



**2010 Interim Report 中期報告**

**Wynn Macau, Limited 永利澳門有限公司\***

*(incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司)*

Stock Code 股份代號 : 1128

\* for identification purposes only 僅供識別

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Stephen A. Wynn (*Chairman of the Board*)  
Mr. Ian Michael Coughlan  
Ms. Linda Chen

#### Non-Executive Directors

Mr. Kazuo Okada  
Dr. Allan Zeman, *GBS, JP*  
(*Vice-Chairman of the Board*)  
Mr. Marc D. Schorr

#### Independent Non-Executive Directors

Mr. Nicholas Sallnow-Smith  
Mr. Bruce Rockowitz  
Mr. Jeffrey Kin-fung Lam, *SBS, JP*

### AUDIT COMMITTEE

Mr. Nicholas Sallnow-Smith (*Chairman*)  
Dr. Allan Zeman, *GBS, JP*  
Mr. Bruce Rockowitz

### REMUNERATION COMMITTEE

Mr. Nicholas Sallnow-Smith (*Chairman*)  
Mr. Marc D. Schorr  
Mr. Bruce Rockowitz  
Mr. Jeffrey Kin-fung Lam, *SBS, JP*

### NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

Mr. Jeffrey Kin-fung Lam, *SBS, JP* (*Chairman*)  
Dr. Allan Zeman, *GBS, JP*  
Mr. Nicholas Sallnow-Smith

### COMPANY SECRETARY

Ms. Kwok Yu Ching, *ACIS, ACS*

### AUTHORIZED REPRESENTATIVES

Dr. Allan Zeman, *GBS, JP*  
Ms. Kwok Yu Ching  
(Mrs. Seng Sze Ka Mee, Natalia as alternate)

### AUDITORS

Ernst & Young  
*Certified Public Accountants*

### LEGAL ADVISORS

*As to Hong Kong and U.S. laws:*  
Skadden, Arps, Slate, Meagher & Flom

*As to Macau law:*

Alexandre Correia de Silva

*As to Cayman Islands law:*

Maples and Calder

### PRINCIPAL BANKERS

Banco Nacional Ultramarino, S.A. (Macau)

## Corporate Information

### REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman  
KY1-1104  
Cayman Islands

### HEADQUARTERS IN MACAU

Rua Cidade de Sintra  
NAPE, Macau SAR

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 28, Three Pacific Place  
1 Queen's Road East  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Limited

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor  
Services Limited

### COMPLIANCE ADVISOR

Anglo Chinese Corporate Finance, Limited

### STOCK CODE

1128

### COMPANY WEBSITE

[www.wynnmacaulimited.com](http://www.wynnmacaulimited.com)

## Highlights

### FINANCIAL HIGHLIGHTS

	For the Six Months Ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(in thousands)	
Casino revenues	9,510,861	6,265,395
Other revenues	629,092	394,958
EBITDA	2,618,907	1,497,775
Profits attributable to equity holders	1,906,609	903,676
Earnings per Share — basic	37 cents	18 cents

## Highlights

### MILESTONES

Macau gaming concession obtained	<b>June 2002</b>
US\$900 million Subconcession Agreement with Publishing and Broadcasting, Ltd.	<b>September 2006</b>
Wynn Macau opens to the public	<b>September 2006</b>
Wynn Macau becomes the first hotel in Macau to receive the coveted Forbes Five-Star Award	<b>November 2008</b>
Completion of a HK\$14.5 billion initial public offering and listing on the Hong Kong Stock Exchange	<b>October 2009</b>
Encore at Wynn Macau opens to the public	<b>April 2010</b>

## Management Discussion and Analysis

### OVERVIEW

Wynn Macau opened to the public on 6 September 2006 at the center of casino activities on the urban Macau peninsula. In December 2007 and November 2009, Wynn Macau completed expansions, adding more gaming space and additional food and beverage and retail amenities. We opened Encore at Wynn Macau ("Encore"), on 21 April 2010, a further expansion of Wynn Macau that adds a fully integrated resort hotel with, among other offerings, 410 luxury suites and four villas, additional gaming space, restaurants and retail space. As at 30 June 2010, Wynn Macau and Encore occupied approximately 16 acres of land in Macau featuring a casino of approximately 256,000 square feet offering 24-hour gaming with a full range of games and 1,014 luxury rooms and suites.

On 9 October 2009, the Company completed an initial public offering and the Company's Shares were listed on the Main Board of the Hong Kong Stock Exchange.

For the six months ended 30 June 2010, our total operating revenues were HK\$10.1 billion, and our net profits were HK\$1.9 billion, a 52.2% increase over total operating revenues of HK\$6.7 billion, and a 111.0% increase over net profits of HK\$903.7 million for the six months ended 30 June 2009.

### Macau

Macau, which was a territory under Portuguese administration for approximately 450 years, was transferred from Portuguese to Chinese political control in December 1999. Macau is governed as a special administrative region of China and is located approximately 37 miles southwest of, and less than one hour away via ferry from, Hong Kong. Macau, which has been a casino destination for more than 40 years, consists principally of a peninsula on mainland China, and two neighboring islands, Taipa and Coloane, connected by bridges. We believe that Macau is located in one of the world's largest concentrations of potential gaming customers. According to Macau Statistical Information, casinos in Macau generated approximately HK\$83.4 billion in gaming revenue in the six months ended 30 June 2010, an approximately 66.9% increase over the approximately HK\$49.9 billion generated in the six months ended 30 June 2009, making Macau the largest gaming market in the world.

Macau's gaming market is primarily dependent on tourists. The Macau market has experienced tremendous growth in capacity in the last few years. As at 31 May 2010, there were 19,573 hotel rooms and as at 30 June 2010, there were 4,828 table games in Macau, compared to 17,533 hotel rooms and 4,017 table games as at 31 December 2008.

## Management Discussion and Analysis

### **Wynn Macau**

We opened Wynn Macau on 6 September 2006 and completed expansions of the resort in December 2007 and November 2009. Wynn Macau features:

- an approximately 222,000 square foot casino offering 24-hour gaming and a full range of games, including private gaming salons;
- luxury hotel accommodations in 600 rooms and suites;
- casual and fine dining in six restaurants;
- approximately 48,000 square feet of high-end, brand-name retail shopping, including stores and boutiques by Bvlgari, Chanel, Christian Dior, Dunhill, Ermenegildo Zegna, Fendi, Ferrari, Giorgio Armani, Gucci, Hermes, Hugo Boss, Louis Vuitton, Miu Miu, Piaget, Prada, Rolex, Tiffany, Van Cleef & Arpels, Versace, Vertu and others;
- recreation and leisure facilities, including a health club, pool and a full service luxury spa;
- lounges and meeting facilities; and
- a performance lake and rotunda show.

### **Encore**

We opened Encore on 21 April 2010. While Encore is a destination in itself, it also is complemented by, and fully integrated with, the existing operations and facilities at Wynn Macau. We believe we have further solidified Wynn Macau's position as a premier destination for VIP clients in Macau as well as enhanced our offerings to mass market clients with the addition of the following at Encore:

- an approximately 22,000 square foot casino offering 24-hour gaming and a full range of games, including private gaming salons;
- a sky casino of approximately 12,000 square feet;
- 370 luxury suites of approximately 1,000 square feet each and 40 luxury suites of approximately 2,000 square feet each;



## Management Discussion and Analysis

- four villas of approximately 7,000 square feet each connected to private gaming salons;
- approximately 3,200 square feet of high-end retail space featuring Chanel, Piaget and Cartier;
- two restaurants and one lounge; and
- a full service luxury spa.

Total development and construction costs for Encore at Wynn Macau as at 30 June 2010 were approximately HK\$4,294.3 million. The project was funded through a combination of existing cash balances and cash flow from operations. With the expansion of Wynn Macau and the opening of Encore, Wynn Macau's aggregate number of VIP table games has increased by 51.0% from 155 as at 31 October 2009 to 234 tables as at 30 June 2010, allowing us to serve additional gaming promoter-driven and in-house VIP gaming.

As at 30 June 2010, we had a total of 234 VIP table games, 212 mass market table games, 1,155 slot machines and 11 poker tables at Wynn Macau and Encore.

In response to our evaluation of our operations and the reactions of our guests, we have and expect to continue to make enhancements and refinements to this resort complex.

### **Cotai Development**

The Group has applied to the Macau government for a land concession on approximately 52 acres of land on Cotai and is awaiting final approval by the Macau government on the concession. We continue to work on the concept and design of this property, but cannot prepare a final timeline or budget until the Macau government approval on the land concession has been received.

### **Cotai Land Agreement**

On 1 August 2008, Palo Real Estate Company Limited entered into an agreement with a Macau incorporated company that is not a connected person to the Group to make a one-time payment in the amount of US\$50 million (approximately HK\$389.3 million) in consideration of its relinquishment of certain rights in and to any future development on the 52 acres of land on Cotai. The payment will be made within 15 days after the Macau government publishes the Group's rights to the land in the Macau government's official gazette.

## Management Discussion and Analysis

### FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

#### Tourism

The levels of tourism and overall gaming activities in Macau are key drivers of our business. Both the Macau gaming market and visitation to Macau have grown significantly in the last few years. We have benefited from the rise in visitation to Macau over the past several years.

Gaming customers traveling to Macau typically come from nearby destinations in Asia including Hong Kong, mainland China, Taiwan, South Korea and Japan. According to the Macau Statistics and Census Service Monthly Bulletin of Statistics, approximately 88% of visitors to Macau in the six months ended 30 June 2010 were from Hong Kong, mainland China and Taiwan. We believe that visitation and gross gaming revenue growth for the Macau market have been, and will continue to be, driven by a combination of factors, including the level of regional wealth in Asia which, should it continue to increase, is expected to lead to a large and growing middle class with rising disposable income; Macau's proximity to major Asian population centers; infrastructure improvements that are expected to facilitate more convenient travel to and within Macau; and the increasing supply of better quality casino, hotel and entertainment offerings in Macau.

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

- Prevailing economic conditions in China and Asia;
- Various countries' policies on the issuance of travel visas that may be in place from time to time and could affect travel to Macau;
- Competition from other destinations which offer gaming and leisure activities;
- Possible changes to government restrictions on currency conversion or the ability to export currency by China or other countries; and
- Possible outbreaks of infectious disease.

## Management Discussion and Analysis

### Current Economic and Operating Environment

Economic conditions have a significant impact on our business. Beginning in the second half of 2008 and continuing into early 2009, a number of factors, including a slowdown in the global economy, contracting credit markets, reduced consumer spending, various countries' policies that affected travel to Macau and an outbreak of the H1N1 influenza, negatively impacted the gaming industry in Macau and our business. We continue to carefully manage our labor force and aggressively negotiate with our vendors to secure advantageous rates on contracts, and are continually reviewing the cost and efficiencies at our property to identify further opportunities to reduce cost. Notwithstanding the issues set out above, our operating environment remained relatively stable, and showed improvement throughout the second half of 2009 and such improvement continued in the first half of 2010.

### Competition

Since the liberalization of Macau's gaming industry in 2002, there has been a significant increase in the number of gaming operators and casino properties in Macau. Currently, there are six gaming operators in Macau, including WRM. The three concessionaires are WRM, Galaxy and SJM. The three subconcessionaires are Venetian Macau, Melco Crown, and MGM Macau. As at 30 June 2010, there were approximately 33 casinos in Macau, including 20 operated by SJM. Casino operators are not subject to any limit on the number of casinos that may be operated under their concession or subconcession agreements. Each of the current six operators has commenced casino operating activities and several have expansion plans announced or underway.

Wynn Macau also faces competition from casinos located in other areas of Asia, such as Genting Highlands Resort, a major gaming and resort destination located outside of Kuala Lumpur, Malaysia, and casinos in the Philippines. Two large-scale casinos in Singapore, which opened in February 2010 and in April 2010, have added further competition to the region. Wynn Macau also encounters competition from other major gaming centers located around the world, including Australia and Las Vegas, cruise ships in Asia that offer gaming, and other casinos throughout Asia. Further, if current efforts to legalize gaming in other Asian countries are successful, Wynn Macau will face additional regional competition.

## Management Discussion and Analysis

### Gaming Promoters

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

Gaming promoters introduce high-spending VIP players to Wynn Macau and often assist those clients with their travel and entertainment arrangements. In addition, gaming promoters often grant credit to their players. In exchange for their services, Wynn Macau pays the gaming promoters a fixed percentage of the gross gaming win generated by each gaming promoter. This percentage has remained stable since 2006. Approximately 80% of these commissions are netted against casino revenues, because such commissions approximate the amount of the commission returned to the VIP players by the gaming promoters, and approximately 20% of these commissions are included in other operating expenses, which approximate the amount of the commission ultimately retained by the gaming promoters for their compensation. The total amounts of commissions netted against casino revenues were HK\$2.8 billion and HK\$1.7 billion for the six months ended 30 June 2010 and 2009, respectively. Commissions increased 67.0% for the six months ended 30 June 2010 compared to the six months ended 30 June 2009 due to increased volumes and the addition of two new gaming promoters. Additionally, gaming promoters each receive a monthly complimentary allowance based on a percentage of the turnover their clients generate.

The allowance is available for room, food and beverage and other expenses for discretionary use with clients. We typically advance commissions to gaming promoters at the beginning of each month to facilitate their working capital requirements. These advances are provided to a gaming promoter and are offset by the commissions earned by such gaming promoter during the applicable month. The aggregate amounts of exposure to our gaming promoters, which is the difference between commissions advanced to each individual gaming promoter, and the commissions payable to each such gaming promoter, were HK\$61.2 million and HK\$91.5 million as of 30 June 2010 and 2009, respectively. We believe we have developed strong relationships with our gaming promoters. Our commission levels have remained stable throughout our operating history and we have not increased levels of commissions paid to gaming promoters.

## Management Discussion and Analysis

In August 2009, the Macau government published, in its official gazette, certain guidelines with respect to caps on the commission rates payable to gaming promoters that became effective on 1 December 2009. Further changes or tightening of caps may occur and if the Macau government were to implement caps on commission rates payable to gaming promoters that cause WRM to pay gaming promoters effectively less than WRM currently pays, gaming promoters may have less incentive to bring travelers to casinos in Macau, including Wynn Macau.

### High-End Credit Play

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

### Number and Mix of Table Games and Slot Machines

The mix of VIP table games, mass table games and slot machines in operation at Wynn Macau and Encore 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 Wynn Macau's and Encore's games will affect casino profitability.

### ADJUSTED EBITDA

Adjusted EBITDA is earnings before finance costs, taxes, depreciation, amortization, pre-opening costs, property charges and other, share-based payments, and other non-operating income/ (expense). 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 EBITDA presented by Wynn Resorts, Limited for its Macau segment in its filings with the Securities and Exchange Commission in the United States, primarily due to the inclusion of royalty fees, adjustments for IFRS differences with U.S. GAAP, corporate support and other support services in arriving at operating profits.

## Management Discussion and Analysis

The following table sets forth a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement, operating profits, for the six months ended 30 June 2010 and 2009.

	For the Six Months Ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(in thousands)	
Operating profits	2,059,591	1,106,209
Add		
Depreciation and amortization	445,363	358,644
Pre-opening costs <sup>(1)</sup>	54,571	312
Property charges and other	22,945	13,549
Share-based payments	23,302	19,061
Wynn Macau, Limited corporate expenses	13,135	—
<b>Adjusted EBITDA</b>	<b>2,618,907</b>	<b>1,497,775</b>

Note:

- (1) Pre-opening costs for the six months ended 30 June 2010 and 2009 primarily consisted of payroll attributable to staff engaged in the start-up operations of Encore which opened on 21 April 2010.

## Management Discussion and Analysis

### REVIEW OF HISTORICAL OPERATING RESULTS

#### Summary Breakdown Table

The following table presents certain selected income statement line items and certain other data.

	For the Six Months Ended 30 June	
	2010 HK\$	2009 HK\$
	(in thousands, except for averages, daily win figures and number of tables and slot machines)	
Total casino revenues <sup>(1)</sup>	9,510,861	6,265,395
Rooms <sup>(2)</sup>	57,022	54,992
Food and beverage <sup>(2)</sup>	76,033	63,671
Retail and other <sup>(2)</sup>	496,037	276,295
<b>Total operating revenues</b>	<b>10,139,953</b>	<b>6,660,353</b>
VIP table games turnover	325,643,185	180,750,040
VIP gross table games win <sup>(1)</sup>	9,671,634	5,549,043
Mass market table games drop	8,362,061	7,622,771
Mass market gross table games win <sup>(1)</sup>	1,883,437	1,663,954
Slot machine handle	15,450,526	14,278,314
Slot machine win <sup>(1)</sup>	753,167	712,152
Average number of gaming tables <sup>(3)</sup>	417	368
Daily gross win per gaming table <sup>(4)</sup>	152,976	108,199
Average number of slots <sup>(3)</sup>	1,180	1,233
Average daily win per slot <sup>(4)</sup>	3,526	3,191

## Management Discussion and Analysis

### Notes:

- (1) Total casino revenues do not equal the sum of "VIP gross table games win," "mass market gross table games win" and "slot machine win" because gross table games win is calculated before commissions and discounts, and only recorded as revenues after the relevant commissions and discounts have been deducted. The following table presents a reconciliation of the sum of "VIP gross table games win," "mass market gross table games win" and "slot machine win" to total casino revenues.

	For the Six Months Ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(in thousands)	
VIP gross table games win	9,671,634	5,549,043
Mass market gross table games win	1,883,437	1,663,954
Slot machine win	753,167	712,152
Poker revenues	48,093	43,601
Commissions and discounts	(2,845,470)	(1,703,355)
<b>Total casino revenues</b>	<b>9,510,861</b>	<b>6,265,395</b>

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

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



## Management Discussion and Analysis

	For the Six Months Ended 30 June	
	2010 HK\$	2009 HK\$
	(in thousands)	
Room revenues	57,022	54,992
Promotional allowances	230,489	154,688
<b>Adjusted room revenues</b>	<b>287,511</b>	<b>209,680</b>
Food and beverage revenues	76,033	63,671
Promotional allowances	170,595	124,621
<b>Adjusted food and beverage revenues</b>	<b>246,628</b>	<b>188,292</b>
Retail and other revenues	496,037	276,295
Promotional allowances	7,130	4,000
<b>Adjusted retail and other revenues</b>	<b>503,167</b>	<b>280,295</b>

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

### Discussion of Results of Operations

#### *Financial results for the six months ended 30 June 2010 compared to financial results for the six months ended 30 June 2009*

##### **Operating Revenues**

Total operating revenues increased by 52.2% from HK\$6.7 billion in the six months ended 30 June 2009 to HK\$10.1 billion in the six months ended 30 June 2010. We believe this increase was due to a combination of factors, including the opening of Encore, increased visitation and overall gaming volumes in Macau during the first half of 2010.

## Management Discussion and Analysis

### **Casino Revenues**

Casino revenues increased by 51.8%, from HK\$6.3 billion (94.1% of total operating revenues) in the six months ended 30 June 2009 to HK\$9.5 billion (93.8% of total operating revenues) in the six months ended 30 June 2010. The components and reasons are as follows:

*VIP casino gaming operations.* VIP gross table games win increased by 74.3%, from HK\$5.5 billion in the six months ended 30 June 2009 to HK\$9.7 billion in the six months ended 30 June 2010. VIP table games turnover increased by 80.2%, from HK\$180.8 billion in the six months ended 30 June 2009 to HK\$325.6 billion in the six months ended 30 June 2010. VIP gross table games win as a percentage of turnover (calculated before discounts and commissions) decreased from 3.07% in the six months ended 30 June 2009 to 2.97% in the six months ended 30 June 2010 (win percentages are within the expected range of 2.7% to 3.0%). In November 2009, we added two new private gaming salons with 29 VIP tables and on 21 April 2010, we added 37 VIP tables with the opening of Encore which helped drive some of the growth in our VIP segment during the six months ended 30 June 2010 compared to the prior year.

*Mass market casino gaming operations.* Mass market gross table games win increased by 13.2%, from HK\$1.7 billion in the six months ended 30 June 2009 to HK\$1.9 billion in the six months ended 30 June 2010. Mass market table games drop increased by 9.7%, from HK\$7.6 billion in the six months ended 30 June 2009 to HK\$8.4 billion in the six months ended 30 June 2010. The mass market gross table games win percentage (calculated before discounts) was 21.8% in the six months ended 30 June 2009 compared to 22.5% in the six months ended 30 June 2010, which was above the expected win percentage range of 19% to 21%.

*Slot machine gaming operations.* Slot machine win increased by 5.8% from HK\$712.2 million in the six months ended 30 June 2009 to HK\$753.2 million in the six months ended 30 June 2010. Slot machine handle increased by 8.2%, from HK\$14.3 billion in the six months ended 30 June 2009 to HK\$15.5 billion in the six months ended 30 June 2010. The increases resulted primarily from the play of high-end slot customers. Consequently, total gross slot win increased and slot machine win per unit per day increased by 10.5% from HK\$3,191 in the six months ended 30 June 2009 to HK\$3,526 in the six months ended 30 June 2010.

## Management Discussion and Analysis

### Non-casino Revenues

Net non-casino revenues, which include room, food and beverage and retail revenues, increased by 59.3%, from HK\$395.0 million (5.9% of total operating revenues) in the six months ended 30 June 2009 to HK\$629.1 million (6.2% of total operating revenues) in the six months ended 30 June 2010. The increase in revenues was largely due to stronger retail sales in the six months ended 30 June 2010 and the opening of Encore.

*Room.* Our room revenues, which exclude promotional allowances in our condensed consolidated statement of comprehensive income, increased by 3.7% from HK\$55.0 million in the six months ended 30 June 2009 to HK\$57.0 million in the six months ended 30 June 2010. The increase reflects higher business volumes as the opening of Encore increased room inventory available for sale to customers.

Management also evaluates room revenues on an adjusted basis which include promotional allowances. Adjusted room revenues including promotional allowances increased by 37.1% from HK\$209.7 million in the six months ended 30 June 2009 to HK\$287.5 million in the six months ended 30 June 2010.

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

### Adjusted room revenues information

	For the Six Months Ended 30 June	
	2010	2009
Adjusted Average Daily Rate (includes promotional allowances of HK\$1,782 in the six months ended 30 June 2010 and HK\$1,521 in the six months ended 30 June 2009)	HK\$2,216	HK\$2,057
Occupancy	85.0%	85.0%
Adjusted REVPAR (includes promotional allowances of HK\$1,514 in the six months ended 30 June 2010 and HK\$1,293 in the six months ended 30 June 2009)	HK\$1,884	HK\$1,748

## Management Discussion and Analysis

*Food and beverage.* Food and beverage revenues, which exclude promotional allowances in our condensed consolidated statement of comprehensive income, totaled HK\$76.0 million in the six months ended 30 June 2010, a 19.4% increase from the six months ended 30 June 2009 revenues of HK\$63.7 million. The increase reflects higher business volumes and the opening of Encore.

Management also evaluates food and beverage revenues on an adjusted basis including promotional allowances. Food and beverage revenues in the six months ended 30 June 2010 adjusted to include these promotional allowances were HK\$246.6 million, a 31.0% increase from the six months ended 30 June 2009 adjusted revenues of HK\$188.3 million reflecting the increase in business volumes and the opening of Encore.

*Retail and other.* Our retail and other revenues, which exclude promotional allowances in our condensed consolidated statement of comprehensive income, increased by 79.5%, from HK\$276.3 million in the six months ended 30 June 2009 to HK\$496.0 million in the six months ended 30 June 2010. The increase was due primarily to increased sales at several retail outlets and the opening in November 2009 of Wynn and Co. Watches and Jewelry, which sells Cartier and Jaeger Le Coultre products and new outlets at Encore at Wynn Macau including Chanel, Piaget and Cartier at Encore.

Management also evaluates retail and other revenues on an adjusted basis which includes promotional allowances. Adjusted retail and other revenues including promotional allowances increased by 79.5% from HK\$280.3 million in the six months ended 30 June 2009 to HK\$503.2 million in the six months ended 30 June 2010, reflecting the increased sales at several retail outlets and the opening of Wynn and Co. Watches and Jewelry, which sells Cartier and Jaeger Le Coultre at Wynn Macau, and Chanel, Piaget and Cartier at Encore.

### **Operating Costs and Expenses**

*Gaming taxes and premiums.* Gaming taxes and premiums increased by 54.2%, from HK\$3.2 billion in the six months ended 30 June 2009 to HK\$4.9 billion in the six months ended 30 June 2010. This increase was due to increased gross gaming win from the six months ended 30 June 2010 compared to the six months ended 30 June 2009. Wynn Macau is subject to a 35% gaming tax on gross gaming win. In addition, Wynn Macau is also required to pay 4% of its gross gaming win as contributions for public development and social facilities.

## Management Discussion and Analysis

*Staff costs.* Staff costs increased by 7.5%, from HK\$817.9 million in the six months ended 30 June 2009 to HK\$879.2 million in the six months ended 30 June 2010. The increase was primarily due to the hiring of additional staff for Encore.

*Other operating expenses.* Other operating expenses increased by 54.4%, from HK\$1.2 billion in the six months ended 30 June 2009 to HK\$1.8 billion in the six months ended 30 June 2010. The increase in other operating costs was primarily due to the opening of Encore offset by the effect of various cost-control measures implemented throughout 2009.

*Depreciation and amortization.* Depreciation and amortization increased by 24.2% from HK\$358.6 million in the six months ended 30 June 2009 to HK\$445.4 million in the six months ended 30 June 2010. This increase was primarily due to the impact of assets placed in service with the opening of Encore in April 2010 and the expansion that opened in November 2009.

*Property charges and other.* Property charges and other increased by 69.3%, from HK\$13.5 million in the six months ended 30 June 2009 to HK\$22.9 million in the six months ended 30 June 2010. The charges in each period represent 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 Wynn Macau in response to customer preferences and changes in market demand.

As a result of the foregoing, total operating costs and expenses increased by 45.5%, from HK\$5.6 billion in the six months ended 30 June 2009 to HK\$8.1 billion in the six months ended 30 June 2010.

### **Finance Revenues**

Finance revenues decreased by 91.6%, from HK\$3.2 million in the six months ended 30 June 2009 to HK\$0.3 million in the six months ended 30 June 2010, reflecting a significant decrease in the average invested cash balances compared to the prior year.

### **Finance Costs**

Finance costs decreased by 44.0%, from HK\$191.2 million in the six months ended 30 June 2009 to HK\$107.1 million in the six months ended 30 June 2010. Finance costs decreased in the six months ended 30 June 2010 primarily due to the reduction in amounts outstanding under the revolver component of the Wynn Macau Credit Facility and lower interest rates in 2010 compared to 2009.

## Management Discussion and Analysis

### **Interest Rate Swaps**

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

Changes in the fair value of our interest rate swaps are recorded as an increase or decrease in swap fair value during each year. We recorded an expense of HK\$5.6 million for the six months ended 30 June 2010 resulting from the decrease in the fair value of our interest rate swaps in the six months ended 30 June 2010. We recorded a gain of HK\$6.1 million in the six months ended 30 June 2009 resulting from the increase in the fair value of our interest rate swaps in the six months ended 30 June 2009.

### **Income Tax Expense**

In the six months ended 30 June 2010, our income tax expense was HK\$36.1 million compared to an income tax expense of HK\$22.2 million in the six months ended 30 June 2009. Our current tax expense for the six months ended 30 June 2010, primarily relates to the current tax expense recorded by our subsidiaries owning our interest in WRM under the WRM Shareholder Dividend Tax Agreement and a deferred tax expense recorded by WRM resulting from derecognizing certain deferred tax assets. In the six months ended 30 June 2009, our income tax expense mainly relates to the amount accrued for the years 2006 through June 2009 for the WRM Shareholder Dividend Tax Agreement.

### **Net Profits Attributable to Equity Holders of the Company**

As a result of the foregoing, net profits attributable to equity holders of the Company increased by 111.0%, from HK\$903.7 million in the six months ended 30 June 2009 to HK\$1.9 billion in the six months ended 30 June 2010.

## Management Discussion and Analysis

### LIQUIDITY AND CAPITAL RESOURCES

#### Capital Resources

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

#### Gearing Ratio

The gearing ratio is a key indicator of our Group's capital structure. The gearing ratio is net debt divided by total capital plus net debt. The table below presents the calculation of our gearing ratio as at 30 June 2010 and 31 December 2009.

	As at	
	30 June 2010 HK\$	31 December 2009 HK\$
	(in thousands)	
Interest bearing loans and borrowings, net	5,162,718	8,017,177
Accounts payable	914,582	726,742
Other payables and accruals	2,889,514	2,621,093
Amounts due to related companies	212,907	189,500
Construction retention payables	—	67,213
Other long-term liabilities, net of uncertain tax position	21,481	19,264
Less cash and cash equivalents	(4,230,947)	(5,228,995)
<b>Net debt</b>	<b>4,970,255</b>	<b>6,411,994</b>
Equity	5,700,877	3,770,966
<b>Total capital</b>	<b>5,700,877</b>	<b>3,770,966</b>
<b>Capital and net debt</b>	<b>10,671,132</b>	<b>10,182,960</b>
<b>Gearing ratio</b>	<b>46.6%</b>	<b>63.0%</b>

## Management Discussion and Analysis

### Cash Flows

Our cash balances at 30 June 2010 were HK\$4.2 billion. Such cash is available for operations, new development activities and enhancements to Wynn Macau and Encore. In addition, as at 30 June 2010, we had HK\$6.8 billion available to draw under the Wynn Macau Credit Facilities.

The following table presents a summary of the Group's cash flows for the six months ended 30 June 2010 and 2009.

### Group Cash Flows

	For the Six Months Ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(in millions)	
Net cash generated from operating activities	2,797.8	1,829.6
Net cash used in investing activities	(827.1)	(1,031.6)
Net cash generated from/(used in) financing activities	(2,968.8)	2,938.0
Net increase/(decrease) in cash and cash equivalents	(998.1)	3,736.0
Cash and cash equivalents at beginning of period	5,229.0	2,544.3
Cash and cash equivalents at end of period	4,230.9	6,280.3

### Net cash generated from operating activities

Our net cash generated from operating activities is primarily affected by operating income generated by Wynn Macau and Encore as a result of increased casino revenues, better costs control, and benefits from changes in working capital. Net cash from operating activities was HK\$2.8 billion in the six months ended 30 June 2010 compared to HK\$1.8 billion in the six months ended 30 June 2009.

Operating profits were HK\$2.1 billion for the six months ended 30 June 2010 compared to HK\$1.1 billion for the six months ended 30 June 2009.



## Management Discussion and Analysis

### **Net cash used in investing activities**

Net cash used in investing activities was HK\$827.1 million in the six months ended 30 June 2010, compared to net cash used in investing activities of HK\$1.0 billion in the six months ended 30 June 2009.

Capital expenditures related primarily to the construction of Encore at Wynn Macau were HK\$771.9 million and HK\$1,052.9 million for the six months ended 30 June 2010 and 2009, respectively.

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

Net cash used in financing activities was HK\$3.0 billion during the six months ended 30 June 2010 compared to net cash generated from financing activities of HK\$2.9 billion during the six months ended 30 June 2009.

The significant difference between net cash flow used in 2010 and net cash flow generated from 2009 is primarily due to a HK\$2,882.7 million repayment of the senior revolving credit facility under WRM's credit facilities made in 2010 compared to the HK\$3,893.5 million drawn from the senior revolving credit facility and the dividend payment of HK\$559.1 million in 2009.

### **Indebtedness**

The following table presents a summary of our indebtedness as at 30 June 2010 and 31 December 2009.

#### *Indebtedness information*

	As at	
	30 June 2010 HK\$	31 December 2009 HK\$
	(in thousands)	
Senior revolving credit facility	1,013,477	3,893,923
Senior term loan facility	4,287,716	4,283,103
<b>Total</b>	<b>5,301,193</b>	<b>8,177,026</b>

## Management Discussion and Analysis

The Group had approximately HK\$6.8 billion available to draw under the Wynn Macau Credit Facilities as at 30 June 2010.

### **Wynn Macau Credit Facilities**

#### *Overview*

As at 30 June 2010, WRM's credit facilities consisted of HK\$12.0 billion in a combination of Hong Kong dollar and U.S. dollar facilities, including a HK\$4.3 billion fully funded senior term loan facility and a HK\$7.7 billion senior revolving credit facility. The facilities may be used for a variety of purposes, including further enhancements at our resort, investments in other projects in Macau and general corporate purposes.

We have the ability to increase secured debt under the Wynn Macau Credit Facilities by up to an additional US\$50 million (approximately HK\$389.3 million).

As at 30 June 2010, we had total bank and other borrowings under the Wynn Macau Credit Facilities of HK\$5.3 billion, of which HK\$1.5 billion was denominated in U.S. dollars and HK\$3.8 billion was denominated in Hong Kong dollars.

The Company is not a party to the Wynn Macau Credit Facilities and has no rights or obligations thereunder.

#### *Principal and Interest*

The term loans under the Wynn Macau Credit Facilities mature in June 2014, and the revolving loans under the Wynn Macau Credit Facilities mature in June 2012. The principal amount of the term loans is required to be repaid in quarterly installments, commencing in September 2011.

Borrowings under the Wynn Macau Credit Facilities currently bear interest at London Inter-bank Offered Rate ("LIBOR") or Hong Kong Interbank Offered Rate ("HIBOR") (depending on the currency of the borrowing) plus a margin of 1.75%. Beginning after 30 September 2010, the margin will be subject to increases or decreases, with a resulting margin of between 1.25% and 2.00%, depending on WRM's leverage ratio.

## Management Discussion and Analysis

### *General Covenants*

The Wynn Macau Credit Facilities contain customary covenants restricting certain activities of the obligor group (WM Cayman Holdings Limited II and all of its subsidiaries except Palo Real Estate Company Limited), which does not include the Company, including, but not limited to, the incurrence of additional indebtedness, the incurrence or creation of liens on property, sale and leaseback transactions, the ability to dispose of assets and the making of loans or other investments, entering into mergers, consolidations, liquidations or amalgamations, forming or acquiring subsidiaries, amending, modifying or terminating certain material contracts, permits and governing documents, entering into transactions with affiliates, changing fiscal periods, entering into business activities other than certain permitted activities, and selling or discounting receivables, in each case, subject to certain permitted exceptions.

### *Financial Covenants*

The Wynn Macau Credit Facilities financial covenants require WRM to maintain a Leverage Ratio, as defined in the Wynn Macau Credit Facilities, of not greater than 4.75 to 1 as of 30 June 2010, and an Interest Coverage Ratio, as defined in the Wynn Macau Credit Facilities, of not less than 2 to 1. The Leverage Ratio decreases to not greater than 4.5 to 1 for the quarterly reporting period ending 30 September 2010 and 4 to 1 for the quarterly reporting period ending 31 December 2010. The Interest Coverage Ratio requirement remains at not less than 2 to 1 for each quarterly reporting period during 2010.

### *Compliance with Covenants*

The Directors confirm that there is no material non-compliance with the financial covenants or general covenants contained in the Wynn Macau Credit Facilities.

### *Mandatory Prepayment*

The Wynn Macau Credit Facilities contain mandatory prepayment provisions, which include, among other matters, prepayment of 50% of excess cash flow, as defined in the Wynn Macau Credit Facilities, if WRM's Leverage Ratio is greater than 4 to 1 for each quarterly period.

## Management Discussion and Analysis

### *Dividend Restrictions*

WRM and certain of its affiliates are subject to restrictions on payment of dividends or distributions or other amounts to their shareholders or to other affiliates, unless certain financial and non-financial criteria have been satisfied. Provided certain conditions are met, WRM is permitted to pay dividends. The conditions to be satisfied for the payment of dividends include:

- Compliance with applicable legal requirements;
- No event of default occurring under the Wynn Macau Credit Facilities;
- Compliance with the applicable Leverage Ratio and Interest Coverage Ratio financial covenants; and
- Such dividends may be made once in each fiscal quarter (and in respect of the first fiscal quarter in a fiscal year, only after borrowings under the Wynn Macau Credit Facilities have been prepaid to the extent required by the application of the excess cash flow mandatory prepayment provisions).

### *Events of Default*

The Wynn Macau Credit Facilities contain customary events of default, such as failure to pay, breach of covenants, insolvency proceedings, material adverse effect and cross default provisions. Events of default also include certain breaches of the terms of the Concession Agreement, and the taking of certain formal measures or administrative intervention by the Macau government in respect of the Concession Agreement or the concession for the land on which Wynn Macau is located.

The Wynn Macau Credit Facilities also include a change of control event of default which includes:

- Mr. Stephen A. Wynn, our Chairman and Chief Executive Officer (together with Mr. Kazuo Okada of Universal Entertainment Corporation (formerly known as Aruze Corp.), our non-executive Director) and certain other related parties, including any 80% (or more) owned subsidiary, trust, estate or immediate family members of Mr. Wynn or Mr. Okada) ceasing to control at least 20% of the voting power of Wynn Resorts, Limited;

## Management Discussion and Analysis

- Mr. Wynn (together with his related parties but excluding Mr. Okada and Mr. Okada's related parties) ceasing to control at least 10% of the voting power of Wynn Resorts, Limited; and
- Wynn Resorts, Limited ceasing to own or control at least 51% of WRM (or ceasing to have the ability to direct the management of WRM).

### *Security and Guarantees*

Collateral for the Wynn Macau Credit Facilities consists of substantially all of the assets of WRM. Certain of our direct and indirect subsidiaries have executed guarantees and pledged their interests in WRM in support of the obligations under the Wynn Macau Credit Facilities. With respect to the Concession Agreement, the WRM lenders do have certain cure rights and consultation rights with the Macau government upon an enforcement by the lenders.

### *Second Ranking Lender*

WRM is also party to a bank guarantee reimbursement agreement with Banco National Ultramarino S.A. to secure a guarantee in favor of the Macau government as required under the Concession Agreement. The amount of this guarantee is MOP300 million (HK\$291.3 million) and it lasts until 180 days after the end of the term of the Concession Agreement. The guarantee assures WRM's performance under the Concession Agreement, including the payment of certain premiums, fines and indemnities for breach. The guarantee is secured by a second priority security interest in the same collateral package securing the Wynn Macau Credit Facilities.

## 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 inflation, interest rates, and foreign currency exchange rates.

### **Foreign Exchange Risks**

The financial statements of foreign operations are translated into Hong Kong dollars, the Group's presentation currency, for incorporation into the interim financial information. 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. However, the exchange linkages of the Hong Kong dollar and the Macau pataca to the U.S. dollar, are subject to potential changes due to, among other things, changes in governmental policies and international economic and political developments.

## Management Discussion and Analysis

### Interest Rate Risks

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

As at 30 June 2010, the Group had three interest rate swaps intended to swap a portion of the underlying interest rate risk on borrowings under the Wynn Macau Credit Facilities. Under the first swap agreement, the Group pays a fixed interest rate of 3.632% on U.S. dollar borrowings of approximately US\$153.8 million (approximately HK\$1.2 billion) incurred under the US\$550 million (approximately HK\$4.3 billion) term loan portion of the Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable LIBOR at the time of payment. Under the second swap agreement, the Group pays a fixed interest rate of 3.39% on Hong Kong dollar borrowings of approximately HK\$991.6 million incurred under the US\$550 million (approximately HK\$4.3 billion) term loan portion of the Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. These interest rate swaps fix the interest rates on the U.S. dollar and the Hong Kong dollar term loan borrowings at approximately 5.382% and 5.14%, respectively. These two interest rate swap agreements will mature in August 2011.

The Group entered into another interest rate swap agreement on 17 August 2009, with an effective date of 27 November 2009, to swap a portion of the underlying interest rate risk on borrowings under the Wynn Macau Credit Facilities. Under this swap agreement, beginning 27 November 2009, the Group pays a fixed interest rate of 2.15% on borrowings of approximately HK\$2.3 billion incurred under the Wynn Macau Credit Facilities in exchange for receipts on the same amount at a variable interest rate based on the applicable HIBOR at the time of payment. This interest rate swap fixes the interest rate on HK\$2.3 billion of borrowings under the Wynn Macau Credit Facilities at approximately 3.9%. This interest rate swap agreement will mature in June 2012.

## Management Discussion and Analysis

The carrying values of these interest rate swaps on the condensed consolidated statement of financial position approximates their fair values. The fair value approximates the amount the Group would pay if these contracts were settled at the respective valuation dates. Fair value is estimated based upon current, and predictions of future, interest rate levels along a yield curve, the remaining duration of the instruments and other market conditions, and therefore, is subject to significant estimation and a high degree of variability of fluctuation between periods. We adjust this amount by applying a non-performance valuation, considering our creditworthiness or the creditworthiness of our counterparties at each settlement date, as applicable. These transactions do not qualify for hedge accounting. Accordingly, changes in the fair values during the periods ended 30 June 2010 and 2009 were charged to the condensed consolidated statement of comprehensive income.

Our liabilities under the swap agreements are secured by the same collateral package securing the Wynn Macau Credit Facilities.

### OFF BALANCE SHEET ARRANGEMENTS

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

### OTHER LIQUIDITY MATTERS

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

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

## Management Discussion and Analysis

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 Wynn Macau and Encore. We have incurred and will continue to incur capital expenditures related to these enhancements and refinements.

Taking into consideration our financial resources, including our cash and cash equivalents, internally generated funds and availability under the Wynn Macau Credit Facilities, we believe that we have sufficient liquid assets to meet our working capital and operating requirements for the following 12 months.

### RELATED PARTY TRANSACTIONS

For details of the related party transactions, see note 16 to the Interim Financial Information. Our Directors confirm that all related party transactions are conducted on normal commercial terms, and that their terms are fair and reasonable.



## Directors and Senior Management

### OUR DIRECTORS

The following table presents certain information in respect of the members of our Board.

#### Members of our Board

Name	Age	Position	Date of Appointment
Stephen A. Wynn	68	Chairman of the Board, Executive Director, Chief Executive Officer and President	16 September 2009
Ian Michael Coughlan	51	Executive Director	16 September 2009
Linda Chen	43	Executive Director and Chief Operating Officer	16 September 2009
Kazuo Okada	67	Non-executive Director	16 September 2009
Allan Zeman, <i>GBS, JP</i>	62	Vice-Chairman of the Board and Non-executive Director	16 September 2009
Marc D. Schorr	62	Non-executive Director	16 September 2009
Nicholas Sallnow-Smith	60	Independent Non-executive Director	16 September 2009
Bruce Rockowitz	51	Independent Non-executive Director	16 September 2009
Jeffrey Kin-fung Lam, <i>SBS, JP</i>	58	Independent Non-executive Director	16 September 2009

#### Executive Directors

**Mr. Stephen A. Wynn**, aged 68, has been a Director of the Company since its inception and an executive Director, the Chairman of the Board of Directors, Chief Executive Officer and President of the Company since 16 September 2009. Mr. Wynn has served as Director, Chairman and Chief Executive Officer of WRM since October 2001. Mr. Wynn has also served as Chairman and Chief Executive Officer of Wynn Resorts, Limited since June 2002. Mr. Wynn has over 40 years of experience in the gaming casino industry. From April 2000 to September 2002, Mr. Wynn was the managing member of Valvino Lamore, LLC, the predecessor and a current wholly owned subsidiary of Wynn Resorts, Limited. Mr. Wynn also serves as an officer and/or director of several subsidiaries

## Directors and Senior Management

of Wynn Resorts, Limited. Mr. Wynn served as Chairman, President and Chief Executive Officer of Mirage Resorts, Inc. and its predecessor, Golden Nugget Inc., between 1973 and 2000. Mr. Wynn developed and opened The Mirage, Treasure Island and Bellagio in 1989, 1993 and 1998, respectively.

**Mr. Ian Michael Coughlan**, aged 51, has been an executive Director of the Company since 16 September 2009. Mr. Coughlan is also the President of WRM, a position he has held since July 2007. In this role, he is responsible for the entire operation and development of Wynn Macau. Prior to this role, Mr. Coughlan was Director of Hotel Operations — Worldwide for Wynn Resorts, Limited. Mr. Coughlan has over 30 years of hospitality experience with leading hotels across Asia, Europe and the United States. Before joining Wynn Resorts, Limited, he spent ten years with The Peninsula Group, including posts as General Manager of The Peninsula Hong Kong from September 2004 to January 2007, and General Manager of The Peninsula Bangkok from September 1999 to August 2004. His previous assignments include senior management positions at The Oriental Singapore, and a number of Ritz-Carlton properties in the United States. Mr. Coughlan has a Diploma from Shannon College of Hotel Management, Ireland.

**Ms. Linda Chen**, aged 43, has been an executive Director and the Chief Operating Officer of the Company since 16 September 2009 and Chief Operating Officer of WRM since June 2002. Ms. Chen is responsible for the marketing and strategic development of WRM. Ms. Chen is also a director of Wynn Resorts, Limited and President of WIML. In these positions, she is responsible for the set-up of international marketing operations of Wynn Resorts, Limited. Prior to joining the Group, Ms. Chen was Executive Vice President — International Marketing at MGM Mirage, a role she held from June 2000 until May 2002, and was responsible for the international marketing operations for MGM Grand, Bellagio and The Mirage. Prior to this position, Ms. Chen served as the Executive Vice President of International Marketing for Bellagio and was involved with its opening in 1998. She was also involved in the opening of the MGM Grand in 1993 and The Mirage in 1989. Ms. Chen is also a member of the Nanjing Committee of the Chinese People's Political Consultative Conference (Macau). Ms. Chen holds a Bachelor of Science Degree in Hotel Administration from Cornell University in 1989 and completed the Stanford Graduate School of Business Executive Development Program in 1997.

## Directors and Senior Management

### Non-executive Directors

**Mr. Kazuo Okada**, aged 67, has been a non-executive Director of the Company since 16 September 2009. Mr. Okada is also a non-executive director of Wynn Resorts, Limited and has served as Vice Chairman of the board of Wynn Resorts, Limited since October 2002. He is also a director of Wynn Las Vegas Capital Corp.

In 1969, Mr. Okada founded Universal Lease Co. Ltd., which became Aruze Corp. in 1998, a company listed on the Japanese Association of Securities Dealers Automated Quotation Securities Exchange. In November 2009, Aruze Corp. changed its name to Universal Entertainment Corporation. Universal Entertainment Corporation is a Japanese manufacturer of pachislot and pachinko machines, amusement machines and video games for domestic sales. Mr. Okada currently serves as director and Chairman of the board of Universal Entertainment Corporation, and as director, President, Secretary and Treasurer of Aruze USA, Inc., which is a wholly owned subsidiary of Universal Entertainment Corporation and owns approximately 19.9% of Wynn Resorts, Limited.

In 1983, Mr. Okada also founded Universal Distributing of Nevada, Inc., which changed its name to Aruze Gaming America, Inc. in 2005. Aruze Gaming America, Inc. is a manufacturer and distributor of gaming machines and devices in the United States and is expanding its sales business in Asia, Australia and South Africa. Mr. Okada currently serves as director, President, Secretary and Treasurer of Aruze Gaming America, Inc.

**Dr. Allan Zeman, GBS, JP**, aged 62, has been a Director of the Company since its inception and a non-executive Director of the Company since 16 September 2009 and is the Vice Chairman of the Company. He is also a non-executive director of Wynn Resorts, Limited, a position he has held since October 2002. 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 also Chairman of Ocean Park, a major theme park in Hong Kong.

## Directors and Senior Management

Dr. Zeman is Vice Patron of Hong Kong Community Chest and serves as a director of the “Star” Ferry Company, Limited. Dr. Zeman also serves as an independent non-executive director of Pacific Century Premium Developments Limited, Sino Land Company Limited and Tsim Sha Tsui Properties Limited, all of which are listed on the Hong Kong Stock Exchange. Dr. Zeman is an independent non-executive director of The Link Management Limited, a subsidiary of the Hong Kong Stock Exchange-listed Link Real Estate Investment Trust.

Dr. Zeman is a member of the Tourism Strategy Group for the Hong Kong Tourism Commission, Food Business Task Force for Business Facilitation Advisory Committee, the Committee on Economic Development and Economic Cooperation with Mainland established under the Commission on Strategic Development, the Vocational Training Council, the West Kowloon Cultural District Authority (“WKCDA”), the Consultation Panel of the WKCDA, WKCDA Development Committee, WKCDA Investment Committee, and WKCDA Performing Arts Committee (of which Dr. Zeman is the Chairman). In 2001, Dr. Zeman joined the Richard Ivey School of Business’ Asian Advisory Board.

In 2001, Dr. Zeman was appointed a Justice of the Peace, and was awarded the Gold Bauhinia Star in 2004. He has also been awarded an honorary Doctor of Laws Degree (LL.D.) from The University of Western Ontario, Canada.

**Mr. Marc D. Schorr**, aged 62, has been a non-executive Director of the Company since 16 September 2009, and also a director of WRM. He is also the Chief Operating Officer of Wynn Resorts, Limited, a position he has held since June 2002, and a director of WRL since 29 July 2010. Mr. Schorr has over 30 years of experience in the casino gaming industry. From June 2000 through April 2001, Mr. Schorr served as Chief Operating Officer of Valvino Lamore, LLC. Prior to joining the Group, Mr. Schorr was the President of The Mirage Casino-Hotel from January 1997 until May 2000 and, prior to this position, was the President and Chief Executive Officer of Treasure Island at The Mirage from August 1992. His experience also includes establishing a casino marketing department and a branch office network throughout the United States as director of Casino Marketing for the Golden Nugget in Las Vegas in 1984 and managing the Golden Nugget in Laughlin, Nevada and its multi-million dollar expansion program in 1989 in his position as President and Chief Executive Officer.

## Directors and Senior Management

### Independent non-executive Directors

**Mr. Nicholas Sallnow-Smith**, aged 60, has been an independent non-executive Director of the Company since 16 September 2009. Mr. Sallnow-Smith has also served as the Chairman and an independent non-executive director of The Link Management Limited since April 2007 and is also Chairman of the Link Management Limited's Finance and Investment, and Nominations Committees. The Link Management Limited is the manager to the Link Real Estate Investment Trust, a company listed on the Hong Kong Stock Exchange. Mr. Sallnow-Smith is also an independent non-executive director of Dah Sing Financial Holdings Limited, a company listed on the Hong Kong Stock Exchange; Dah Sing Bank, Limited, a subsidiary of Dah Sing Banking Group Limited which is a company listed on the Hong Kong Stock Exchange; the Chairman of LionRock Master Fund Limited in Singapore; and a member of the Advisory Board of Winnington Group. Prior to joining The Link Management Limited, 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 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 Bank before moving into the corporate sector in 1987. Mr. Sallnow-Smith served as the Convenor of the Hong Kong Association of Corporate Treasurers in 1996 to 2000 and Chairman of the Matilda Child Development Centre. He is a director of the Hong Kong Philharmonic Society, Chairman of the Hong Kong Youth Arts Foundation, a member of the Council of the Treasury Markets Association (Hong Kong Association of Corporate Treasures Representative) and a member of the General Committee of The British Chamber of Commerce in Hong Kong. He is also the Chairman of AFS Intercultural Exchanges Ltd. in Hong Kong.

## Directors and Senior Management

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.

**Mr. Bruce Rockowitz**, aged 51, has been an independent non-executive Director of the Company since 16 September 2009. Mr. Rockowitz is also the President of Li & Fung (Trading) Ltd, the principal operating subsidiary of Li & Fung Limited, a company listed on the Hong Kong Stock Exchange. Mr. Rockowitz has been an executive director of Li & Fung Limited since 2001 and was the co-founder and Chief Executive Officer of Colby International Limited, a large Hong Kong buying agent, prior to the sale of Colby International Limited to Li & Fung Limited in 2000. He is a member of the Advisory Board for the Wharton School's Jay H Baker Retailing Initiative, 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, New York, United States. In December 2008, Mr. Rockowitz was ranked first by Institutional Investor for Asia's Best CEOs in the consumer category. In March 2010, he was also ranked as one of the world's 30 best CEOs by Barron's. In addition to his position at Li & Fung, Mr. Rockowitz is the non-executive Chairman of The Pure Group, a lifestyle, fitness and yoga group operating in Hong Kong, Singapore and Taiwan and soon to be opening in mainland China. As non-executive Chairman of The Pure Group, Mr. Rockowitz provides strategic vision and direction to the senior management of The Pure Group.

**Mr. Jeffrey Kin-fung Lam, SBS, JP**, aged 58, has been an independent non-executive Director of the Company since 16 September 2009. Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference, a member of the Hong Kong Legislative Council, the Chairman of the Assessment Committee of Mega Events Funds, a member of the board of the West Kowloon Cultural District Authority and a member of the Independent Commission Against Corruption's Advisory Committee on Corruption. Mr. Lam is also a General Committee Member of the Hong Kong General Chamber of Commerce and the Vice-Chairman of The Hong Kong Shippers' Council. In addition, Mr. Lam is an independent non-executive director of CC Land Holdings Limited and Hsin Chong Construction Group Ltd., the shares of which are listed on the Hong Kong Stock Exchange.

## Directors and Senior Management

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

### OUR SENIOR MANAGEMENT

The following table presents certain information concerning the senior management personnel of the Group (other than our Directors).

#### Senior management

Name	Age	Position
Frank Xiao	42	Senior Executive Vice President — Premium Marketing <sup>#</sup>
Jay Dee Clayton	57	Executive Vice President — Gaming <sup>#</sup>
Doreen Marie Whennen	55	Executive Vice President — Hotel Operations <sup>#</sup>
Jay M. Schall	37	Senior Vice President — Legal <sup>*#</sup>
Robert Alexander Gansmo	40	Vice President — Chief Financial Officer <sup>#</sup>
Andre Mung Dick Ong	40	Vice President — Chief Information Officer <sup>#</sup>
Mo Yin Mok	49	Vice President — Human Resources <sup>#</sup>
Thomas Patrick Connolly	37	Vice President — Food & Beverage <sup>#</sup>
Bernadette Theresa Keefe	58	Executive Director — Casino Finance <sup>#</sup>
Peter James Barnes	51	Executive Director — Security & Corporate Investigations <sup>*#</sup>
Hugh Henry John Fraser	53	Director — Table Games (Wynn Club) <sup>#</sup>
Dianne Fiona Dennehy	54	Director — Table Games (Main Floor) <sup>#</sup>
Craig Arthur Raymond Mitchell	49	Director — Slot Operations <sup>#</sup>
Nathan Scott Fisher	42	Director — Surveillance <sup>#</sup>

Notes:

\* Position held in the Company.

# Position held in WRM.

## Directors and Senior Management

**Mr. Frank Xiao**, aged 42, is the Senior Executive Vice President — Premium Marketing of WRM, a position he has held since August 2006. Mr. Xiao is responsible for providing leadership and guidance to the marketing team and staff, developing business and promoting Wynn Macau. Prior to this position, Mr. Xiao was the Senior Executive Vice President — China Marketing for WIML and Worldwide Wynn between 2005 until 2006. Prior to joining the Group, Mr. Xiao was the Senior Vice President of Far East Marketing at MGM Grand Hotel. During his 12 years at MGM Grand Hotel, he was promoted several times from his first position as Far East Marketing Executive in 1993. Mr. Xiao holds a Bachelor of Science Degree in Hotel Administration and a Master's Degree in Hotel Administration from the University of Nevada, Las Vegas.

**Mr. Jay Dee Clayton**, aged 57, is the Executive Vice President — Gaming of WRM, a position he has held since May 2006. Mr. Clayton is responsible for assisting the President of the Company in providing leadership and operational direction for the development and operation of Wynn Macau, with a particular focus on gaming operations. Mr. Clayton joined the gaming industry in 1975 and has over 25 years of experience in the industry, having served at gaming companies including Del Webb, Harrah's, Caesar's, and Mirage Resorts. Over his career, Mr. Clayton gained experience in a wide range of assignments including training and development, marketing and promotions, player development, project management and operations. Prior to joining WRM, Mr. Clayton held managerial roles at MGM Grand Detroit Casino, where he served from January 2000. Mr. Clayton served as General Manager of MGM Grand Darwin in Australia where he was the Chief Liaison between the company and Australia's Northern Territory Racing and Gaming Authority. Mr. Clayton acquired a Master's Degree in Hotel Administration from the University of Nevada, Las Vegas in 1993. Prior to that, Mr. Clayton obtained a Bachelor of Science Degree from Utah State University in 1975 and an Associate's Degree in Culinary Arts from the Atlantic Community College in Mays Landing, New Jersey in 1985.

**Ms. Doreen Marie Whennen**, aged 55, is the Executive Vice President — Hotel Operations of WRM, a position she has held since May 2007. Ms. Whennen is responsible for overseeing the hotel operations of Wynn Macau. Ms. Whennen has over 20 years of experience in the hospitality industry. She joined Valvino Lamore, LLC in 2000 and prior to joining the Group, she held various positions at The Mirage, which she joined in 1989, including Front Office Manager, Director of Guest Services and Vice President of Hotel Operations. Ms. Whennen started her career in 1987 as an Assistant Front Desk Manager at the Tropicana Hotel, Las Vegas. In 1988, she was promoted to Front Desk Manager.



## Directors and Senior Management

**Mr. Jay M. Schall**, aged 37, is the Senior Vice President — Legal of the Company and WRM. He has held senior legal positions with WRM since May 2006. In his role, Mr. Schall is supported by three Macau lawyers who assist him on matters concerning Macau law. Mr. Schall has also been extensively involved in the development and implementation of a set of comprehensive anti-money laundering policies and related procedures for WRM. He has over ten years of experience in the legal field, including over six years in Macau and Hong Kong. Prior to joining the Group, Mr. Schall practiced United States law at a major law firm in the United States and in Hong Kong. Mr. Schall is a member of the State Bar of Texas. Mr. Schall holds a Bachelor of Arts Degree from Colorado College, an MBA from Tulane University, Freeman School of Business and a Juris Doctor (magna cum laude) from Tulane University School of Law.

**Mr. Robert Alexander Gansmo**, aged 40, is the Vice President — Chief Financial Officer of WRM, a position he has held since April 2009. Prior to taking this position, Mr. Gansmo was the Director — Finance of WRM, a position he assumed in January 2007. Mr. Gansmo is responsible for the management and administration of WRM's general finance departments. His duties include coordinating with the corporate finance department and financial reporting. Before joining WRM, Mr. Gansmo worked at Wynn Resorts, Limited, where he served as the Director of Financial Reporting from November 2002. Prior to joining the Group, Mr. Gansmo practiced as a certified public accountant with firms in Las Vegas, Washington and California, including KPMG Peat Marwick, Arthur Andersen, and Deloitte and Touche. Mr. Gansmo graduated in 1993 from California State University, Chico, where he obtained a Bachelor of Science Degree in Business Administration with a focus on accounting. He became a Certified Public Accountant in the State of California in 1997.

**Mr. Andre Mung Dick Ong**, aged 40, is the Vice President — Chief Information Officer of WRM, a position he has held since March 2007. Mr. Ong is responsible for the strategic planning and deployment of information systems and technology for WRM. Prior to taking up this role, Mr. Ong was the executive director, Chief Information Officer of WRM, a position he held from June 2003. Before joining the Group, Mr. Ong served at Shangri-La Hotels & Resorts where, from August 2001 until May 2003, he was the Director of Corporate Information Technology and was responsible for the planning and deployment of information technology for the group of 40 hotels and five regional sales offices. Prior to this role, he was Director of Technology Support as well as Systems Support Manager since 1993. Mr. Ong has more than ten years of experience in the hospitality industry and extensive skills in technology consultation, vendor management, technical training and software development. Mr. Ong was educated in Western Australia and obtained a Bachelor of Engineering Degree in Computer Systems from Curtin University of Technology in 1991.

## Directors and Senior Management

**Ms. Mo Yin Mok**, aged 49, is the Vice President — Human Resources of WRM, a position she has held since June 2008. Ms. Mok has an extensive 20-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 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.

**Mr. Thomas Patrick Connolly**, aged 37, is the Vice-President — Food & Beverage of WRM, a position he has held since July 2008. Prior to taking this position, Mr. Connolly was the Director — Food and Beverage, a position he assumed in April 2007. Mr. Connolly is responsible for all aspects of WRM's food and beverage operations. Prior to joining the Group, Mr. Connolly was Assistant Food and Beverage Manager at The Peninsula Hong Kong, a role he held from March 2006 until April 2007. His experience also includes managing The Mandarin Grill at The Mandarin Oriental Hong Kong from October 1999 until November 2000, managing JJ's at The Grand Hyatt Hong Kong, managing the opening of a major Hyatt food and beverage operation in South Korea, and serving as General Manager of Jean Georges in Shanghai, China, which he opened with world-renowned chef Jean Georges Vongerichten in 2004.

**Ms. Bernadette Theresa Keefe**, aged 58, is the Executive Director — Casino Finance of WRM, a position she has held since April 2009. Prior to taking this position, Ms. Keefe was the Director — Casino Finance, a position she assumed in May 2007. She is responsible for cage operations, credit and collections within the finance department. Ms. Keefe has also been extensively involved in the development and implementation of a set of comprehensive anti-money laundering policies and related procedures for WRM. Ms. Keefe has 33 years of experience in the casino industry. Prior to joining the Group, Ms. Keefe worked with the regulatory body responsible for overseeing casino operations in Queensland, Australia as the Casino's Primary Liaison Officer. Ms. Keefe was Cage Manager of the Sun City Casino in South Africa prior to moving to Australia where she held a number of managerial roles in various casinos including Head Cashier at Diamond Beach Casino,

## Directors and Senior Management

Cage Manager at Burswood Resort Casino and Casino Controller, Compliance Manager and finally Regulatory Affairs Manager covering both Conrad Jupiters and Conrad Treasury. She has also been involved in the opening of numerous casinos around the world, including Sun City in South Africa, Oceanic Independence Cruise Ship in Perth, Australia, and Conrad Treasury in Queensland, Australia.

**Mr. Peter James Barnes**, aged 51, is the Executive Director — Security & Corporate Investigations of the Company and WRM. Mr. Barnes has served in the same position at WRM since July 2008. Mr. Barnes is responsible for all aspects of WRM's security and corporate investigations. Mr. Barnes has 30 years of experience in the Hong Kong Police Force and has held various managerial positions involving serious crimes, homicide, organized crime and anti-riot operations. Prior to joining the Group, Mr. Barnes was the Divisional Commander in charge of uniformed and criminal investigation department officers in Tsimshatsui, Hong Kong, a position he held from 2004 until 2005 when he was promoted to the rank of Detective Senior Superintendent of Police in the Kowloon East region. Mr. Barnes has professional qualifications which cover security design, financial investigations, intermediate and senior command, criminal intelligence and surveillance operations. Mr. Barnes completed the 205th Session of the Federal Bureau of Investigation's National Academy Program in Quantico, Virginia, United States. Mr. Barnes was awarded the Commanding Officer's Commendations in 1983 and 1997.

**Mr. Hugh Henry John Fraser**, aged 53, is the Director — Table Games (Wynn Club) of WRM, a position he has held since January 2006. Mr. Fraser is responsible for overseeing, managing and leading the operations of all casino gaming in Wynn Macau's Wynn Club. He has over 30 years of experience in the casino industry and, prior to joining our Group, Mr. Fraser was the Casino Manager of Crown Casino in Melbourne, Australia, where he was responsible for the execution of the overall strategic direction of the casino operation. His other experience includes being part of the management team that opened the 45 Park Lane Casino in Mayfair, London and being a Pit Manager and Baccarat Trainer for the VIP international room in the Burswood Casino in Perth, Western Australia. Mr. Fraser started his gaming career in 1976 at the London-based Caesar Palace Casino as a dealer before joining the Playboy Casino on Park Lane. Mr. Fraser also received an Executive Certificate in Business Management from Monash University in Melbourne, Australia.

## Directors and Senior Management

**Ms. Dianne Fiona Dennehy**, aged 54, is the Director — Table Games (Main Floor) of WRM, a position she has held since September 2005. Ms. Dennehy is responsible for the overall operations of WRM's main floor table games operation. Ms. Dennehy has over 30 years of experience in the casino industry in Australia and other countries in a number of casinos and roles in table games operations, cash desk, slots, VIP and guest relations, human resources and training development. Prior to joining the Group, she was involved in the opening of casino properties in Australia, Sri Lanka, Yugoslavia and Egypt. She also has six years of experience in human resources which she gained as the Human Resources Operations Manager at Star City, Sydney, Australia.

**Mr. Craig Arthur Raymond Mitchell**, aged 49, is the Director — Slot Operations of WRM, a position he has held since June 2008. Mr. Mitchell is responsible for providing leadership and guidance to the slot department management team and staff. This includes establishing the operational structure, instituting departmental policies and procedures, developing slot merchandising strategies, and projecting and evaluating the revenues and expenses of the department. Prior to this position, Mr. Mitchell was the Shift Manager of Slots between June 2006 and May 2008. Mr. Mitchell has held management roles in various hospitality-related businesses prior to joining the Group including Gaming Manager at a Rugby Super League Club in Sydney which had 300 slot machines. From 1989, he was Operations Manager and Duty Manager at Balmain Leagues Club (Tigers), Australia. Mr. Mitchell has attended the Gaming Executive Development Program at the University of Nevada, United States.

**Mr. Nathan Scott Fisher**, aged 42, is the Director — Surveillance of WRM, a position he has held since April 2009. Mr. Fisher is responsible for overseeing surveillance operations and technical functions as well as ensuring compliance with all gaming regulations. Prior to this position, Mr. Fisher was the Surveillance Operations Manager of WRM, a position he held from May 2008. He joined WRM as Surveillance Shift Manager in May 2006 and was promoted to Assistant Operations Manager — Surveillance in May 2007. Mr. Fisher has over 15 years of experience in the gaming industry. Prior to joining the Group, Mr. Fisher worked at Jupiter's Gold Coast, Australia, as Surveillance — Acting Shift Manager, from 2001 until 2006, where he was responsible for managing the surveillance team and monitoring gaming and non-gaming areas for compliance as well as games and assets protection. Mr. Fisher started his gaming career as a dealer in 1993.

## Directors and Senior Management

### OUR COMPANY SECRETARY

Ms. Kwok Yu Ching is the company secretary of the Company.

**Ms. Kwok Yu Ching**, aged 44, has been a company secretary of the Company since September 2009. She is a director of Corporate Services Division of Tricor Services Limited. Ms. Kwok, a Chartered Secretary, is an Associate of both The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators. She has been providing professional services to companies listed on the Hong Kong Stock Exchange for over 20 years. Prior to joining Tricor Services Limited in 2002, Ms. Kwok was the Senior Manager of Company Secretarial Services at Ernst & Young and Tengis Limited in Hong Kong.

## Other Information

### DIVIDENDS

The Board has recommended that no interim dividend be paid in respect of the six months ended 30 June 2010.

### DIRECTORS' AND CHIEF EXECUTIVES' INTEREST AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY ASSOCIATED CORPORATION

As at 30 June 2010, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director or chief executive is taken or deemed to have under such provisions of the SFO); (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; (c) were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange; or (d) were disclosed according to the knowledge of the Directors of the Company were as follows:

Name of Director	Name of Corporation	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total Number of Shares	Approximate Percentage of Shareholding
Nicholas Sallnow-Smith	Wynn Macau Limited	250,000 (Long Position) (Note 1)	10,000 (Long Position) (Note 1)	—	—	260,000 (Long Position) (Note 1)	0.00%
Bruce Rockowitz	Wynn Macau Limited	250,000 (Long Position) (Note 2)	—	—	—	250,000 (Long Position) (Note 2)	—
Jeffrey Kin-fung Lam	Wynn Macau Limited	250,000 (Long Position) (Note 3)	—	—	—	250,000 (Long Position) (Note 3)	—
Stephen A. Wynn	Wynn Resorts, Limited	11,026,708 (Long Position) (Note 4)	—	—	—	11,026,708 (Long Position) (Note 4)	8.95%
Ian Michael Coughlan	Wynn Resorts, Limited	10,000 (Long Position) (Note 5)	—	—	—	10,000 (Long Position) (Note 5)	0.01%
		50,000 (Long Position) (Note 5)	—	—	—	50,000 (Long Position) (Note 5)	—

## Other Information

Name of Director	Name of Corporation	Personal Interest	Family Interest	Corporate Interest	Other Interest	Total Number of Shares	Approximate Percentage of Shareholding
Linda Chen	Wynn Resorts, Limited	248,750 (Long Position) (Note 6)	—	—	26,250 (Long Position) (Note 6)	275,000 (Long Position) (Note 6)	0.2%
	Wynn Resorts Limited	575,000 (Long Position) (Note 6)	10,000 (Long Position) (Note 6)	—	—	585,000 (Long Position) (Note 6)	—
Kazuo Okada	Wynn Resorts, Limited	—	—	24,549,222 (Long Position) (Note 7)	—	24,549,222 (Long Position) (Note 7)	19.8%
		—	—	2,000,000 (Short Position) (Note 8)	—	2,000,000 (Short Position) (Note 8)	1.7%
Allan Zeman	Wynn Macau Limited	250,000 (Long Position) (Note 9)	—	—	—	250,000 (Long Position) (Note 9)	—
	Wynn Resorts, Limited	7,500 (Long Position) (Note 9)	—	—	—	7,500 (Long Position) (Note 9)	0.01%
	Wynn Resorts, Limited	45,000 (Long Position) (Note 9)	—	—	—	45,000 (Long Position) (Note 9)	—
Marc D. Schorr	Wynn Resorts, Limited	250,000 (Long Position) (Note 10)	—	—	15,800 (Long Position) (Note 10)	265,800 (Long Position) (Note 10)	0.2%
	Wynn Resorts, Limited	550,000 (Long Position) (Note 10)	—	—	—	550,000 (Long Position) (Note 10)	—

### Notes:

- (1) As at 30 June 2010, Mr. Sallnow-Smith's spouse, Ms. Lora Sallnow-Smith, was interested in 10,000 Shares. Mr. Sallnow-Smith is deemed to be interested in the 10,000 Shares held by his spouse under the SFO. Pursuant to the Wynn Macau Limited share option scheme, 250,000 shares of unvested stock options were also granted to Mr. Sallnow-Smith.
- (2) Pursuant to the Wynn Macau Limited share option scheme, 250,000 shares of unvested stock options were granted to Mr. Bruce Rockowitz.
- (3) Pursuant to the Wynn Macau Limited share option scheme, 250,000 shares of unvested stock options were granted to Mr. Jeffrey Kin-fung Lam.
- (4) Pursuant to a divorce settlement, 11,076,709 Shares (the "Settlement Shares") were transferred for no consideration by Mr. Stephen A. Wynn to Elaine P. Wynn on 6 January 2010. A disclosure of interest form was filed with the Securities and Futures Commission on 11 January 2010 in respect of the transfer of the Settlement Shares by Mr. Stephen A. Wynn to Elaine P. Wynn.

## Other Information

- (5) Pursuant to the 2002 Stock Incentive Plan of Wynn Resorts, Limited (the "Stock Plan"), 50,000 unvested stock options and 10,000 non-vested shares in the common stock of Wynn Resorts, Limited were granted to Mr. Ian Michael Coughlan.
- (6) Pursuant to the Stock Plan, (i) vested and unvested stock options relating to an aggregate of 575,000 shares; and (ii) 200,000 non-vested shares, in the common stock of Wynn Resorts, Limited, were granted to Ms. Linda Chen. 48,750 shares in the common stock of Wynn Resorts, Limited are held by Ms. Linda Chen personally. 26,250 shares in the common stock of Wynn Resorts, Limited are held by Ms. Linda Chen as trustee for the Chen Trust; Mr. Eddie Tseng, the spouse of Ms. Linda Chen, held vested and unvested stock options relating to 10,000 shares in the common stock of Wynn Resorts, Limited. Ms. Linda Chen is therefore deemed to be interested in each of the 26,250 shares and the vested and unvested stock options relating to 10,000 shares in Wynn Resorts, Limited under the SFO.
- (7) Aruze USA, Inc. is directly interested in 24,549,222 shares in the common stock of Wynn Resorts, Limited. Aruze USA, Inc. is a wholly owned subsidiary of Universal Entertainment Corporation (formerly known as Aruze Corp.), in which Mr. Kazuo Okada owns a controlling interest and is the Chairman. Mr. Kazuo Okada is therefore deemed to be interested in 24,549,222 shares in Wynn Resorts, Limited under the SFO.
- (8) On 17 April 2010, Aruze USA, Inc. pledged 2,000,000 shares in the common stock of Wynn Resorts, Limited, thus creating a short position in those shares. Mr. Okada is therefore deemed to have a short position in 2,000,000 shares in the common stock of Wynn Resorts, Limited.
- (9) Pursuant to the Stock Plan, (i) vested and unvested stock options relating to an aggregate of 45,000 shares; and (ii) 7,500 non-vested shares, in the common stock of Wynn Resorts, Limited were granted to Dr. Allan Zeman. Pursuant to the Wynn Macau Limited stock option scheme, 250,000 shares of unvested stock options were granted to Dr. Allan Zeman.
- (10) Pursuant to the Stock Plan, (i) vested and unvested stock options relating to an aggregate of 550,000 shares; and (ii) 250,000 non-vested shares, in the common stock of Wynn Resorts, Limited, were granted to Mr. Marc D. Schorr. 15,800 shares in the common stock of Wynn Resorts, Limited are held by a living trust in favor of Mr. Marc D. Schorr and Ms. Jane R. Schorr, the spouse of Mr. Marc D. Schorr. Mr. Marc D. Schorr is therefore deemed to be interested in 15,800 shares in Wynn Resorts, Limited under the SFO.



## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 30 June 2010, the Company had been notified of the following substantial shareholders' interests and short positions in the shares and underlying shares of the Company, being interests of 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executives of the Company.

Name	Capacity/ Nature of Interest	Shares of HK\$0.001 each in the Company	
		Number of Shares	Percentage of the issued share capital of the Company
WM Cayman Holdings Limited I (Note 1)	Beneficial interest	3,750,000,000 (Long Position)	72.29%
Wynn Group Asia, Inc. (Note 1)	Interest of a controlled corporation	3,750,000,000 (Long Position)	72.29%
Wynn Resorts, Limited (Note 1)	Interest of a controlled corporation	3,750,000,000 (Long Position)	72.29%

Note:

- (1) WM Cayman Holdings Limited I is a wholly owned subsidiary of Wynn Group Asia, Inc., which in turn is wholly owned by Wynn Resorts, Limited. Therefore Wynn Group Asia, Inc. and Wynn Resorts, Limited are deemed or taken to be interested in 3,750,000,000 shares which are beneficially owned by WM Cayman Holdings Limited I.

## Other Information

### REMUNERATION POLICY

As at 30 June 2010, the Group had approximately 7,200 employees. Employees of the Group are selected, remunerated and promoted on the basis of their merit, qualifications, competence and contribution to the Group.

Compensation of key executives of the Group is determined by the Company's remuneration committee which reviews and determines executives' compensation based on the Group's performance and the executives' respective contributions to the Group.

The Company also has a provident fund set up for its employees and a share options scheme. Further details on the Company's share options scheme are set out below.

### SHARE OPTION SCHEME

The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected qualifying grantees.

On 25 March 2010, 1,000,000 options were granted under the share option scheme to certain directors of the Company. Particulars and movements of the options under the share option scheme during the six months ended 30 June 2010 are as follows:

Name of the director	Number of share options			
	Outstanding as at 1 January 2010	Granted during the period	Exercised/ lapsed/ canceled during the period	Outstanding as at 30 June 2010
Dr. Allan Zeman	—	250,000	—	250,000
Mr. Nicholas Sallnow-Smith	—	250,000	—	250,000
Mr. Bruce Rockowitz	—	250,000	—	250,000
Mr. Jeffrey Kin-fung Lam	—	250,000	—	250,000
Total	—	1,000,000	—	1,000,000

## Other Information

The following are details of the grant of options on 25 March 2010:

Exercise price of the options:	HK\$10.92
Exercise period:	25 March 2011 to 24 March 2020
Vesting period of the options:	Vesting over a five year period at 20% per year
Closing price immediately before the grant date of the options:	HK\$10.98

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

There have been no convertible securities issued or granted by the Group, no exercise of any conversion or subscription rights, nor any purchase, sale or redemption by the Group of its listed Shares during the six months ended 30 June 2010.

### CORPORATE GOVERNANCE PRACTICES

The Company is dedicated to maintaining and ensuring high standards of corporate governance practices and the corporate governance principles of the Company are adopted in the best interest of the Company and its Shareholders. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules.

The Company has complied with the code provisions in the Code on Corporate Governance Practices for the six months ended 30 June 2010, except for the following deviation from provision A.2.1 of the Code on Corporate Governance Practices.

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

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

## Other Information

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

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

This structure encourages independent and effective oversight of the Company's operations and prudent management of risk.

For the reasons stated above and as a result of the structure, policies and procedures outlined above, and in light of the historical success of Mr. Wynn's leadership, the Board has concluded that the current Board leadership structure is in the best interests of the Company and its Shareholders.

## Other Information

### MODEL CODE

The Company adopted the Model Code on 16 September 2009 as its code of conduct for securities transactions by Directors. On 23 March 2010, the Company adopted its own code of conduct for securities transactions, the terms of such code being no less exacting than those set out in the Model Code. Having made specific enquiry of the Directors, all Directors have confirmed that they have complied with the required standard of dealings and code of conduct regarding securities dealings by directors as set out in the Model Code and the Company's own code of conduct for the six months ended 30 June 2010.

### QUARTERLY REPORTING

The Company has adopted the recommended best practice under the Corporate Governance Code to announce and publish financial results within 40 days after the end of the relevant quarter. The release of the Company's quarterly results will be synchronised with the timing of the quarterly filings made by our ultimate controlling shareholder, Wynn Resorts, Limited, in the United States. Wynn Resorts, Limited is listed on the NASDAQ Stock Market and is a reporting company under the United States Securities Exchange Act of 1934 which is required to file quarterly reports with the United States Securities and Exchange Commission. Each quarter, Wynn Resorts, Limited issues press releases in the United States relating to its quarterly financial information (including financial information about the Macau segment of Wynn Resorts, Limited, which is operated by the Company). Such information will be presented in accordance with U.S. GAAP.

At the same time as Wynn Resorts, Limited releases its quarterly press releases, the Company makes an announcement on the Hong Kong Stock Exchange pursuant to Rule 13.09 of the Listing Rules extracting the key highlights of the press release pertaining to the Group. Such announcement will also include an income statement for the Group presented in accordance with IFRS.

In addition to the quarterly press release, Wynn Resorts, Limited also files quarterly reports with the Securities and Exchange Commission in the United States. Simultaneously with the filing of such report in the United States, the Company also makes an announcement on the Hong Kong Stock Exchange pursuant to Rule 13.09 of the Listing Rules extracting the key highlights of the quarterly report pertaining to the Group.

## Other Information

### REVIEW OF UNAUDITED INTERIM FINANCIAL INFORMATION

The Group's unaudited interim financial information for the Reporting Period have been reviewed by the Audit Committee of the Company which comprises three non-executive Directors: Mr. Nicholas Sallnow-Smith, Dr. Allan Zeman and Mr. Bruce Rockowitz and by the Company's auditors in accordance with Hong Kong Standards 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.

On behalf of the Board

**Stephen A. Wynn**

*Chairman*

Hong Kong, 20 August 2010

## Report on Review of Interim Financial Information



18th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

**To the board of directors of Wynn Macau, Limited**  
*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial information set out on pages 56 to 80 which comprises the condensed consolidated statement of financial position of Wynn Macau, Limited as at 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of 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").

The directors 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. Consequently, it 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

20 August 2010



## Interim Financial Information

### Condensed Consolidated Statement of Comprehensive Income

	Notes	For the Six Months Ended	
		30 June	
		2010	2009
		HK\$	HK\$
		(in thousands)	
		(unaudited)	(audited)
<b>Operating revenues</b>			
Casino		9,510,861	6,265,395
Rooms		57,022	54,992
Food and beverage		76,033	63,671
Retail and other		496,037	276,295
<b>Total operating revenues</b>		<b>10,139,953</b>	<b>6,660,353</b>
<b>Operating costs and expenses</b>			
Gaming taxes and premiums		4,884,481	3,166,619
Staff costs		879,201	817,881
Other operating expenses	3	1,848,372	1,197,451
Depreciation and amortization		445,363	358,644
Property charges and other		22,945	13,549
		<b>8,080,362</b>	<b>5,554,144</b>
<b>Operating profits</b>		<b>2,059,591</b>	<b>1,106,209</b>
Finance revenues		268	3,189
Finance costs	4	(107,087)	(191,241)
Net foreign currency differences		(4,494)	1,641
Increase/(decrease) in fair value of interest rate swaps		(5,586)	6,112
		<b>(116,899)</b>	<b>(180,299)</b>
<b>Profits before tax</b>		<b>1,942,692</b>	<b>925,910</b>

## Interim Financial Information

### Condensed Consolidated Statement of Comprehensive Income

	Notes	For the Six Months Ended 30 June	
		2010 HK\$ (in thousands) (unaudited)	2009 HK\$ (audited)
Income tax expense	5	36,083	22,234
<b>Net profits attributable to equity holders of the Company</b>		<b>1,906,609</b>	<b>903,676</b>
<b>Other comprehensive income</b>			
Currency translation reserve		—	(162)
<b>Total comprehensive income attributable to equity holders of the Company</b>		<b>1,906,609</b>	<b>903,514</b>
<b>Basic and diluted earnings per Share</b>	7	<b>37 cents</b>	<b>18 cents</b>

## Interim Financial Information

### Condensed Consolidated Statement of Financial Position

		As at 30 June 2010 HK\$	As at 31 December 2009 HK\$
	Notes	(in thousands)	
		(unaudited)	(audited)
<b>Non-current assets</b>			
Property and equipment and construction in progress	8	8,874,286	8,527,914
Leasehold interest in land		487,392	464,353
Deposits for acquisition of property and equipment		16,467	82,627
Goodwill		398,345	398,345
Other non-current assets		191,805	167,836
Deferred tax assets		—	32,588
		<b>9,968,295</b>	<b>9,673,663</b>
<b>Current assets</b>			
Inventories		182,620	202,745
Trade and other receivables	9	446,490	325,389
Prepayments and other current assets		52,792	37,030
Amounts due from related companies	16	203,124	123,706
Cash and cash equivalents		4,230,947	5,228,995
		<b>5,115,973</b>	<b>5,917,865</b>
<b>Current liabilities</b>			
Accounts payable	10	914,582	726,742
Other payables and accruals	11	2,889,514	2,621,093
Amounts due to related companies	16	212,907	189,500
Income tax payable		11,960	15,455
		<b>4,028,963</b>	<b>3,552,790</b>
<b>Net current assets</b>		<b>1,087,010</b>	<b>2,365,075</b>
<b>Total assets less current liabilities</b>		<b>11,055,305</b>	<b>12,038,738</b>

## Interim Financial Information

### Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2010 HK\$ (in thousands) (unaudited)	As at 31 December 2009 HK\$ (audited)
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	12	5,162,718	8,017,177
Construction retention payables		—	67,213
Interest rate swaps		132,871	126,760
Other long-term liabilities		58,839	56,622
		<b>5,354,428</b>	<b>8,267,772</b>
<b>Net assets</b>		<b>5,700,877</b>	<b>3,770,966</b>
<b>Equity attributable to equity holders of the Company</b>			
Issued capital		5,188	5,188
Share premium account		1,923,617	1,923,617
Reserves		3,772,072	1,842,161
<b>Total equity</b>		<b>5,700,877</b>	<b>3,770,966</b>

Approved and authorized for issue by the Board of Directors on 20 August 2010.

**Stephen A. Wynn**  
*Director*

**Marc D. Schorr**  
*Director*

## Interim Financial Information

### Condensed Consolidated Statement of Changes in Equity

	Notes	Attributable to equity holders of the Company					Total Equity HK\$
		Issued Capital HK\$	Share Premium Account HK\$	Other Reserves* HK\$	Retained Earnings* HK\$	Currency Translation Reserve* HK\$	
		(in thousands)					
<b>At 1 January 2010 (audited)</b>		5,188	1,923,617	737,141	1,088,192	16,828	3,770,966
Net profits for the period		—	—	—	1,906,609	—	1,906,609
Total comprehensive income and expense for the period		—	—	—	1,906,609	—	1,906,609
Share-based payments	13	—	—	23,302	—	—	23,302
<b>At 30 June 2010 (unaudited)</b>		<b>5,188</b>	<b>1,923,617</b>	<b>760,443</b>	<b>2,994,801</b>	<b>16,828</b>	<b>5,700,877</b>
<b>At 1 January 2009 (audited)</b>		—	—	691,862	28,624	17,019	737,505
Exchange differences on translating foreign operations and total income and expense recognized directly in equity for the period		—	—	—	—	(162)	(162)
Net profits for the period		—	—	—	903,676	—	903,676
Total comprehensive income and expense for the period		—	—	—	903,676	(162)	903,514
Share-based payments	13	—	—	19,061	—	—	19,061
Interim dividend paid	6	—	—	—	(559,079)	—	(559,079)
<b>At 30 June 2009 (audited)</b>		<b>—</b>	<b>—</b>	<b>710,923</b>	<b>373,221</b>	<b>16,857</b>	<b>1,101,001</b>

\* These reserve accounts comprise the consolidated reserves of HK\$3.8 billion in the condensed consolidated statement of financial position at 30 June 2010. Other reserves at 1 January 2010 include cumulative share-based payments of HK\$133.8 million (1 January 2009: HK\$88.6 million) and issued capital of HK\$554.7 million (1 January 2009: HK\$554.7 million), which is composed of HK\$194.3 million (1 January 2009: HK\$194.3 million) of issued capital of WRM and HK\$360.4 million (1 January 2009: HK\$360.4 million) of issued capital of Wynn Resorts International, Ltd.

In accordance with the provisions of the Macau Commercial Code, the Company's subsidiaries incorporated in Macau are required to transfer a minimum of 10% of the annual net profits to a legal reserve until that reserve equals 25% of their initial capital. The Company's subsidiaries met this statutory requirement and WRM continues to maintain the required reserve of HK\$48.6 million (1 January 2009: HK\$48.6 million) in "other reserves". This reserve is not distributable to the respective shareholders.

## Interim Financial Information

### Condensed Consolidated Statement of Cash Flows

	For the Six Months Ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(in thousands)	
	(unaudited)	(audited)
<b>Net cash flows generated from operating activities</b>	<b>2,797,849</b>	<b>1,829,620</b>
<b>Investing activities</b>		
Purchase of property and equipment, net of construction retention payables	(771,893)	(1,052,892)
Proceeds from sale of property and equipment	2,953	5,275
Principal payments for leasehold interest in land	(33,247)	(23,223)
Purchase of other non-current assets	(25,227)	(7,230)
Interest received	284	46,421
<b>Net cash flows used in investing activities</b>	<b>(827,130)</b>	<b>(1,031,649)</b>
<b>Financing activities</b>		
Proceeds from borrowings	—	3,893,528
Repayment of borrowings	(2,882,663)	(194,680)
Interest paid	(86,104)	(201,728)
Interim dividend paid	—	(559,079)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>(2,968,767)</b>	<b>2,938,041</b>
Net increase/(decrease) in cash and cash equivalents	(998,048)	3,736,012
Cash and cash equivalents at 1 January	5,228,995	2,544,291
<b>Cash and cash equivalents at 30 June</b>	<b>4,230,947</b>	<b>6,280,303</b>

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 4 September 2009. The Company's Shares were listed on 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 a hotel and casino resort, Wynn Macau, which conducts gaming activities in 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 opened Encore at Wynn Macau, a second hotel tower with additional related amenities that are integrated with the current facilities at Wynn Macau on 21 April 2010.

Pursuant to the Group Reorganization which was undertaken for the purpose of the Listing of the Company's Shares on the Hong Kong Stock Exchange, the Company acquired WM Cayman Holdings Limited II, which was at the relevant time the holding company of the subsidiaries comprising the Group, from the Company's immediate parent company, WM Cayman Holdings Limited I. The consideration for the acquisition consisted of (a) the issue by the Company to WM Cayman Holdings Limited I of an acquisition note; and (b) the issue by the Company to WM Cayman Holdings Limited I of such number of new Shares as would amount to approximately 75% of the Company's issued share capital (as calculated based on the Company's issued share capital following its initial public offering and assuming no exercise of the over-allotment option). The acquisition was completed on 8 October 2009 with the relevant Shares and acquisition note being issued by the Company to WM Cayman Holdings Limited I. The acquisition note was redeemed by the Company on 9 October 2009 for a sum of HK\$12.6 billion. Since the completion of the Group Reorganization on 8 October 2009, the Group has been the holding company of the subsidiaries now comprising the Group. The details of the Group Reorganization are set out in the section headed "Reorganization" in Appendix VI "Statutory and General Information" to the IPO Prospectus of the Company dated 24 September 2009, filed in connection with the Listing.

WM Cayman Holdings Limited I owns approximately 72.29% of the Company and approximately 27.71% 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 2010

#### 2.1 ACCOUNTING POLICIES AND BASIS OF PREPARATION

The interim financial information have 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 the International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”. 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 2009. The accounting policies and basis of preparation adopted in the preparation of the interim financial information are the same as those used in the annual financial statements for the year ended 31 December 2009, except for the adoption of certain new and revised International Financial Reporting Standards (“IFRSs”) for the first time in the current period as disclosed in note 2.2 below.

##### Reclassifications

Certain amounts in the interim financial information for the six months ended 30 June 2009 have been reclassified to be consistent with the current period’s presentation. These reclassifications have no effect on the previously reported profits for the prior period.

#### 2.2 IMPACT OF NEW AND REVISED IFRSs

The following new and revised IFRSs are adopted for the first time for the current period’s interim financial information:

IFRS 1 (Revised)	<i>First-time Adoption of International Financial Reporting Standards</i>
IFRS 1 Amendments	<i>Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards — Additional Exemptions for First-time Adopters</i>
IFRS 2 Amendments	<i>Amendments to IFRS 2 Share-based Payment — Group Cash-settled Share-based Payment Transactions</i>
IFRS 3 (Revised)	<i>Business Combinations</i>
IAS 27 (Revised)	<i>Consolidated and Separate Financial Statements</i>
IAS 39 Amendment	<i>Amendments to IAS 39 Financial Instruments: Recognition and Measurement — Eligible Hedged Items</i>
IFRIC 17	<i>Distributions of Non-cash Assets to Owners</i>
Amendments to IFRS 5 included in <i>Improvements to IFRSs</i> issued in May 2008	<i>Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary</i>



## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 2.2 IMPACT OF NEW AND REVISED IFRSs (continued)

Apart from the above, the IASB has issued Improvements to IFRSs 2009 which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 2, IAS 38, IFRIC 9 and IFRIC 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36 and IAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation.

The adoption of these new and revised IFRSs and interpretations has had no significant financial effects on the interim financial information and there have been no significant changes to the accounting policies applied in the interim financial information.

The Group has not early applied the new and revised IFRSs that have been issued but are not yet effective.

#### 2.3 SEGMENT REPORTING

The Group concurrently operates in one business segment, namely, the management of its casino, hotel, retail and food and beverage operations. A single management team reports to the chief operating decision-maker who comprehensively manages the entire business. Accordingly, the Group does not have separate reportable segments.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 3. OTHER OPERATING EXPENSES

	For the Six Months Ended 30 June	
	2010 HK\$	2009 HK\$
	(in thousands)	
	(unaudited)	(audited)
Gaming promoters' commissions	651,828	381,338
Royalty fees	401,877	259,414
Cost of sales	273,191	140,309
Advertising and promotions	96,370	62,607
Utilities and fuel	69,363	53,928
Corporate support services and other	68,915	40,435
Operating supplies and equipment	59,553	50,939
Other support services	37,186	33,757
Provision for doubtful accounts	36,131	21,326
Auditor's remuneration	2,064	1,170
Other*	151,894	152,228
	<b>1,848,372</b>	<b>1,197,451</b>

\* Includes operating rental expenses of approximately HK\$11.9 million for the six months ended 30 June 2010 (six months ended 30 June 2009: HK\$22.3 million).

#### 4. FINANCE COSTS

	For the Six Months Ended 30 June	
	2010 HK\$	2009 HK\$
	(in thousands)	
	(unaudited)	(audited)
Interest expense for:		
Bank loans wholly repayable within 5 years	60,885	166,637
Interest rate swaps wholly repayable within 5 years	59,972	34,604
Other payments wholly payable within 5 years	2,528	3,220
Bank fees for unused facilities	13,954	1,879
Amortization of debt financing costs	21,374	21,374
Less: capitalized interest	(51,626)	(36,473)
	<b>107,087</b>	<b>191,241</b>

For the six months ended 30 June 2010, interest was capitalized using a weighted average cost of 4.8% (six months ended 30 June 2009: 4.0%).

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 5. INCOME TAX EXPENSE

	For the Six Months Ended 30 June	
	2010 HK\$ (in thousands) (unaudited)	2009 HK\$ (audited)
Current income tax expense — overseas	3,495	24,475
Deferred income tax expense/(benefit)	32,588	(2,241)
	<b>36,083</b>	<b>22,234</b>

No provision for Hong Kong profits tax for the six months ended 30 June 2010 has been made as there were no assessable profits generated in Hong Kong (six months ended 30 June 2009: 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 2009: 12%).

Effective 6 September 2006, WRM received a 5-year exemption from Macau's 12% Complementary Tax on casino gaming profits ("Tax Holiday"). Accordingly, the Group was exempted from the payment of approximately HK\$215.6 million in such tax for the six months ended 30 June 2010 (six months ended 30 June 2009: HK\$117.5 million). The Group's non-gaming profits remain subject to the Macau Complementary Tax and its casino winnings remain subject to the Macau Special Gaming Tax and other levies in accordance with its Concession Agreement.

For the six months ended 30 June 2010, MOP3.6 million (approximately HK\$3.5 million) has been incurred and accrued for the WRM Shareholder Dividend Tax Agreement into which WRM entered with the Macau Special Administrative Region in June 2009. Accordingly, for the six months ended 30 June 2009, MOP25.2 million (approximately HK\$24.5 million) was accrued for the years from 2006 through June 2009.

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 2006 to 2009 Macau income tax returns remain subject to examination by the Macau Finance Bureau and during June 2010, the Macau Finance Bureau commenced an examination of the 2006 and 2007 Macau income tax returns. Since the examination is in its initial stages, the Group is unable to determine if it will conclude within the next 12 months. The Group believes that the tax reserve established for any uncertain tax issues is adequate with respect to these years.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 5. INCOME TAX EXPENSE (continued)

Quarterly, the Group reviews any potentially unfavorable tax outcome and when an unfavorable outcome is identified as 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 tax authorities. With respect to these items, as at 30 June 2010, the Group has provided a reserve of HK\$37.4 million (31 December 2009: HK\$37.4 million) and included this amount in "other long-term liabilities". The Group believes that it has adequately provided reasonable reserves for prudent and foreseeable outcomes related to uncertain tax matters. As a result of the lack of authoritative guidance regarding the computation of the Group's complementary tax exemptions, the Group establishes reserves for its estimates of additional tax exposures if such exemptions are denied by the tax authorities.

#### 6. DIVIDENDS PAID

	For the Six Months Ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(in thousands)	
	(unaudited)	(audited)
Equity dividends on Shares declared and paid	—	559,079

Prior to the Group Reorganization, the Group declared and paid cash distributions of HK\$559.1 million in June 2009 from the income generated through its operations to its former shareholder. The rate of dividends and the number of shares are not presented as such information is not meaningful for the purpose of the interim financial information.

The Board of Directors has not recommended any interim dividend for the six months ended 30 June 2010.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per Share amount for the six months ended 30 June 2010 is based on the consolidated net profits attributable to ordinary equity holders of the Company and on the weighted average number of Shares of 5,187,500,000 in issue during the period.

The weighted average number of Shares used to calculate the basic earnings per Share for the six months ended 30 June 2009 included the pro forma issued share capital of the Company of 5,000,000,000 Shares, comprising the following and on the assumption that the Group Reorganization had been effective on 1 January 2009:

- (a) the one share of the Company allotted and issued at HK\$1 paid on 4 September 2009 and subdivided into 1,000 Shares of par value of HK\$0.001 each; and
- (b) the 3,749,999,000 Shares issued pursuant to the Group Reorganization on 8 October 2009 and the 1,250,000,000 Shares issued pursuant to the Company's initial public offering on 9 October 2009.

The diluted earnings per Share amount for the six months ended 30 June 2010 is calculated based on the consolidated net profits attributable to ordinary equity holders of the Company and on the weighted average number of 5,187,500,000 Shares in issue plus nil potential shares arising from exercise of share options (see also note 13). The diluted earnings per Share for the six months ended 30 June 2009 equals to the basic earnings per Share for that period as there were no potential dilutive Shares outstanding during that period.

#### 8. PROPERTY AND EQUIPMENT AND CONSTRUCTION IN PROGRESS

For the six months ended 30 June 2010, the Group incurred HK\$807.5 million (six months ended 30 June 2009: HK\$1.1 billion) on additions of property and equipment and construction in progress, the majority of which was allocated to the construction and development of Encore that was opened on 21 April 2010.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 9. TRADE AND OTHER RECEIVABLES

	As at 30 June 2010 HK\$ (unaudited)	As at 31 December 2009 HK\$ (audited)
	(in thousands)	
Casino	587,980	430,758
Hotel	13,814	5,328
Other	149,744	158,220
	<b>751,538</b>	594,306
Less: allowance for doubtful accounts	<b>(305,048)</b>	(268,917)
Total trade and other receivables, net	<b>446,490</b>	325,389

An aged analysis of receivables is as follows:

	As at 30 June 2010 HK\$ (unaudited)	As at 31 December 2009 HK\$ (audited)
	(in thousands)	
Within 30 days	220,846	183,187
31 to 60 days	152,104	135,679
61 to 90 days	39,665	10,922
Over 90 days	338,923	264,518
	<b>751,538</b>	594,306
Less: allowance for doubtful accounts	<b>(305,048)</b>	(268,917)
Net of allowance for doubtful accounts	<b>446,490</b>	325,389

Substantially all of the trade and other receivables as at 30 June 2010 were repayable within 14 days.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 10. ACCOUNTS PAYABLE

During the six months ended 30 June 2010, 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 2010 HK\$	As at 31 December 2009 HK\$
	(unaudited)	(audited)
Within 30 days	896,594	722,504
31 to 60 days	3,590	1,679
61 to 90 days	12,291	2,202
Over 90 days	2,107	357
	<b>914,582</b>	<b>726,742</b>

#### 11. OTHER PAYABLES AND ACCRUALS

Other payables and accruals consisted of the following as at the end of the period:

	As at 30 June 2010 HK\$	As at 31 December 2009 HK\$
	(unaudited)	(audited)
Gaming taxes payable	922,638	727,969
Outstanding chip liability	1,374,491	1,315,369
Customer deposits	405,742	369,205
Other liabilities	186,643	208,550
	<b>2,889,514</b>	<b>2,621,093</b>

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 12. INTEREST-BEARING LOANS AND BORROWINGS

	As at 30 June 2010 HK\$	As at 31 December 2009 HK\$
	(unaudited)	(audited)
Non-current:		
7-Year term loan (as amended)	4,287,716	4,283,103
5-Year revolving credit facility (as amended)	1,013,477	3,893,923
Less: Debt financing costs, net	(138,475)	(159,849)
	<b>5,162,718</b>	<b>8,017,177</b>

The WRM term loan matures in June 2014, and the WRM revolving credit facility matures in June 2012. The principal amount of the WRM term loan is required to be repaid in quarterly installments, commencing in September 2011. Borrowings under the Wynn Macau Credit Facilities currently bear interest at LIBOR or HIBOR plus a margin of 1.75%.

During the six months ended 30 June 2010, the Group repaid approximately HK\$2.9 billion (six months ended 30 June 2009: HK\$194.7 million) of borrowings under the WRM revolving credit facility. As at 30 June 2010, the Group had approximately HK\$6.8 billion (31 December 2009: HK\$3.9 billion) available under the credit facilities.



## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 13. SHARE-BASED PAYMENTS

##### The Company's Share Option Scheme

The Company established a share option scheme on 16 September 2009 with the purpose of rewarding 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. Under the rules of the share option scheme, the maximum number of Shares which can be issued upon exercise of all options granted under the share option scheme and of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% in nominal amount of the aggregate of Shares in issue on the date of the listing of the Shares on the Hong Kong Stock Exchange (the "Scheme Mandate Limit"); and the Scheme Mandate Limit may be renewed subject to Shareholders' approval. The Scheme Mandate Limit was refreshed at the Company's 2010 annual general meeting. Following the refreshment, a maximum of 518.75 million shares have been reserved for issuance under the share option scheme. The options granted under the share option scheme do not give immediate ownership of the underlying Shares as they require payment of a subscription price which is based on the then prevailing market price of the Shares. For the six months ended 30 June 2010, 1,000,000 options (six months ended 30 June 2009: Nil) were granted to certain directors of the Company and no options were exercised, lapsed or cancelled (six months ended 30 June 2009: Nil). As at 30 June 2010, 1,000,000 options (30 June 2009: Nil) were outstanding.

The fair value of the options granted on 25 March 2010 was estimated at HK\$4.66 per option based on the Black-Scholes valuation model. The significant inputs used in the model were a share price of HK\$10.68 on the date of grant, an exercise price of HK\$10.92, an expected stock price volatility of 40.76%, an expected life of options of 6.5 years, an expected dividend yield of 0% and an annual risk-free interest rate of approximately 2.4%. Changes in the subjective input assumptions could materially affect the fair value estimate.

##### WRL Stock Plan

Wynn Resorts, Limited established the 2002 Stock Incentive Plan (the "WRL Stock Plan") which provides for the grant of (i) incentive stock options, (ii) compensatory (i.e. non qualified) stock options, and (iii) non-vested shares of Wynn Resorts, Limited's common stock for employees, directors and independent contractors or consultants of Wynn Resorts, Limited and its subsidiaries, including the Group. However, only employees are eligible to receive incentive stock options.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 13. SHARE-BASED PAYMENTS (continued)

##### WRL Stock Plan (continued)

A maximum of 12,750,000 shares (31 December 2009: 9,750,000 shares) of Wynn Resorts, Limited's common stock have been reserved for issuance under the WRL Stock Plan. As at 30 June 2010, 3,207,878 (31 December 2009: 419,545) shares remained available for the grant of stock options or non-vested shares of Wynn Resorts, Limited common stock.

Options are granted with exercise prices equal to the current market price at the date of grant. The WRL Stock Plan provides for a variety of vesting schedules, including: immediate; 10% each year over ten years; 25% each year over four years; 33.33% for each of the third, fourth and fifth years; cliff vesting at a determined date; and others to be determined at the time of grant. All options expire ten years from the date of grant.

For the six months ended 30 June 2010, there has been no movement for WRL Group's options, whereas, for the six months ended 30 June 2009, 245,000 options were granted to the eligible participants of WRL and its subsidiaries with none of them exercised, lapsed or cancelled during that period. As at 30 June 2010, 680,501 options (30 June 2009: 680,501) were outstanding. There has also been no movement for WRL Group's non-vested shares for the six months ended 30 June 2010 and 30 June 2009.

The Group recognized a total of approximately HK\$23.3 million of an equity-settled, share-based payment expense relating to stock options of the Company and stock options and non-vested shares of Wynn Resorts, Limited's common stock during the six months ended 30 June 2010 (six months ended 30 June 2009: HK\$19.1 million).

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 14. COMMITMENTS

##### Operating lease commitments — Group as lessee

	As at 30 June 2010 HK\$ (unaudited)	As at 31 December 2009 HK\$ (audited)
	(in thousands)	
Within one year	18,128	20,972
After one year but not more than five years	24,840	26,128
More than five years	57,225	43,011
	<b>100,193</b>	<b>90,111</b>

##### Operating lease commitments — Group as lessor

	As at 30 June 2010 HK\$ (unaudited)	As at 31 December 2009 HK\$ (audited)
	(in thousands)	
Within one year	99,664	100,519
After one year but not more than five years	125,387	142,398
	<b>225,051</b>	<b>242,917</b>

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 14. COMMITMENTS (continued)

##### Capital commitments

	As at 30 June 2010 HK\$ (in thousands) (unaudited)	As at 31 December 2009 HK\$ (audited)
Contracted, but not provided for	10,522	462,881
Authorized, but not contracted for	24,641	529,572
	<b>35,163</b>	<b>992,453</b>

##### Other services commitments

	As at 30 June 2010 HK\$ (in thousands) (unaudited)	As at 31 December 2009 HK\$ (audited)
Within one year	155,265	156,093
After one year but not more than five years	137,860	180,558
	<b>293,125</b>	<b>336,651</b>

As at 30 June 2010, the Group was committed to purchases for operating items totaling HK\$11.7 million (31 December 2009: HK\$102.2 million).

On 1 August 2008, Palo Real Estate Company Limited entered into an agreement with a Macau incorporated company that is not a connected person of the Group to make a one-time payment in the amount of US\$50 million (approximately HK\$389.3 million) in consideration of its relinquishment of certain rights in and to any future development on the 52 acres of land on Cotai. The payment will be made within 15 days after the Macau government publishes the Group's rights to the land in the Macau government's official gazette. The Group has filed an application for the land with the Macau government and is awaiting final approval.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 15. LITIGATION

The Group does not have any material litigation outstanding as of 30 June 2010 and 31 December 2009.

#### 16. 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 transactions with related companies:

Name of Related Company	Relation to the Company	Primary Nature of Transactions	For the Six Months Ended 30 June	
			2010 HK\$ (in thousands) (unaudited)	2009 HK\$ (audited)
Wynn Resorts, Limited	Ultimate parent company	Corporate support services (i)	65,850	36,174
Wynn Resorts, Limited	Ultimate parent company	Royalty fees (ii)	401,877	259,414
WIML	Subsidiary of Wynn Resorts, Limited	International marketing expenses (iii)	36,049	32,741
Worldwide Wynn	Subsidiary of Wynn Resorts, Limited	Staff secondment payroll charges (iv)	31,477	27,168
Wynn Design & Development	Subsidiary of Wynn Resorts, Limited	Design/development payroll	9,543	5,890
Wynn Resorts, Limited	Ultimate parent company	Share-based payment expenses	22,770	19,061
Las Vegas Jet, LLC	Subsidiary of Wynn Resorts, Limited	Airplane usage charges	3,065	4,260
Wynn Resorts Hotel Sales & Marketing, LLC	Subsidiary of Wynn Resorts, Limited	Hotel sales & marketing expenses (v)	—	1,016
Wynn Las Vegas	Subsidiary of Wynn Resorts, Limited	Payroll for support services	515	1,154

All of the above transactions are noted as continuing related party transactions.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 16. RELATED PARTY DISCLOSURES (continued)

Notes:

##### (i) Corporate support services

Wynn Resorts, Limited provides corporate support services in large part related to assisting the Group with U.S. regulatory requirements. These services consist of a limited number of executives in relevant areas assisting the Group on U.S. regulatory and certain limited other matters. The assistance includes guidance on certain issues and ensuring that from a regulatory standpoint Wynn Resorts, Limited standard operating procedures are followed and maintained by the Group. The annual fee for the services provided by Wynn Resorts, Limited is based on an allocation of the actual proportion of Wynn Resorts, Limited'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 fee shall not exceed 50% of the aggregate annual corporate departments' costs and overhead expense incurred by Wynn Resorts, Limited during any financial year.

Similarly, WML and WRM had reciprocal arrangements to allow Wynn Resorts, Limited or its subsidiaries (other than the Group) to have access to the services of any of the Group's employees provided that such services do not materially interfere with such employee's obligations to, and responsibilities with, the Group. For services provided by the Group's employees, Wynn Resorts, Limited shall pay for the services based on an actual cost (including salaries and benefits for such employees during the period when such services are being rendered) and expense reimbursement basis.

Wynn Resorts, Limited allows WRM and its employees to use aircraft assets owned by Wynn Resorts, Limited and its subsidiaries (other than the Group) at hourly rates set by Las Vegas Jet, LLC, a subsidiary of Wynn Resorts, Limited. Similarly, WRM has reciprocal arrangements to allow Wynn Resorts, Limited or its subsidiaries (other than the Group) to use any aircraft assets that the Group could own in the future.

##### (ii) Royalty fees

Prior to Listing, WRM had an arrangement with Wynn Resorts, Limited and Wynn Resorts Holdings, LLC (together, the "Licensors") under which the Licensors licensed to WRM certain trademarks and service marks, other marks and works, domain names, hotel casino design, development, and management know-how (collectively, the "Intellectual Property Rights"). On 19 September 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 Wynn Resorts, Limited and any third parties, including Mr. Stephen A. Wynn, in respect of a third parties' 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.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 16. RELATED PARTY DISCLOSURES (continued)

Notes: (continued)

##### (ii) Royalty fees (continued)

The license fee payable to Wynn Resorts Holdings, LLC equals the greater of (1) 3% of the IP gross monthly revenues, and (2) US\$1.5 million (approximately HK\$11.6 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 (1) commissions and discounts which were netted against operating revenues, and (2) 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 discounts in connection with the IP gross revenues stated in the intellectual property license agreements shall always be consistent with the Group's accounting policies and prepared in accordance with IFRS as in effect from 31 December 2008. If any other subsidiary of the Company (other than WRM) acquires the Intellectual Property Rights under the intellectual property license agreement between the Company and the Licensors, "IP gross revenues" and "IP monthly gross revenues" will be interpreted to include the gross revenues of such relevant subsidiary.

The following table presents a reconciliation of total operating revenues (as reported in the Group's interim financial information) to WRM's IP gross revenues as used for purposes of the IP License Arrangement between WRM and the Licensors.

	For the six months ended	
	30 June	
	2010	2009
	HK\$	HK\$
	(unaudited)	(audited)
	(in thousands)	
Total operating revenues	10,139,953	6,660,353
Commissions included in operating revenues	2,845,470	1,703,355
Promotional allowances	408,214	283,309
IP gross revenues	13,393,637	8,647,017

##### (iii) International marketing expenses

WIML, a subsidiary of Wynn Resorts, Limited, (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 the Company's behalf and seconds the Foreign Resident Staff to the Group.

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%.

## Interim Financial Information

### Notes to Interim Financial Information

For the six months ended 30 June 2010

#### 16. RELATED PARTY DISCLOSURES (continued)

Notes: (continued)

##### (iv) Staff secondment payroll charges

Worldwide Wynn, a subsidiary of Wynn Resorts, Limited, is responsible for supplying management personnel to WRM for a pre-determined length 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 was 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-reimbursed business expenses and employee international allowances.

##### (v) Hotel sales & marketing expenses

Wynn Resorts Hotel Sales & Marketing, LLC, a subsidiary of Wynn Resorts, Limited, provides services to attract and introduce customers to Wynn Macau, with an emphasis on the resort's luxury hotel accommodation. Wynn Resorts Hotel Sales & Marketing LLC's primary business is to promote the luxury hotel services offered at the Wynn Macau resort to customers in China. It operates customer service outlets in China to help arrange hotel stays for individual and group travel. During 2009, offices were located in Shanghai and Guangzhou. The branch offices operate under the direction and supervision provided by Wynn Resorts Hotel Sales & Marketing, LLC. For the hotel marketing and promotion services it performed on behalf of WRM in 2009, Wynn Resorts Hotel Sales & Marketing, LLC charged service fees equal to the total costs it incurred in rendering the services.

The 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 2010 and 2009. 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 2010

#### 16. RELATED PARTY DISCLOSURES (continued)

##### House Purchase

In May 2010, Worldwide Wynn entered into a new employment agreement with Linda Chen, who is also a director. The term of the new employment agreement is through 24 February 2020. Under the terms of the new employment agreement, Worldwide Wynn caused Wynn Macau to purchase a house in Macau for use by Ms. Chen costing approximately HK\$42 million, and will expend additional funds to renovate the house and will also provide Ms. Chen the use of an automobile in Macau. Ms. Chen shall have the option to purchase the house and it is exercisable for (a) no consideration at the end of the 10-year term, (b) US\$1.00 in the event of termination of Ms. Chen's employment without "cause" or termination of Ms. Chen's employment for "good reason" following a "change of control", and (c) at a price based on a percentage of the fair market value of the house that is reduced by ten percent per year during the term of the agreement ("the Discount Percentage") in the event Ms. Chen terminates the employment agreement due to material breach by Worldwide Wynn. Upon Ms. Chen's termination for "cause", Ms. Chen will be deemed to have elected to purchase the Macau house based on the applicable Discount Percentage unless Worldwide Wynn determines to not require Ms. Chen to purchase the house. If Ms. Chen's employment terminates for any other reason before the expiration of the term (e.g., because of her death or disability or due to revocation of gaming license), the option will terminate.

## Definitions

“Board of Directors” or “Board”	the board of Directors of our Company
“Code on Corporate Governance Practices” or “Code”	the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules
“Company” or “our Company”	Wynn Macau, Limited, a company incorporated on 4 September 2009 as an exempted company with limited liability under the laws of the Cayman Islands and an indirect subsidiary of Wynn Resorts, Limited
“Concession Agreement”	the Concession Contract for the Operation of Games of Chance or Other Games in Casinos in the Macau Special Administrative Region entered into between WRM and the Macau government on 24 June 2002
“Director(s)”	the director(s) of our Company
“Encore” or “Encore at Wynn Macau”	a casino resort located in Macau, connected to Wynn Macau, owned and operated directly by WRM, which opened on 21 April 2010.
“Galaxy”	Galaxy Casino, S.A., one of the six gaming operators in Macau and one of the three concessionaires
“Group,” “we,” “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“Group Reorganization”	the reorganization undertaken by the Group, as described in the section headed “History and Corporate Structure — IPO Reorganization” of the IPO Prospectus
“HIBOR”	Hong Kong Interbank Offered Rate

## Definitions

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“IPO Prospectus”	the IPO Prospectus of the Company published on 24 September 2009 in connection with the Listing
“LIBOR”	London Interbank Offered Rate
“Listing”	the initial listing of the Shares on the Main Board of the Hong Kong Stock Exchange on 9 October 2009
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended from time to time)
“Macau” or “Macau Special Administrative Region”	the Macau Special Administrative Region of the PRC
“Melco Crown”	Melco Crown Entertainment Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“MGM Macau”	MGM Grand Paradise Limited, one of the six gaming operators in Macau and one of the three sub-concessionaires
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
“MOP” or “pataca”	Macau pataca, the lawful currency of Macau

## Definitions

“Palo Real Estate Company Limited”	Palo Real Estate Company Limited, a limited liability company incorporated under the laws of Macau and an indirect wholly owned subsidiary of the Company, subject to a 10% social and voting interest and MOP1.00 economic interest held by Mr. Wong Chi Seng (a Macau resident) in WRM
“PRC”, “China” or “mainland China”	the People’s Republic of China and, except where the context requires and only for the purpose of this annual report, references in this annual report to the PRC or China do not include Taiwan, Hong Kong or Macau; the term “Chinese” has a similar meaning
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.001 each in the share capital of our Company
“Shareholders(s)”	holder(s) of Share(s) of the Company from time to time
“SJM”	Sociedade de Jogos de Macau S.A., one of the six gaming operators in Macau and one of the three concessionaires
“US\$”	United States dollars, the lawful currency of the United States
“Venetian Macau”	Venetian Macau S.A., one of the six gaming operators in Macau and one of the three sub-concessionaires
“WIML”	Wynn International Marketing, Ltd., a company incorporated under the laws of Isle of Man and an affiliate of Wynn Resorts, Limited
“WM Cayman Holdings Limited I”	WM Cayman Holdings Limited I, a company incorporated on 7 July 2009 as an exempted company with limited liability under the laws of the Cayman Islands and a wholly owned subsidiary of Wynn Group Asia, Inc.

## Definitions

“WM Cayman Holdings Limited II”	WM Cayman Holdings Limited II, a company incorporated on 8 September 2009 as an exempted company with limited liability under the laws of the Cayman Islands and a wholly owned subsidiary of the Company
“Worldwide Wynn”	Worldwide Wynn, LLC, a company formed under the laws of the State of Nevada, United States and a wholly owned subsidiary of Wynn Resorts, Limited
“WRL Group”	Wynn Resorts, Limited and its subsidiaries (other than the Group)
“WRM”	Wynn Resorts (Macau) S.A., a company incorporated under the laws of Macau and a wholly-owned subsidiary of the Company
“WRM Shareholder Dividend Tax Agreement”	the agreement, entered into during June 2009, for a term of five years between WRM and the Macau Special Administrative Region, effective retroactively to 2006, that provides for an annual payment to the Macau Special Administrative Region of MOP7.2 million in lieu of Complementary Tax otherwise due by WRM shareholders on dividend distributions to them from gaming profits
“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 Wynn Resorts, Limited
“Wynn Group Asia, Inc.”	Wynn Group Asia, Inc, a company formed under the laws of the State of Nevada, United States and a wholly owned subsidiary of Wynn Resorts, Limited
“Wynn Las Vegas”	a destination casino resort owned by Wynn Resorts, Limited and its subsidiaries (excluding the Group), located on the Las Vegas Strip, comprising two hotel towers (Wynn Las Vegas and Encore at Wynn Las Vegas) and gaming, retail, dining, leisure and entertainment facilities

## Definitions

“Wynn Macau”	a casino hotel resort located in Macau, owned and operated directly by WRM, which opened on 6 September 2006, and where appropriate, the term also includes Encore at Wynn Macau
“Wynn Macau Credit Facilities”	together, the HK\$4.3 billion (equivalent) fully-funded senior term loan facilities and the HK\$7.7 billion (equivalent) senior revolving credit facilities extended to WRM and as subsequently amended from time to time
“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 Wynn Resorts, Limited
“Wynn Resorts International, Ltd.”	Wynn Resorts International, Ltd., a company incorporated under the laws of the Isle of Man and a wholly owned subsidiary of the Company
“Wynn Resorts, Limited” or “WRL”	Wynn Resorts, Limited, a company formed under the laws of the State of Nevada, United States, our controlling shareholder (as defined in the Listing Rules)

## Glossary

“Adjusted Average Daily Rate”	ADR calculated based on room revenues plus associated promotional allowances
“Adjusted REVPAR”	REVPAR calculated based on room revenues plus associated promotional allowances
“average daily rate” or “ADR”	the amount calculated by dividing total room revenues (less service charges, if any) by total rooms occupied
“cage”	a secure room within a casino with a facility that allows clients to exchange cash for chips used in the casino’s gaming activities, or to exchange redeemable chips for cash
“casino revenue”	revenue from casino gaming activities (gross table games win and gross slot win), calculated net of a portion of commissions and discounts and in accordance with IFRS
“chip(s)”	a token; usually in the form of plastic disc(s) or plaque(s) issued by a casino to customers in exchange for cash or credit, which must be used (in lieu of cash) to place bets on gaming tables
“daily gross win per gaming table”	gross gaming win for table games divided by number of tables divided by the number of days in the applicable period
“dealer”	a casino employee who takes and pays out wagers or otherwise oversees a gaming table
“drop”	the amount of cash and promotional coupons deposited in a gaming table’s drop box
“drop box”	a box or container that serves as a repository for cash and promotional coupons

## Glossary

“gaming promoters”	individuals or corporations licensed by and registered with the Macau government to promote games of fortune and chance or other casino games to patrons, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is regulated by Macau Administrative Regulation no. 6/2002
“gross gaming revenue” or “gross gaming win”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions and discounts
“gross slot win”	the amount of handle (representing the total amount wagered) that is retained as winnings. We record this amount and gross table games win as casino revenue after deduction of progressive jackpot liabilities and a portion of commissions and discounts
“gross table games win”	the amount of drop (in our general casino segment) or turnover (in our VIP casino segment) that is retained as winnings. We record this amount and gross slot win as casino revenue after deduction of a portion of commissions and discounts
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players in the greater Asia region. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based on their turnover level. We often extend credit to these players based upon knowledge of the players, their financial background and payment history



## Glossary

“money laundering”	conduct or acts designed in whole or in part to conceal or disguise the nature, location, source, ownership, movement or control of money or assets, so as to make the money or assets appear to have originated from a legitimate source
“promotional allowance”	the retail value of rooms, food and beverage and retail and other services furnished to guests (typically VIP clients) without charge
“REVPAR”	the amount calculated by dividing total room revenues (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 Wynn Macau’s individual VIP players
“turnover”	the sum of all losing Rolling Chip wagers within the VIP program
“VIP client” or “VIP player”	client, patron or players who participates in Wynn Macau’s In-house VIP Program or in the VIP program of any of our gaming promoters
“VIP table games turnover”	turnover resulting from VIP table games only



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