December 2021, an assumed 100-basis-point change in the variable rates would cause the annual interest expenses, without adjusting for any amounts to be capitalized, to change by HK\$100.4 million (2020: HK\$129.9 million).

Foreign currency risk

The financial statements of foreign operations are translated into Hong Kong dollars, the Company's and the Group's presentation currency, for incorporation into the consolidated financial statements. Some of the Group's activities were denominated in currencies other than the functional currencies of the entities making the activities (primarily US\$). The Hong Kong dollar is linked to the U.S. dollar and the exchange rate between these two currencies has remained relatively stable over the past several years. However, the exchange linkages of the Hong Kong dollar and the Macau pataca, and the Hong Kong dollar and the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

As at 31 December 2021 and 2020, the Group had certain assets and liabilities that were denominated in currencies (primarily US\$) other than Hong Kong dollar. Based on the financial position as at 31 December 2021, an assumed 1% increase or decrease in the value of the Hong Kong dollar against the U.S. dollar would cause the Group to recognize a gain or loss of HK\$302.1 million (2020: HK\$267.6 million).

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Credit risk

Credit risk arises from financial assets of the Group, which comprise trade and other receivables, deposits, amounts due from related companies, cash and cash equivalents and restricted cash and cash equivalents. The Group's exposure to credit risk arises from the potential default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. Exposure at the reporting dates is outlined under each applicable note. The Group does not hold any credit derivatives or collateral to offset its credit exposure.

Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of casino accounts receivable.

The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness. The Group maintains strict controls over the issuance of markers and aggressively pursues collection from those customers who fail to pay their marker balances on a timely basis. These collection efforts may include the mailing of statements and delinquency notices, personal contacts, the use of outside collection agencies, and litigation. Markers are generally legally enforceable instruments in Macau, however, markers are not legally enforceable instruments in some other countries. The collectability of markers given to foreign customers is affected by a number of factors including changes in currency exchange rates and economic conditions in the customers' home countries.

In assessing the allowance for credit losses, the Group applies a simplified approach to measure credit risk. The simplified approach requires the recognition of a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for current and forward-looking factors specific to the debtors and the economic environment.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in note 13 to the financial statements.

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk

The Group measures and monitors its liquidity structure based on the overall assets, liabilities and debt in conjunction with its expected cash flows to ensure the capability to meet any unexpected and material cash requirements in the ordinary course of business. In addition, the Group's bank facilities' governing documents contain capital spending restrictions and other affirmative and negative covenants that require the maintenance of certain financial ratios.

As at 31 December 2021, the estimated fair value for level 2 of the Group's outstanding debt instruments was HK\$43.81 billion (2020: HK\$50.22 billion). The Group did not hold any assets or liabilities measured at fair value for levels 1 and 3 during the years 2021 and 2020. Level 1 fair values are those measured using quoted prices (unadjusted) in active markets for identical financial instruments, level 2 fair values are those measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data and level 3 fair values are those measured using valuation techniques in which any significant input is not based on observable market data.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date as at 31 December 2021 and 2020. The amounts disclosed are based on the contractual undiscounted cash flows of financial liabilities that include principal and interest payments. The maturities are calculated assuming the effect of interest rates with respect to variable rate financial liabilities remains constant as at the respective year ends and there are no changes in the aggregate principal amount of financial liabilities other than repayments at scheduled maturities as reflected in the table below.

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29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (continued)

	Interest rates	Within one year or on demand HK\$	Between one and two years HK\$	Between two and five years HK\$	Over five years HK\$	Total HK\$
(in thousands)						
As at 31 December 2021						
Interest-bearing borrowings	3.78%–5.63%	2,276,776	2,269,943	28,272,314	26,878,731	59,697,764
Lease liabilities	2.30%–5.40%	61,106	51,160	55,636	96,271	264,173
Construction payables and accruals and construction retentions payable		243,496	1,978	—	—	245,474
Accounts payable		393,618	—	—	—	393,618
Amounts due to related companies		46,125	—	—	—	46,125
Other payables		2,367,096	—	—	—	2,367,096
Other liabilities		36,120	17,176	108,662	1,058	163,016
As at 31 December 2020						
Interest-bearing borrowings	2.40%–5.63%	6,484,908	10,818,978	10,301,780	35,993,967	63,599,633
Lease liabilities	2.30%–5.40%	78,827	57,691	88,592	108,642	333,752
Construction payables and accruals and construction retentions payable		295,300	1,182	—	—	296,482
Accounts payable		438,472	—	—	—	438,472
Amounts due to related companies		46,705	—	—	—	46,705
Other payables		4,314,556	77,670	—	—	4,392,226
Other liabilities		85,296	33,438	39,084	35,089	192,907

“Other payables” mainly comprised outstanding chip liabilities, customer deposits, donation payable, and other miscellaneous payables, excluding tax liabilities, incurred as at 31 December 2021 and 2020.

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Notes to Financial Statements

For the year ended 31 December 2021

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it as economic conditions change, i.e., interest rates and equity markets. To maintain a strong capital structure and in response to changes in economic conditions, the Group may modify debt instruments to obtain additional debt financing, and may adjust dividend payments to shareholders as conditions require.

The gearing ratio is a key indicator of the Group's capital structure. The gearing ratio is net debt divided by total capital deficiency plus net debt.

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands, except for percentages)	
Interest-bearing borrowings	46,537,145	49,199,497
Accounts payable	393,618	438,472
Construction payables and accruals and construction retentions payable	245,474	296,482
Other payables and accruals	4,285,475	6,209,464
Amounts due to related companies	46,125	46,705
Other liabilities	184,650	235,847
Lease liabilities	214,682	273,720
Less: cash and cash equivalents	(11,664,100)	(18,831,109)
restricted cash and cash equivalents	(12,373)	(17,817)
Net debt	40,230,696	37,851,261
Deficiency in assets	(10,022,599)	(5,056,422)
Total capital deficiency	(10,022,599)	(5,056,422)
Capital and net debt	30,208,097	32,794,839
Gearing ratio	133.2%	115.4%

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2021

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company is set forth below:

	As at 31 December	
	2021 HK\$	2020 HK\$
	(in thousands)	
Non-current assets		
Financial assets	17,545,413	17,443,398
Investment in a subsidiary	7,845,383	5,031,905
Contribution to Trust	32,053	118,672
Total non-current assets	25,422,849	22,593,975
Current assets		
Prepayments	799	756
Amounts due from related companies	15,678,661	13,529,025
Other receivables	1,528,438	333,584
Cash and cash equivalents	8,824,405	15,593,486
Total current assets	26,032,303	29,456,851
Current liabilities		
Other payables and accruals	587,705	639,768
Amounts due to related companies	384	1,184
Total current liabilities	588,089	640,952
Net current assets	25,444,214	28,815,899
Total assets less current liabilities	50,867,063	51,409,874
Non-current liabilities		
Interest-bearing borrowings	36,495,192	36,248,826
Total non-current liabilities	36,495,192	36,248,826
Net assets	14,371,871	15,161,048
Equity		
Issued capital	5,206	5,197
Share premium account [#]	12,955,096	12,947,716
Reserves	1,411,569	2,208,135
Total equity	14,371,871	15,161,048

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2021

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

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	As at 31 December	
	2021	2020
	HK\$	HK\$
	(in thousands)	
The Company's share premium account	12,955,096	12,947,716
Adjustment arising from the Group Reorganization	(12,561,195)	(12,561,195)
Consolidated share premium account	393,901	386,521

Information about the statement of changes in equity of the Company is set forth below:

	Issued Capital HK\$	Share Premium Account HK\$	Share Option Reserve HK\$ (in thousands)	(Accumulated Losses)/ Retained Earnings HK\$	Total Equity HK\$
As at 1 January 2020	5,197	12,949,728	160,548	(4,894,490)	8,220,983
Net profit and other comprehensive income for the year	—	—	—	6,916,131	6,916,131
Total comprehensive income for the year	—	—	—	6,916,131	6,916,131
Share-based payments	—	—	83,631	—	83,631
Exercise of share options	—	779	(233)	—	546
Vesting of shares issued for the employee ownership scheme	—	(2,791)	(58,667)	—	(61,458)
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	1,215	1,215
As at 31 December 2020 and 1 January 2021	5,197	12,947,716	185,279	2,022,856	15,161,048
Net loss and other comprehensive loss for the year	—	—	—	(820,221)	(820,221)
Total comprehensive loss for the year	—	—	—	(820,221)	(820,221)
Share-based payments	—	—	116,011	—	116,011
Transfer of share option reserve upon expiry of share options	—	—	(2,344)	2,344	—
Vesting of shares issued for the employee ownership scheme	—	7,380	(92,931)	—	(85,551)
Shares issued for the employee ownership scheme	9	—	—	—	9
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	575	575
As at 31 December 2021	5,206	12,955,096	206,015	1,205,554	14,371,871

Financial Statements

Notes to Financial Statements

For the year ended 31 December 2021

30. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

The Company's reserves available for distribution represent the share premium account, share option reserve and accumulated losses/retained earnings. Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and, provided that immediately following the distribution of a dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. Accordingly, the Company's reserves available for distribution to shareholders as at 31 December 2021 amounted to approximately HK\$14.37 billion (2020: HK\$15.16 billion).

31. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified in order to conform with the current year's presentation.

Report on Review of Interim Financial Information



27/F
One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

**To the shareholders of Wynn Macau, Limited
(Incorporated in the Cayman Islands with limited liability)**

INTRODUCTION

We have reviewed the interim financial information set out on pages 85 to 118, which comprises the condensed consolidated statement of financial position of Wynn Macau, Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and 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 this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made 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 Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information 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 Hong Kong 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.

Report on Review of Interim Financial Information

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong

11 August 2022

Interim Financial Information

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	For the Six Months Ended	
		30 June	
		2022	2021
		HK\$	HK\$
		(in thousands,	
		except for per Share amounts)	
		(unaudited)	(unaudited)
Operating revenues			
Casino		2,218,716	5,271,948
Rooms		273,461	512,428
Food and beverage		249,543	321,850
Retail and other		506,564	656,304
		3,248,284	6,762,530
Operating costs and expenses			
Gaming taxes and premiums		1,258,448	2,808,408
Staff costs		1,976,197	2,209,498
Other operating expenses	3	1,022,894	1,243,758
Depreciation		1,134,843	1,401,350
Property charges and other		63,961	37,796
		5,456,343	7,700,810
Operating loss		(2,208,059)	(938,280)
Finance revenues	4	15,555	10,737
Finance costs	5	(1,201,772)	(1,168,314)
Net foreign currency differences		(197,275)	(42,795)
Loss on extinguishment of debt		—	(11,951)
		(1,383,492)	(1,212,323)
Loss before tax		(3,591,551)	(2,150,603)
Income tax expense	6	6,078	6,214
Net loss and total comprehensive loss attributable to owners of the Company		(3,597,629)	(2,156,817)
Basic and diluted loss per Share	7	(0.69)	(0.42)

Interim Financial Information

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
		(in thousands)	
		(unaudited)	(audited)
Non-current assets			
Property and equipment and construction in progress	10	25,561,342	26,486,155
Right-of-use assets		1,420,782	1,495,132
Goodwill		398,345	398,345
Deposits for acquisition of property and equipment		5,303	4,593
Other non-current assets		797,628	762,915
Restricted cash and cash equivalents		8,316	8,827
Total non-current assets		28,191,716	29,155,967
Current assets			
Inventories		278,219	296,165
Trade and other receivables	11	351,526	498,444
Prepayments and other current assets		101,304	101,050
Amounts due from related companies	17	124,483	177,725
Restricted cash and cash equivalents		928	3,546
Cash and cash equivalents		8,688,653	11,664,100
Total current assets		9,545,113	12,741,030
Current liabilities			
Accounts payable	12	281,910	393,618
Lease liabilities		49,728	52,595
Construction payables and accruals		157,006	243,496
Other payables and accruals	13	3,542,139	4,285,475
Amounts due to related companies	17	110,096	46,125
Income tax payables		6,078	12,427
Other current liabilities		52,730	56,780
Total current liabilities		4,199,687	5,090,516
Net current assets		5,345,426	7,650,514
Total assets less current liabilities		33,537,142	36,806,481

Interim Financial Information

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2022 HK\$ (in thousands) (unaudited)	As at 31 December 2021 HK\$ (audited)
Non-current liabilities			
Interest-bearing borrowings	14	46,803,022	46,537,145
Lease liabilities		132,551	162,087
Construction retentions payable		2,412	1,978
Other long-term liabilities		121,783	127,870
Total non-current liabilities		47,059,768	46,829,080
Net liabilities		(13,522,626)	(10,022,599)
Equity			
Deficiency in assets attributable to owners of the Company			
Issued capital		5,229	5,206
Share premium account		412,899	393,901
Shares held for employee ownership scheme		(32)	(31,785)
Deficit		(13,940,722)	(10,389,921)
Total deficiency in assets		(13,522,626)	(10,022,599)

Approved and authorized for issue by the Board on 11 August 2022.

Craig S. Billings
Director

Ian Michael Coughlan
Director

Interim Financial Information

Condensed Consolidated Statement of Changes in Equity

	Attributable To Owners Of The Company								
	Issued Capital HK\$	Share Premium Account HK\$	Shares Held for Employee Ownership Scheme HK\$	Share Option Reserve* HK\$	Other Reserves** HK\$	Statutory Reserve* HK\$	Accumulated Losses* HK\$	Currency Translation Reserve* HK\$	Total Deficiency in Assets HK\$
	(in thousands)								
At 1 January 2022 (audited)	5,206	393,901	(31,785)	966,097	554,740	48,568	(11,975,193)	15,867	(10,022,599)
Net loss and total comprehensive loss for the period	—	—	—	—	—	—	(3,597,629)	—	(3,597,629)
Share-based payments	—	—	—	97,496	—	—	—	—	97,496
Shares issued for the employee ownership scheme	23	—	(23)	—	—	—	—	—	—
Transfer to share premium upon vesting of awards under the employee ownership scheme	—	18,998	31,776	(50,774)	—	—	—	—	—
Transfer of share option reserve upon expiry of share options	—	—	—	(1,831)	—	—	1,831	—	—
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	—	—	—	106	—	106
At 30 June 2022 (unaudited)	5,229	412,899	(32)	1,010,988	554,740	48,568	(15,570,885)	15,867	(13,522,626)
At 1 January 2021 (audited)	5,197	386,521	(117,327)	848,829	554,740	48,568	(6,798,817)	15,867	(5,056,422)
Net loss and total comprehensive loss for the period	—	—	—	—	—	—	(2,156,817)	—	(2,156,817)
Share-based payments	—	—	—	115,577	—	—	—	—	115,577
Shares issued for the employee ownership scheme	9	—	(9)	—	—	—	—	—	—
Transfer to share premium upon vesting of awards under the employee ownership scheme	—	7,917	33,181	(41,098)	—	—	—	—	—
Transfer of share option reserve upon expiry of share options	—	—	—	(2,344)	—	—	2,344	—	—
Returned dividend from forfeited awards under the employee ownership scheme	—	—	—	—	—	—	413	—	413
At 30 June 2021 (unaudited)	5,206	394,438	(84,155)	920,964	554,740	48,568	(8,952,877)	15,867	(7,097,249)

* These reserve accounts comprised the consolidated deficit of HK\$13.94 billion in the condensed consolidated statement of financial position as at 30 June 2022 (31 December 2021: HK\$10.39 billion).

"Other reserves" as at 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022 was composed of HK\$194.3 million of issued capital of WRM and HK\$360.4 million of issued capital of Wynn Resorts International, Ltd.

Interim Financial Information

Condensed Consolidated Statement of Cash Flows

	For the Six Months Ended	
	30 June	
	2022	2021
	HK\$	HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Net cash flows used in operating activities	(1,558,914)	(887,274)
Investing activities		
Purchases of property and equipment and other assets, net of construction payables and accruals and construction retentions payable	(230,915)	(171,840)
Proceeds from sale of property and equipment	230	155
Payment of contract premium and related cost	(46,814)	—
Interest received	12,521	11,281
Decrease/(increase) in restricted cash and cash equivalents	151	(150)
Net cash flows used in investing activities	(264,827)	(160,554)
Financing activities		
Proceeds from borrowings	—	388,641
Repayments of borrowings	—	(3,603,130)
Interest paid	(1,145,967)	(1,146,408)
Decrease in restricted cash and cash equivalents	2,978	4,474
Dividends paid	(2,884)	(3,013)
Payments of debt financing costs	(25,078)	(16,712)
Payments of principal component of lease liabilities	(29,250)	(48,135)
Payments of interest component of lease liabilities	(4,488)	(6,363)
Net cash flows used in financing activities	(1,204,689)	(4,430,646)
Net decrease in cash and cash equivalents	(3,028,430)	(5,478,474)
Cash and cash equivalents as at 1 January	11,664,100	18,831,109
Effect of foreign exchange rate changes, net	52,983	18,637
Cash and cash equivalents as at 30 June	8,688,653	13,371,272

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 4 September 2009. The Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange on 9 October 2009. The Company's registered office address is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, or at such other place as the Directors may from time to time decide.

The Group owns and operates hotel and casino resorts in Macau, namely Wynn Palace and Wynn Macau. WRM conducts gaming activities in our casinos in Macau under a concession contract signed with the Macau government on 24 June 2002. The 20-year concession period commenced on 27 June 2002. On 23 June 2022, WRM and the Macau government entered into a Concession Extension Agreement, pursuant to which the expiration date of WRM's gaming concession was extended from 26 June 2022 to 31 December 2022.

The Group is a party to land concessions for approximately 51 acres of land in the Cotai area of Macau (the "Cotai Land") where Wynn Palace is located and approximately 16 acres of land on the Macau peninsula where Wynn Macau is located for terms of 25 years from May 2012 and August 2004, respectively.

WM Cayman Holdings Limited I owns approximately 72% of the Shares of the Company and approximately 28% of the Shares of the Company is owned by public shareholders. The ultimate parent company of Wynn Macau, Limited is Wynn Resorts, Limited, a publicly-traded company incorporated in the United States of America.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries

The following is a list of subsidiaries of the Company as at 30 June 2022:

Name	Place of Incorporation/ Operation	Principal Activities	Nominal Value of Issued Share/ Registered Capital	Interest Held
WM Cayman Holdings Limited II	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%
Wynn Resorts International, Ltd.	Isle of Man	Investment holding	Ordinary shares — GBP2	100%
Wynn Resorts (Macau) Holdings, Ltd.	Isle of Man	Investment holding	Ordinary shares — Class A shares: GBP343 — Class B shares: GBP657	100%
Wynn Resorts (Macau), Limited	Hong Kong	Investment holding	Ordinary shares — HK\$100	100%
Wynn Resorts (Macau) S.A.	Macau	Operator of hotel casino and related gaming businesses	Share capital — MOP200,100,000	100%**
Palo Real Estate Company Limited	Macau	Development, design and preconstruction activities	Share capital — MOP1,000,000	100%
WML Finance I Limited	Cayman Islands	Entity facilitates lending within the Group	Ordinary shares — US\$1	100%
WML Corp. Ltd.	Cayman Islands	Investment holding	Ordinary shares — US\$1	100%*

* Shares directly held by the Company

** 10% of the shares are held by a Macau-resident investor which entitle the holder to 10% of the voting rights and social rights and the rights to maximum dividend or payment upon dissolution of one MOP. The remaining 90% of the shares held by the Group are entitled to 90% of the voting rights and 100% of the profit participation or economic interest.

None of the subsidiaries had any debt securities outstanding at 30 June 2022 or at any time during the six months ended 30 June 2022.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (continued)

The Company has consolidated certain operating entities within the Group without any legal interests. Due to the implementation of the employee ownership scheme of the Group, the Company has set up a structured entity, Trust. In addition, WRM has set up a charitable foundation in Macau, Wynn Care Foundation, which is a structured entity of the Group. The particulars of the structured entities are as follows:

Structured Entities	Principal Activities
Trust	Administering and holding the Company's Shares acquired for the employee ownership scheme, which is set up for the benefits of eligible persons of the scheme
Charitable foundation	Conducting charitable activities for the benefit of Macau and the PRC

Impact of COVID-19

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 a pandemic on 12 March 2020 (the "COVID-19 Pandemic"). The COVID-19 Pandemic has had and will likely continue to have an adverse effect on the Group's results of operations. Although there have been periods during which certain restrictions and conditions were eased by the Macau government to allow for greater visitation and quarantine-free travel to Macau, adverse and evolving conditions created by and in response to the COVID-19 Pandemic may cause these restrictions and conditions to be reintroduced. For example, in response to an outbreak in Macau which initially commenced in mid-June 2022, the Macau government extended its COVID-19 containment measures, including the closures of casino operations in full as well as all non-essential business as of 11 July 2022, and the closure and the limiting of the opening hours and/or operational capacity of various areas and facilities in Macau. On 23 July 2022, casino operations at Wynn Palace and Wynn Macau resumed on a limited basis, and remain limited at the present time due to severely reduced visitation to Macau as a result of enhanced border controls. On 2 August 2022, the Macau government lifted most of the remaining enhanced COVID-19 restrictions which went into effect in June and July and limited non-gaming operations at Wynn Palace and Wynn Macau began to resume. Certain enhanced COVID-19 specific protective measures remain in effect at the present time with respect to gaming and non-gaming operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of COVID-19 and around the imposition or relaxation of containment measures, management cannot predict whether future closures, in full or in part, will occur in our properties, and cannot reasonably estimate the impact to the Group's future results of operations, cash flows, or financial condition.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Macau gaming concession

On 23 June 2022, WRM and the Macau government entered into a Concession Extension Agreement, pursuant to which the expiration date of WRM's gaming concession was extended from 26 June 2022 to 31 December 2022. Under the Concession Extension Agreement, WRM paid the Macau government MOP47.0 million (approximately HK\$45.6 million) as a contract premium for the extension, and by no later than 23 September 2022 will provide a first demand bank guarantee of not less than MOP1,210.0 million (approximately HK\$1,174.8 million) in favor of the Macau government for securing the fulfillment of its labor liabilities upon the expiration of the Concession Extension Agreement. In order to enable WRM to fulfill the relevant requirements to become eligible to obtain concession extension, each of WRM and Palo (the land concessionaires of Wynn Macau and Wynn Palace, respectively) entered into a letter of undertaking, pursuant to which each of WRM and Palo has undertaken, pursuant to Article 40 of the Macau gaming law and Clause 43 of the Concession Agreement, to revert to the Macau government relevant gaming equipment and gaming areas at Wynn Macau and Wynn Palace, without compensation and free of encumbrance upon the expiration of the Concession Agreement term, as amended by the Concession Extension Agreement. Under the indentures governing the Company's HK\$36.89 billion aggregate principal amount of WML Senior Notes and the facility agreement governing the WM Cayman II Revolver, upon the occurrence of any event after which the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as of the issue date of the respective senior notes or the date of the facility agreement, for a period of 10 consecutive days or more in the case of the WML Senior Notes or a period of 30 consecutive days or more in the case of the WM Cayman II Revolver, and such event has a material adverse effect on the financial condition, business, properties or results of operations of WML and its subsidiaries, taken as a whole, holders of the WML Senior Notes can require the Company to repurchase all or any part of the WML Senior Notes at par, plus any accrued and unpaid interest (the "Special Put Option"), and any amounts owed under the WM Cayman II Revolver may become immediately due and payable (the "Property Mandatory Prepayment Event").

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Macau gaming concession (continued)

In June 2022, the Macau government published the amendments to the Macau gaming law approved by the Macau Legislative Assembly. These amendments include, for example, the awarding of up to six gaming concessions with a term up to ten years with a maximum three-year extension possible, and an increase in the minimum capital requirement applicable to concession holders to MOP5.00 billion (approximately HK\$4.85 billion), an increase in the percentage of the share capital of the concessionaire that must be held by the local managing director to 15% from 10% and a prohibition on revenue sharing arrangements between gaming promoters and concession holders. The Macau government also published the administrative regulations and related documents in relation to a public tender for the awarding of new gaming concessions in July 2022. Upon the publication and entry into force of the revised gaming law, on 23 June 2022, the Group is monitoring developments with respect to the Macau government's public tender process, including the adoption of any additional administrative regulations, instructions, dispatches, and further adaptations to the current legal and regulatory system, and at this time believes that its Concession Agreement will be further extended, renewed or replaced by a new gaming concession agreement beyond 31 December 2022. However, it is possible the Macau government could further change or interpret the associated gaming laws in a manner that could negatively impact the Group. If the Group is unable to further extend or renew its Concession Agreement or obtain a new gaming concession agreement, an election by the WML Senior Notes holders to exercise the Special Put Option and the triggering of the Property Mandatory Prepayment Event would have a material adverse effect on the Group's business, financial condition, results of operations, and cash flows.

2.1 ACCOUNTING POLICIES AND BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange and International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board. The interim financial information does not include all the 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 31 December 2021.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

2.1 ACCOUNTING POLICIES AND BASIS OF PREPARATION (CONTINUED)

As at 30 June 2022, the Group had a deficiency in assets of HK\$13.52 billion, however, the Group had total cash and cash equivalents, excluding restricted cash, of HK\$8.69 billion, and had access to approximately HK\$1.66 billion and approximately HK\$3.92 billion of available borrowing capacity from the WM Cayman II Revolver and the WRL Revolving Loan Facility, respectively. In addition, the Group has undertaken various cost containment initiatives to manage through the current environment. Given the Group's liquidity position as at 30 June 2022 and the steps the Group has taken as further described in note 14, the Group believes it will be able to support continuing operations and respond to the continuing impact of the COVID-19 Pandemic and related economic disruptions. Moreover, the Group is monitoring developments with respect to the Macau government's concession public tender process as described in note 1, and at this time believes that its Concession Agreement will be further extended, renewed or replaced by a new gaming concession agreement beyond 31 December 2022.

2.2 IMPACT OF REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The accounting policies adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of following revised standards effective as of 1 January 2022:

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018–2020 Cycle	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16 and IAS 41

The adoption of these revised standards did not have a material impact on the interim financial information of the Group and there has been no significant change to the accounting policies applied in the interim financial information.

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For the six months ended 30 June 2022

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following revised standards, that have been issued but are not yet effective, in the interim financial information.

Amendments to IFRS 1 and IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction¹</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current¹</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies¹</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates¹</i>

¹ Effective for annual periods beginning on or after 1 January 2023

The revised standards are not expected to have a significant impact on the financial position and performance of the Group.

2.4 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments and making strategic decisions. For management purposes, during the six months ended 30 June 2022, the Group reviewed Wynn Palace and Wynn Macau as two reportable segments. Refer to note 9 for segment information.

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For the six months ended 30 June 2022

3. OTHER OPERATING EXPENSES

	For the Six Months Ended	
	30 June	
	2022	2021
	HK\$	HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Repairs and maintenance	172,189	176,787
Utilities and fuel	140,888	142,113
Cost of sales	127,999	137,322
License fees	109,764	222,592
Advertising and promotions	105,772	154,646
Operating supplies and equipment	89,371	111,282
Contracted services	75,862	72,720
Corporate support services and other	33,937	22,196
Other support services	26,155	22,534
Auditor's remuneration	3,881	3,822
(Reversal of provision)/provision for credit losses, net	(7,716)	33,721
Other expenses	144,792	144,023
	1,022,894	1,243,758

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For the six months ended 30 June 2022

4. FINANCE REVENUES

	For the Six Months Ended 30 June	
	2022 HK\$	2021 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Interest income from cash at banks	15,555	10,737

5. FINANCE COSTS

	For the Six Months Ended 30 June	
	2022 HK\$	2021 HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Interest expense	1,136,509	1,109,285
Amortization of debt financing costs and premiums	52,011	43,845
Bank fees for unused facilities	8,662	9,431
Interest expense on lease liabilities	4,590	5,753
	1,201,772	1,168,314

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For the six months ended 30 June 2022

6. INCOME TAX EXPENSE

The major components of income tax expense for the six months ended 30 June 2022 and 2021 were:

	For the Six Months Ended 30 June	
	2022	2021
	HK\$	HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Income tax expense:		
Current — overseas	6,078	6,214
	6,078	6,214

No provision for Hong Kong profits tax for the six months ended 30 June 2022 has been made as there was no assessable profit generated in Hong Kong (six months ended 30 June 2021: nil). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions and the maximum rate is 12% (six months ended 30 June 2021: 12%). For the six months ended 30 June 2022, the tax provision of HK\$6.1 million results from the current income tax expense accrued by our subsidiaries owning WRM's shares under the WRM Shareholder Dividend Tax Agreement (six months ended 30 June 2021: HK\$6.2 million). On 14 April 2020, WRM received an exemption from Macau's 12% Complementary Tax on casino gaming profits (the "Tax Holiday") effective from 1 January 2021 through 26 June 2022, the date on which the Concession Agreement expired. In June 2022, WRM applied for an extension of the exemption through 31 December 2022, the expiration date of WRM's gaming concession as amended by the Concession Extension Agreement. The extension is subject to approval. For the six months ended 30 June 2022, the Group did not have any casino gaming profits which would otherwise have been exempted from the Macau's 12% Complementary Tax (six months ended 30 June 2021: nil). The Group's non-gaming profits remain subject to the Macau's 12% Complementary Tax and its casino winnings remain subject to the Macau special gaming tax and other levies in accordance with its Concession Agreement.

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For the six months ended 30 June 2022

6. INCOME TAX EXPENSE (CONTINUED)

In March 2021, WRM renewed the WRM Shareholder Dividend Tax Agreement with the Macau Special Administrative Region that provided for a payment of MOP12.8 million (approximately HK\$12.4 million) for year 2021 and MOP6.3 million (approximately HK\$6.1 million) for the period ended 26 June 2022, to the Macau Special Administrative Region in lieu of Complementary Tax on dividend distributions to its shareholders from gaming profits.

The Group is exempted from income tax in the Isle of Man and the Cayman Islands. The Group's subsidiaries file income tax returns in Macau and various foreign jurisdictions as required by law. The Group's income tax returns are subject to examination by tax authorities in the locations where it operates. The Group's 2017 to 2021 Macau Complementary Tax returns remain subject to examination by the Financial Services Bureau of the Macau Special Administrative Region (the "Financial Services Bureau"). In March 2021, Palo received final tax assessments from the Financial Services Bureau for the years 2017 and 2018 and there is no change to the tax returns. In January 2022, the Financial Services Bureau issued final tax assessments for WRM for the years 2017 and 2018, while no additional tax was due, adjustments were made to WRM's tax loss carryforwards. In March 2022, the Financial Services Bureau commenced examination of Palo's 2019 and 2020 Macau Complementary Tax returns.

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

The Group considered whether it has any uncertain tax positions and concluded that it is not probable that the tax authorities will accept certain tax positions taken by the Group. As at 30 June 2022, the Group had unrecognized tax losses of HK\$7.23 billion (31 December 2021: HK\$6.06 billion) and the Group believes that these unrecognized tax losses are adequate to offset any adjustments that might be proposed by the Macau tax authority. The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters.

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For the six months ended 30 June 2022

7. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic loss per Share for the six months ended 30 June 2022 is based on the consolidated net loss attributable to owners of the Company and on the weighted average number of Shares in issue of 5,196,813,375 during the period (six months ended 30 June 2021: 5,190,804,423), excluding Shares issued, purchased and reserved for the Company's employee ownership scheme. No Shares (six months ended 30 June 2021: nil) were purchased and reserved and 23,100,000 Shares (six months ended 30 June 2021: 8,943,000) were issued and reserved for the Company's employee ownership scheme during the six months ended 30 June 2022.

No adjustment had been made to the basic loss per Share amount presented for the six months ended 30 June 2022 and 2021 in respect of a dilution as the impact of the share options and vesting of awards had an anti-dilutive effect on the basic loss per Share amount presented.

8. DIVIDEND

No interim dividend was declared for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. SEGMENT INFORMATION

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

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For the six months ended 30 June 2022

9. SEGMENT INFORMATION (CONTINUED)

	For the Six Months Ended	
	30 June	
	2022	2021
	HK\$	HK\$
	(in thousands)	
	(unaudited)	(unaudited)
Wynn Palace:		
Casino	1,105,868	3,088,562
Rooms	162,840	294,112
Food and beverage	143,059	197,733
Retail and other	322,607	359,733
Wynn Macau:		
Casino	1,112,848	2,183,386
Rooms	110,621	218,316
Food and beverage	106,484	124,117
Retail and other	183,957	296,571
Total operating revenues	3,248,284	6,762,530

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9. SEGMENT INFORMATION (CONTINUED)

	Notes	For the Six Months Ended 30 June	
		2022	2021
		HK\$	HK\$
		(in thousands)	
		(unaudited)	(unaudited)
Adjusted EBITDA			
Wynn Palace		(460,334)	508,817
Wynn Macau		(412,767)	151,584
		(873,101)	660,401
Other operating costs and expenses			
Depreciation		1,134,843	1,401,350
Pre-opening costs		—	6,487
Property charges and other		63,961	37,796
Share-based payments		83,591	116,111
Wynn Macau, Limited corporate expenses		52,563	36,937
Operating loss		(2,208,059)	(938,280)
Non-operating income and expenses			
Finance revenues	4	15,555	10,737
Finance costs	5	(1,201,772)	(1,168,314)
Net foreign currency differences		(197,275)	(42,795)
Loss on extinguishment of debt		—	(11,951)
Loss before tax		(3,591,551)	(2,150,603)
Income tax expense	6	6,078	6,214
Net loss attributable to owners of the Company		(3,597,629)	(2,156,817)

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Notes to Interim Financial Information

For the six months ended 30 June 2022

9. SEGMENT INFORMATION (CONTINUED)

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(in thousands)	
	(unaudited)	(audited)
Total assets		
Wynn Palace	23,336,016	24,335,693
Wynn Macau	6,444,098	8,478,839
Other Macau	7,956,715	9,082,465
	37,736,829	41,896,997

10. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

For the six months ended 30 June 2022, the Group incurred HK\$147.4 million (six months ended 30 June 2021: HK\$146.9 million) on additions of property and equipment and construction in progress. The Group disposed of property and equipment and construction in progress with a net carrying amount of HK\$9.6 million (six months ended 30 June 2021: HK\$34.5 million).

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For the six months ended 30 June 2022

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables consisted of the following as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(in thousands)	
	(unaudited)	(audited)
Casino	549,257	665,261
Retail leases	52,536	116,268
Hotel	8,513	10,694
Trade receivables	610,306	792,223
Other receivables	169,736	206,429
Less: allowance for credit losses	(428,516)	(500,208)
Total trade and other receivables, net	351,526	498,444

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For the six months ended 30 June 2022

11. TRADE AND OTHER RECEIVABLES (CONTINUED)

An aged analysis of trade receivables is as follows:

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(in thousands)	
	(unaudited)	(audited)
Within 30 days	50,286	114,634
31 to 90 days	48,438	59,048
91 to 365 days	206,848	246,734
Over 365 days	304,734	371,807
Trade receivables	610,306	792,223
Other receivables	169,736	206,429
Less: allowance for credit losses	(428,516)	(500,208)
Total trade and other receivables, net	351,526	498,444

Trade and other receivables are generally repayable within 14 days.

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12. ACCOUNTS PAYABLE

During the six months ended 30 June 2022 and the year ended 31 December 2021, the Group normally received credit terms of 30 days. An aged analysis of accounts payable as at the end of the reporting period, based on invoice dates, is as follows:

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(in thousands) (unaudited)	(in thousands) (audited)
Within 30 days	125,056	170,937
31 to 60 days	60,541	113,782
61 to 90 days	50,145	51,876
Over 90 days	46,168	57,023
	281,910	393,618

13. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(in thousands) (unaudited)	(in thousands) (audited)
Customer deposits	1,830,856	1,948,882
Outstanding chip liabilities	224,834	293,690
Loyalty program and related liabilities	112,201	96,063
Gaming taxes payable	95,351	472,740
Donation payable	83,522	81,872
Other gaming-related liabilities	1,030	5,300
Others	1,194,345	1,386,928
	3,542,139	4,285,475

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14. INTEREST-BEARING BORROWINGS

	Notes	As at 30 June 2022 HK\$ (in thousands) (unaudited)	As at 31 December 2021 HK\$ (audited)
Bank loans	(a)	10,055,365	10,041,953
Senior notes	(b)	36,885,417	36,650,417
		46,940,782	46,692,370
Unamortized debt financing costs and premiums, net		(137,760)	(155,225)
Total interest-bearing borrowings		46,803,022	46,537,145

The borrowings are repayable as follows:

	Notes	As at 30 June 2022 HK\$ (in thousands) (unaudited)	As at 31 December 2021 HK\$ (audited)
Bank loans:	(a)		
In the third to fifth years, inclusive		10,055,365	10,041,953
		10,055,365	10,041,953
Senior notes:	(b)		
In the third to fifth years, inclusive		12,556,738	12,476,738
After the fifth year		24,328,679	24,173,679
		36,885,417	36,650,417
Unamortized debt financing costs and premiums, net		(137,760)	(155,225)
		36,747,657	36,495,192

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For the six months ended 30 June 2022

14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes:

(a) **Bank loans**

WM Cayman II Revolver, unsecured

On 16 September 2021, WM Cayman II, an indirect wholly owned subsidiary of WML, as borrower and WML as guarantor, entered into a facility agreement with, among others, Bank of China Limited, Macau Branch as agent and a syndicate of lenders, pursuant to which the lenders will make available in an aggregate amount of HK\$11.72 billion equivalent revolving unsecured credit facility consisting of one tranche in an amount of US\$312.5 million (approximately HK\$2.46 billion) and one tranche in an amount of HK\$9.26 billion to WM Cayman II. WM Cayman II has the ability to upsize the total WM Cayman II Revolver by an additional HK\$7.85 billion equivalent under the facility agreement and related agreements upon the satisfaction of various conditions.

The final maturity of all outstanding loans under the WM Cayman II Revolver is 16 September 2025 (or if 16 September 2025 is not a business day, the next business day in the relevant calendar month), by which time any outstanding borrowings from the WM Cayman II Revolver must be repaid.

Each loan under the revolving facility, consisting of both United States dollar and Hong Kong dollar tranches, will bear interest at LIBOR or HIBOR, as applicable, plus a margin of 2.625% per annum until 30 June 2022, the date from which the margin ranges from 1.875% to 2.875% per annum based on the leverage ratio of WM Cayman II on a consolidated basis.

On 5 May 2022, WM Cayman II and its lenders agreed to waive certain financial covenants in the facility agreement under the WM Cayman II Revolver in respect of the relevant periods ending on the following applicable test dates: (a) 30 June 2022; (b) 30 September 2022; (c) 31 December 2022; and (d) 31 March 2023; and to provide for a floor on the interest rate margin of 2.625% per annum through 30 June 2023. WML, as guarantor, may be subject to certain restrictions on payments of dividends or distributions to its shareholders, unless certain financial criteria have been satisfied through the facility agreement.

As at 30 June 2022, the Group had approximately HK\$1.66 billion in funding available under WM Cayman II Revolver and had subsequently drawn the remaining HK\$1.66 billion in full in July 2022 for general corporate purposes.

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14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(a) **Bank loans** (continued)

WM Cayman II Revolver, unsecured (continued)

The facility agreement contains representations, warranties, covenants and events of default customary for similar financings, including, but not limited to, restrictions on indebtedness to be incurred by WM Cayman II or its group members and restrictions on creating security over the assets of WM Cayman II or by its group members. The facility agreement also requires WM Cayman II to maintain a certain leverage ratio and interest coverage ratio from time to time as provided under the facility agreement. The facility agreement also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers). It is a property mandatory prepayment event under the facility agreement if there is a loss of gaming operation or Concession Agreement by the Group. Customary fees and expenses were paid by WM Cayman II in connection with the facility agreement and related agreements. It is a mandatory prepayment event under the facility agreement if Wynn Resorts, Limited ceases to legally and beneficially own and control, directly or indirectly, more than 50% of the outstanding share capital of WM Cayman II through the Company measured by voting power.

As at 30 June 2022, there was no non-compliance with covenants contained in the WM Cayman II Revolver, and accordingly the outstanding balance was classified as non-current liabilities.

(b) **Senior notes**

WML Senior Notes, unsecured

On 20 September 2017, the Company issued 4.875% senior notes due 2024 with an aggregate principal amount of US\$600.0 million (approximately HK\$4.71 billion) (the "WML 2024 Notes") and 5.500% senior notes due 2027 with an aggregate principal amount of US\$750.0 million (approximately HK\$5.89 billion) (the "WML 2027 Notes"). Interest on the WML 2024 Notes and WML 2027 Notes is payable semi-annually in arrears on 1 April and 1 October of each year, beginning on 1 April 2018. The WML 2024 Notes and WML 2027 Notes mature on 1 October 2024 and 1 October 2027, respectively. The Company used the net proceeds from the WML 2024 Notes and WML 2027 Notes and cash on hand to repurchase and redeem the WML 2021 Notes.

On 17 December 2019, the Company issued 5.125% senior notes due 2029 with an aggregate principal amount of US\$1.00 billion (approximately HK\$7.85 billion) (the "WML 2029 Notes"). Interest on the WML 2029 Notes is payable semi-annually in arrears on 15 June and 15 December of each year, beginning on 15 June 2020. The WML 2029 Notes mature on 15 December 2029. The Company used the net proceeds from the WML 2029 Notes to facilitate the repayment of a portion of the Wynn Macau Credit Facilities and expects to use the remainder for general corporate purposes.

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14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes** (continued)

WML Senior Notes, unsecured (continued)

During 2020, the Company issued US\$1.00 billion (approximately HK\$7.85 billion) of 5.500% senior notes due 2026 (the "WML 2026 Notes") and US\$1.35 billion (approximately HK\$10.59 billion) of 5.625% senior notes due 2028 (the "WML 2028 Notes"). Interest on the WML 2026 Notes is payable semi-annually in arrears on 15 January and 15 July of each year, beginning on 15 January 2021. Interest on the WML 2028 Notes is payable semi-annually in arrears on 26 February and 26 August of each year, beginning on 26 February 2021. The WML 2026 Notes and WML 2028 Notes mature on 15 January 2026 and 26 August 2028, respectively. The Company used a portion of the net proceeds of the WML 2026 Notes and WML 2028 Notes to facilitate repayments of the Wynn Macau Credit Facilities and expects to use the remainder for general corporate purposes.

The WML Senior Notes are WML's general unsecured obligations; rank pari passu in right of payment with all of WML's existing and future senior unsecured indebtedness; rank senior to all of WML's future subordinated indebtedness, if any; are effectively subordinated to all of WML's future secured indebtedness, if any, to the extent of the value of the assets securing such indebtedness; and are structurally subordinated to all existing and future obligations of WML's subsidiaries, including the WM Cayman II Revolver. The WML Senior Notes are listed on the Hong Kong Stock Exchange.

The WML Senior Notes indentures contain covenants limiting WML's (and certain of its subsidiaries') ability to, among other things: merge or consolidate with or into another company; and transfer or sell all or substantially all of its properties or assets. The WML Senior Notes indentures also contain customary events of default. In the case of an event of default arising from certain events of bankruptcy or insolvency, all WML Senior Notes then outstanding will become due and payable immediately without further action or notice.

Upon the occurrence of (1) any event after which none of the Company or any of its subsidiaries have such licenses, concessions, subconcessions or other permits or authorizations as necessary to conduct gaming activities in substantially the same manner and scope as it does on the date on which each of the WML Senior Notes were issued, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of WML and its subsidiaries, taken as a whole, or (2) the termination, rescission, revocation or modification of any such licenses, concessions, subconcessions or other permits or authorizations which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its subsidiaries, taken as a whole, each holder of the WML Senior Notes will have the right to require the Company to repurchase all or any part of such holder's WML Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest.

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14. INTEREST-BEARING BORROWINGS (CONTINUED)

Notes: (continued)

(b) **Senior notes** (continued)

WML Senior Notes, unsecured (continued)

If the Company undergoes certain Changes of Control (as defined in the WML Senior Notes indentures), it must offer to repurchase the WML Senior Notes at a price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest. Under the indentures governing the WML 2024 Notes and WML 2027 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to the Company's former Chairman and Chief Executive Officer or a related party of the Company's former Chairman and Chief Executive Officer, the consummation of any transaction that results in any party other than the Company's former Chairman and Chief Executive Officer and his related parties becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of WRL, measured by voting power rather than number of equity interests, and a majority of the members of the Board not being continuing directors. Under the indentures governing the WML 2026 Notes, WML 2028 Notes and WML 2029 Notes, the circumstances that will constitute a Change of Control include, among others, the sale, transfer, conveyance or other disposition of all or substantially all of the properties or assets of the Group to any person other than to WRL or any affiliate of WRL, the consummation of any transaction that results in any party other than WRL or any affiliate of WRL becoming the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests, and a majority of the members of the Board not being continuing directors.

As at 30 June 2022, there was no non-compliance with covenants contained in the WML Senior Notes indentures, and accordingly the outstanding balance was classified as non-current liabilities.

(c) **WRL Revolving Loan Facility, unsecured**

On 14 June 2022, the Company entered into a loan agreement with WRL, pursuant to which WRL agreed to make available an unsecured revolving loan facility in an amount of up to US\$500.0 million (approximately HK\$3.92 billion).

The current term of the WRL Revolving Loan Facility is twenty-four months after the date of the loan agreement and the current interest rate of the loan is 4% per annum on funded amounts or any other rate (to take into account any prevailing market conditions and other applicable factors) as agreed between the Company and WRL from time to time.

As at 30 June 2022, the Company had approximately HK\$3.92 billion in funding available under the WRL Revolving Loan Facility.

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15. COMMITMENTS

Future minimum rents to be received under lessor arrangements

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(unaudited)	(audited)
Within one year	602,670	666,481
After one year but within two years	545,933	553,226
After two years but within three years	450,752	485,389
After three years but within four years	305,959	370,208
After four years but within five years	92,222	120,195
After five years	7,552	17,443
	2,005,088	2,212,942

Capital commitments

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(unaudited)	(audited)
Contracted, but not provided for	390,841	382,761

Gaming premium commitment

Pursuant to the Concession Agreement signed with the Macau government, the Group has committed to paying an annual premium of MOP30.0 million (approximately HK\$29.1 million) plus a variable annual premium which is equal to MOP300,000 (approximately HK\$291,000) per gaming table reserved exclusively for certain kinds of games or players, MOP150,000 (approximately HK\$146,000) per gaming table not so reserved and MOP1,000 (approximately HK\$970) per electrical or mechanical gaming machine, including slot machines, subject to an annual minimum of MOP45.0 million (approximately HK\$43.7 million).

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15. COMMITMENTS (CONTINUED)

Performance guarantee

In connection with the initial financing of the Wynn Macau project, the Group entered into a bank guarantee reimbursement agreement with Banco Nacional Ultramarino, S.A. ("BNU") to secure a guarantee currently in the amount of MOP300.0 million (approximately HK\$291.3 million) until 180 days after the end of the term of the Concession Agreement. This guarantee, which is for the benefit of the Macau government, assures certain aspects of the Group's performance under the Concession Agreement, including the payment of premiums, fines and indemnities for any material failures to perform under the terms of the Concession Agreement. The Group is obligated, upon demand by BNU, to promptly repay any claims made on the guarantee by the Macau government.

Bank guarantee for fulfillment of labor liabilities

Under the Concession Extension Agreement, WRM will provide a first demand bank guarantee of not less than MOP1,210.0 million (approximately HK\$1,174.8 million) in favor of the Macau government for securing the fulfillment of its labor liabilities upon the expiration of the Concession Extension Agreement. The Macau government may require an increase to the amount of the said guarantee, depending on the actual number of employees employed by WRM.

Other service commitments

	As at 30 June 2022 HK\$	As at 31 December 2021 HK\$
	(in thousands)	
	(unaudited)	(audited)
Within one year	290,914	270,908
After one year but not more than five years	306,325	314,617
After five years	1,032	—
	598,271	585,525

As at 30 June 2022, the Group was committed to purchases of operating supplies totaling HK\$58.7 million (31 December 2021: HK\$99.8 million).

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For the six months ended 30 June 2022

16. LITIGATION

The Group did not have any material litigation outstanding as at 30 June 2022. The litigation matter set out below is disclosed on a voluntary basis and, as with all litigations, no assurances can be provided as to the outcome thereof.

Macau litigation related to Dore

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

We believe most remaining cases are without merit and unfounded and intend to vigorously defend against the remaining claims pleaded against us in these lawsuits. The Group has made estimates for potential litigation costs based upon its assessment of the likely outcome and has recorded provisions for such amounts in the accompanying interim financial information. No assurances can be provided as to the outcome of the pending Dore cases and actual results may differ from these estimates.

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For the six months ended 30 June 2022

17. RELATED PARTY DISCLOSURES

As at the end of the period, amounts due from/(to) related companies are unsecured, interest-free and repayable on demand.

The Group had the following material related party and connected transactions with related companies:

Name of related companies	Relation to the company	Primary nature of transactions	For the Six Months Ended 30 June	
			2022 HK\$ (in thousands) (unaudited)	2021 HK\$ (unaudited)
Wynn Resorts	Ultimate parent company	Intellectual property license fees (i)	109,764	222,592
Wynn Resorts	Ultimate parent company	Corporate support services (ii)	33,937	22,196
Wynn Resorts	Ultimate parent company	Share-based payment expenses	43,069	52,793
WIML	Subsidiary of Wynn Resorts	International marketing expenses (iii)	24,915	21,261
Worldwide Wynn	Subsidiary of Wynn Resorts	Staff secondment payroll charges (iv)	26,035	26,707
Wynn Design & Development	Subsidiary of Wynn Resorts	Design/development payroll (v)	10,299	5,748

Except for the share-based payment expenses incurred with Wynn Resorts, all of the above transactions are noted as continuing connected transactions.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

17. RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

(i) **Intellectual property license fees**

The license fees payable to Wynn Resorts equals the greater of (1) 3% of the gross monthly revenues of the intellectual property, and (2) US\$1.5 million (approximately HK\$11.7 million) per month. On 29 June 2022, a monetary annual cap for the amount payable by the Group under the relevant intellectual property license agreements was agreed by the parties to the agreement at US\$74.5 million (equivalent to approximately HK\$584.8 million, based on an exchange rate of US\$1=HK\$7.8499) for the year ending 31 December 2022.

(ii) **Corporate support services**

The annual fees for the services provided by Wynn Resorts are based on an allocation of the actual proportion of Wynn Resorts' annual corporate departments' costs (including salaries and benefits for such employees during the period in which such services are rendered) and overhead expense related to the provision of such services. In any event, the annual fees charged by Wynn Resorts shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts during any financial year.

(iii) **International marketing expenses**

These administrative, promotional and marketing services are provided through branch offices located in various cities around the world under the direction and supervision provided by WIML. For the services provided under this arrangement, WIML charges a service fee equal to the total costs it incurs in rendering the services plus 5%.

(iv) **Staff secondment payroll charges**

Worldwide Wynn, a subsidiary of Wynn Resorts, is responsible for supplying management personnel to WRM for pre-determined lengths of time through secondment arrangements. Worldwide Wynn is compensated for these services of the seconded employees during the period of secondment to WRM with a service fee equal to its aggregate costs plus 5%.

(v) **Design/development payroll**

Wynn Design & Development provides design and development services to the Group in connection with the construction and renovation works at Wynn Palace, Wynn Macau and Encore. A service fee is charged at the costs incurred by Wynn Design & Development to the Group for the services provided.

The above transactions were carried out on terms mutually agreed between the Group and the related companies. There were no significant charges from the Group to the related companies during the six months ended 30 June 2022 and 2021. In the opinion of the Directors, the related party transactions were conducted in the ordinary and usual course of the Group's business.

All such outstanding balances between the Group and the related companies are deemed to be trade in nature.

Interim Financial Information

Notes to Interim Financial Information

For the six months ended 30 June 2022

17. RELATED PARTY DISCLOSURES (CONTINUED)

Home purchase

In 2022, Ms. Linda Chen, who is a director of the Company, exercised an option to purchase a home provided by the Group for her use for no consideration, as provided by the terms of her employment agreement. Based on a third-party appraisal as of the date of option exercise, the estimated fair value of the home is HK\$50.0 million. The home purchase is expected to close during the second half of 2022.

WRL Revolving Loan Facility

On 14 June 2022, the Company entered into a loan agreement with WRL, pursuant to which WRL agreed to make available an unsecured revolving loan facility in an amount of up to US\$500.0 million (approximately HK\$3.92 billion). As at 30 June 2022, the Company had approximately HK\$3.92 billion in funding available under WRL Revolving Loan Facility. For further details, refer to note 14 to the interim financial information.

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables, deposits, balances with related companies, accounts payable, construction payables and the current portion of financial liabilities included in other payables and accruals and other liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risks and remaining maturities. The fair value of the lease liabilities is calculated by discounting the expected future cash flows using the Group's incremental borrowing rate. The non-current portion of financial liabilities included in other liabilities and construction retentions payable were not discounted as the discounting factors were considered by management to be insignificant.

As at 30 June 2022, the estimated fair value for level 2 of the Group's outstanding debt instruments was HK\$34.17 billion (as at 31 December 2021: HK\$43.81 billion). The Group did not hold any assets or liabilities measured at fair value for levels 1 and 3 during the six months ended 30 June 2022 and 2021. Level 1 fair values are those measured using quoted prices (unadjusted) in active markets for identical financial instruments, level 2 fair values are those measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data and level 3 fair values are those measured using valuation techniques in which any significant input is not based on observable market data.

ISSUER

Wynn Macau, Limited

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Macau Headquarters:

Wynn Palace
Avenida da Nave Desportiva
COTAI, Macau SAR

***Principal Place of Business in
Hong Kong***

5/F, Manulife Place
348 Kwun Tong Road
Kowloon
Hong Kong

TRUSTEE

DB Trustees (Hong Kong) Limited

Level 60, International Commerce Centre,
1 Austin Road West, Kowloon,
Hong Kong

**PRINCIPAL PAYING AGENT, PRINCIPAL CONVERSION AGENT, REGISTRAR AND TRANSFER
AGENT**

Deutsche Bank Trust Company Americas

1 Columbus Circle, 17th Floor
Mail Stop NYC01-1710
New York, NY 10019

LEGAL ADVISERS TO THE ISSUER

***As to United States, English and
Hong Kong Law***

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

As to Macau Law

**Rato, Ling, Lei & Cortés—
Advogados e Notários**
555, Office Tower 23rd Floor,
Avenida da Amizade, Macau,
Macau SAR

As to Cayman Islands Law

**Maples and Calder
(Hong Kong) LLP**
26th Floor, Central Plaza
18 Harbor Road, Wanchai
Hong Kong

LEGAL ADVISERS TO THE INITIAL PURCHASERS

***As to United States, English and
Hong Kong Law***

Latham Watkins LLP

18th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong

INDEPENDENT ACCOUNTANTS

Ernst & Young

Certified Public Accountants
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay,
Hong Kong.

Legal Adviser to the Trustee as to English law

Allen & Overy

50 Collyer Quay
#09-01 OUE Bayfront
Singapore 049321