Sands China Ltd.
金沙中國有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1928

2019 INTERIM REPORT

www.sandschina.com

This interim report is printed on recycled paper using soy ink

From **Luxury Duty Free Shopping, Exciting Entertainment** *and* **Fabulous Dining** *to* **World-Class Hotel Suites** *and* **MICE,** *Come and Discover Everything at Sands China.*

CONTENTS

Unless otherwise indicated, capitalized terms used but not defined herein shall have the meanings ascribed to them in our 2018 annual report.

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

Our Luxurious Hotel Rooms and Suites *await you.*

1.1 FINANCIAL HIGHLIGHTS

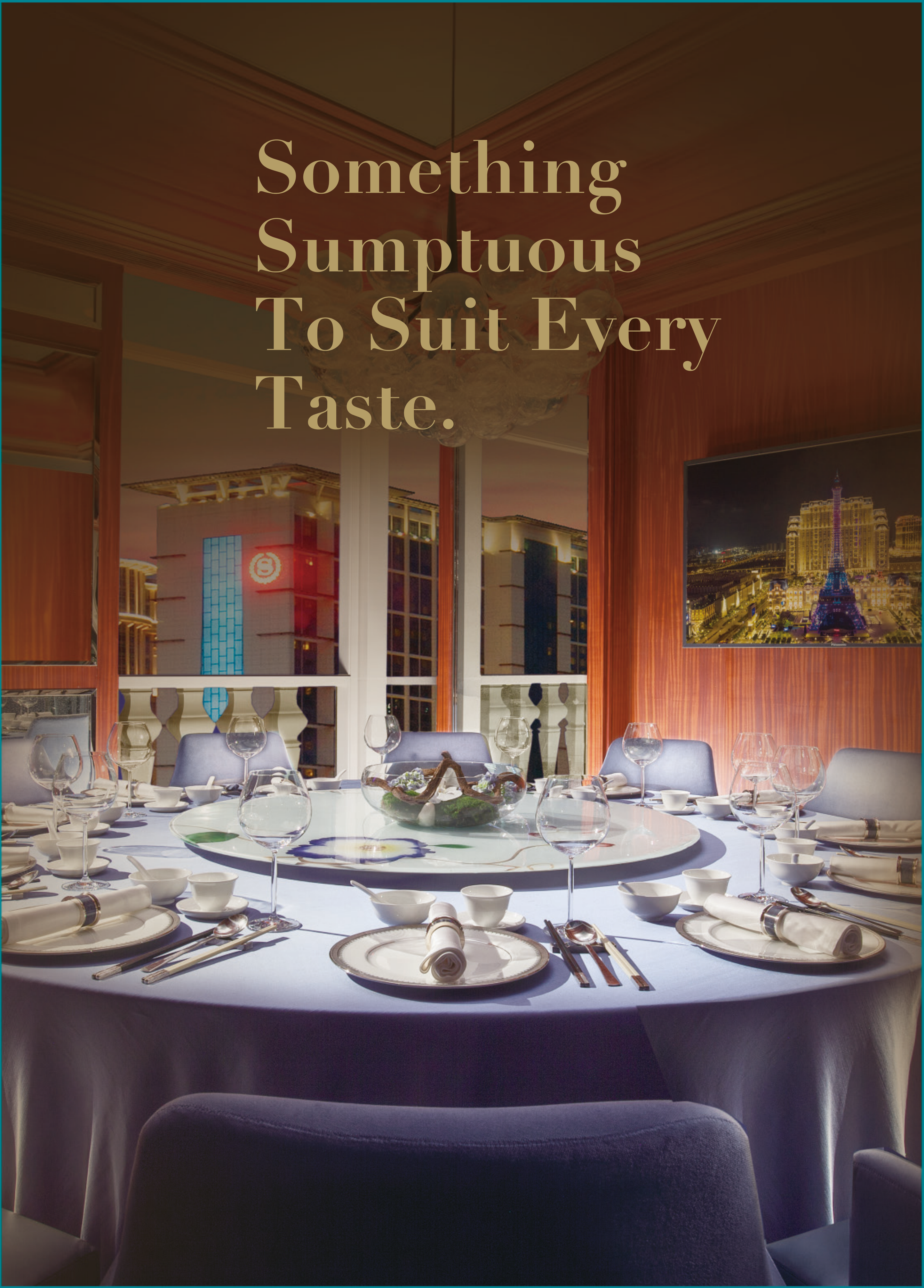
- Adjusted property EBITDA for the Group was US$1.63 billion (HK$12.70 billion) in the first half of 2019, an increase of 5.6%, compared to US$1.54 billion (HK$12.08 billion) in the first half of 2018.

- Total net revenues for the Group were US$4.47 billion (HK$34.92 billion) in the first half of 2019, an increase of 4.8%, compared to US$4.27 billion (HK$33.47 billion) in the first half of 2018.

- Profit for the Group was US$1,067 million (HK$8,339 million) in the first half of 2019, an increase of 9.0%, compared to US$979 million (HK$7,683 million) in the first half of 2018.

Note: The translation of US$ amounts into HK$ amounts or vice versa has been made at the exchange rate of US$1.00 to HK$7.8152 (six months ended June 30, 2018: US$1.00 to HK$7.8479) for the purpose of illustration only.

Something Sumptuous To Suit Every Taste.



2.1 BUSINESS OVERVIEW AND OUTLOOK

Our business strategy is to develop Cotai and to leverage our large-scale integrated resort business model to create Asia's premier gaming, leisure, convention and meetings destination. The Company continues to execute on the strategies outlined in our 2018 annual report. These strategies have proven to be successful in the first half of 2019 and we are confident they will continue into the future.

As our integrated resorts mature, we will continue to reinvest in our portfolio of properties to maintain our high-quality products and remain competitive in the markets in which we operate. We are constantly evaluating opportunities to improve our product offerings, such as refreshing our suites, rooms, and gaming areas.

The Venetian Macao

The VIP and premium mass gaming areas in The Venetian Macao will continue to undergo a complete refurbishment program, which commenced in 2018 and will ultimately provide the best possible service and amenities to our VIP and premium players. Contemporary in style and designed in conjunction with leading design firms, these areas will take full advantage of the space we have available and allow us to feature a range of gaming and non-gaming facilities including an increased number of private gaming rooms. Construction is expected to be completed in phases throughout 2020.

The Plaza Macao

We previously announced the Four Seasons Tower Suites Macao, which will feature approximately 290 additional premium quality suites. We have completed the structural work of the tower and have commenced preliminary build out of the suites. We expect the project to be completed in the first quarter of 2020. With the Plaza Level 2 renovation project completed in 2018, we have now commenced concept design work for Plaza Level 1, which is expected to feature a complete upgrade of the space.

The Parisian Macao

A number of standard rooms in The Parisian Macao were combined and upgraded to suites to better cater to the changing customer demand in premium mass products. The new suites have been very well received by our guests.

Sands Cotai Central

We previously announced the renovation, expansion and rebranding of Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks such as the Houses of Parliament and Big Ben. The expanded retail will be rebranded to the Shoppes at Londoner and we will add new food and beverage venues. We will add approximately 370 luxury suites within the tower also occupied by the St. Regis hotel. Design work is nearing completion and construction is being initiated and will be phased to minimize disruption during the property's peak periods. We expect the additional suites within the tower also occupied by the St. Regis hotel to be completed in late 2020 and The Londoner Macao project to be completed in phases throughout 2020 and 2021.

Smoking Lounges in Gaming Areas

The Macao Legislative Assembly passed an amendment bill on July 14, 2017, which has come into force on January 1, 2019, making all casino areas non-smoking and mandatory for casinos to upgrade or set up smoking lounges. Consequently, a number of new and upgraded smoking lounges have been constructed across all of our properties to comply with the required enhanced technical standards, and all rooms submitted to the government have received the appropriate regulatory approvals. As part of the design process for new projects, we will include where appropriate the addition of new or enhanced smoking lounges.

2.1 BUSINESS OVERVIEW AND OUTLOOK

INDUSTRY

The Macao gaming industry showed signs of slow-down as monthly gross gaming revenues experienced the first year-over-year decline in January 2019 since August 2016, and the trend continued throughout the first six months of 2019. According to Macao Government statistics issued publicly on a monthly basis by DICJ, gaming revenues were US$18.5 billion for the six months ended June 30, 2019, a 0.5% decrease compared to the six months ended June 30, 2018. Macao continues to be the largest gaming market in the world and the only market in China to offer legalized casino gaming.

We expect Macao will continue to experience meaningful long-term growth and the 20.3 million visitors Macao welcomed in the first six months of 2019 will continue to increase over time. We believe this growth will be driven by a variety of factors, including the movement of Chinese citizens to urban centers in China, continued growth of the Chinese outbound tourism market, the increased utilization of existing transportation infrastructure, the introduction of new transportation infrastructure and the continued increase in hotel room inventory in Macao and neighboring Hengqin Island. There has been significant investment announced and recently completed by Concessionaires and Subconcessionaires in new resort development projects on Cotai. These new resorts should help increase the critical mass on Cotai and further drive Macao's transformation into a leading leisure and business tourism destination in Asia.

We believe the development of additional integrated resort products in Macao will also drive increased demand for gaming products. Table games are the dominant form of gaming in Asia with Baccarat being the most popular game. Historically, VIP baccarat has generated the majority of gaming revenue in Macao. For the six months ended June 30, 2019, however, the mass gaming and slot segments represented 52.0% of the market revenue, overweighing VIP, due to the increasing diversity of mass gaming and slot products on Cotai. We expect this trend to continue and intend to introduce more modern and popular products catering to this growing customer segment. Furthermore, continued improvement of our high-quality gaming product offerings has enabled us to capture a meaningful share of the overall Macao gaming market across all player segments.

Proximity to Major Asian Cities

Visitors from Hong Kong, Southeast China, Taiwan and other locations in Asia can reach Macao in a relatively short time, using a variety of transportation methods, and visitors from more distant locations in Asia can take advantage of short travel times by air to Zhuhai, Shenzhen, Guangzhou or Hong Kong, followed by a road, ferry or helicopter trip to Macao. In addition, numerous air carriers fly directly to Macau International Airport from many major cities in Asia.

Macao draws a significant number of customers who are visitors or residents of Hong Kong. One of the major methods of transportation to Macao from Hong Kong is the jetfoil ferry service, including our ferry service, Cotai Water Jet. Macao is also accessible from Hong Kong by helicopter. In addition, the bridge linking Hong Kong, Macao and Zhuhai, which opened in 2018, has reduced the travel time between Hong Kong and Macao and from the Hong Kong International Airport to Macao.

Competition in Macao

There have been no material changes to the information disclosed in the Company's 2018 annual report regarding the competition in Macao.

2.1 BUSINESS OVERVIEW AND OUTLOOK

LEGAL PROCEEDINGS

On January 19, 2012, Asian American Entertainment Corporation, Limited ("AAEC") filed a claim with the Macao Judicial Court (Tribunal Judicial de Base) against VML, LVS Nevada, LVS LLC and Venetian Casino (collectively, the "Defendants"). The claim was for 3.0 billion patacas (approximately US$372 million) as compensation for damages resulting from the alleged breach of agreements entered into between AAEC and the Defendants for their joint presentation of a bid in response to the public tender held by the Macao Government for the award of gaming concessions at the end of 2001. On April 24, 2014, the Macao Judicial Court issued a decision holding that AAEC's claim against VML is unfounded and that VML be removed as a party to the proceedings, and that the claim should proceed exclusively against the three U.S. Defendants. On May 8, 2014, AAEC lodged an appeal against that decision. On July 15, 2019, AAEC submitted a request to the Macao Judicial Court to increase the amount of its claim to 96.45 billion patacas (approximately US$11.98 billion at exchange rates in effect on June 30, 2019), allegedly representing lost profits from 2004 to 2018 and reserving its right to claim for lost profits up to 2022 in due course at the enforcement stage. The trial of this matter has been scheduled by the Macao Judicial Court for mid-September 2019. This action is in a preliminary stage and management has determined based on proceedings to date that it is currently unable to determine the probability of the outcome of this matter or the range of reasonably possible loss, if any. The Company intends to defend this matter vigorously.

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

2.2 MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The Board is pleased to present the unaudited consolidated results of the Group for the six months ended June 30, 2019 compared to the six months ended June 30, 2018.

Net Revenues

Our net revenues consisted of the following:

	Six months ended June 30,		
	2019	2018	Percent change
		US$ in millions	
Casino	**3,586**	3,382	6.0%
Rooms	**364**	357	2.0%
Mall	**240**	233	3.0%
Food and beverage	**154**	152	1.3%
Convention, ferry, retail and other	**124**	141	(12.1)%
Total net revenues	**4,468**	4,265	4.8%

Net revenues were US$4.47 billion for the six months ended June 30, 2019, an increase of 4.8%, compared to US$4.27 billion for the six months ended June 30, 2018. Net revenues increased in the majority of business categories, mainly driven by ramp-up of The Parisian Macao. We continued to enjoy market-leading visitation in Macao and are focused on driving the high-margin mass market gaming business, while providing luxury amenities and high service levels to our VIP and premium players.

Our net casino revenues for the six months ended June 30, 2019 were US$3.59 billion, an increase of 6.0%, compared to US$3.38 billion for the six months ended June 30, 2018. The increase was primarily attributable to an increase of US$131 million at The Parisian Macao, which was mainly driven by increases in volume in mass gaming as well as higher win percentage in all gaming offerings.

The following table summarizes the results of our casino activity:

	Six months ended June 30, 2019	2018	Change
		US$ in millions	
The Venetian Macao			
Total net casino revenues	**1,438**	1,393	3.2%
Non-Rolling Chip drop	**4,612**	4,489	2.7%
Non-Rolling Chip win percentage	**26.6%**	24.4%	2.2pts
Rolling Chip volume	**13,945**	15,329	(9.0)%
Rolling Chip win percentage(i)	**3.18%**	3.66%	(0.48)pts
Slot handle	**1,912**	1,656	15.5%
Slot hold percentage	**4.7%**	4.8%	(0.1)pts
Sands Cotai Central			
Total net casino revenues	**803**	804	(0.1)%
Non-Rolling Chip drop	**3,326**	3,395	(2.0)%
Non-Rolling Chip win percentage	**22.7%**	21.2%	1.5pts
Rolling Chip volume	**3,216**	5,000	(35.7)%
Rolling Chip win percentage(i)	**3.85%**	3.33%	0.52pts
Slot handle	**2,077**	2,512	(17.3)%
Slot hold percentage	**4.2%**	4.0%	0.2pts
The Parisian Macao			
Total net casino revenues	**730**	599	21.9%
Non-Rolling Chip drop	**2,276**	2,143	6.2%
Non-Rolling Chip win percentage	**23.0%**	19.9%	3.1pts
Rolling Chip volume	**8,063**	9,077	(11.2)%
Rolling Chip win percentage(i)	**3.99%**	3.26%	0.73pts
Slot handle	**2,141**	2,217	(3.4)%
Slot hold percentage	**3.6%**	2.5%	1.1pts
The Plaza Macao			
Total net casino revenues	**335**	278	20.5%
Non-Rolling Chip drop	**688**	734	(6.3)%
Non-Rolling Chip win percentage	**24.3%**	24.8%	(0.5)pts
Rolling Chip volume	**7,726**	5,704	35.4%
Rolling Chip win percentage(i)	**3.71%**	3.49%	0.22pts
Slot handle	**280**	270	3.7%
Slot hold percentage	**6.2%**	7.3%	(1.1)pts
Sands Macao			
Total net casino revenues	**280**	308	(9.1)%
Non-Rolling Chip drop	**1,362**	1,316	3.5%
Non-Rolling Chip win percentage	**17.5%**	18.4%	(0.9)pts
Rolling Chip volume	**2,462**	2,271	8.4%
Rolling Chip win percentage(i)	**1.88%**	3.80%	(1.92)pts
Slot handle	**1,306**	1,281	2.0%
Slot hold percentage	**3.3%**	3.2%	0.1pts

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

2.2 MANAGEMENT DISCUSSION AND ANALYSIS

Room revenues for the six months ended June 30, 2019 were US$364 million, an increase of 2.0%, compared to US$357 million for the six months ended June 30, 2018. The increase was mainly driven by higher average daily rate at The Parisian Macao in connection with the completion of our suite conversion earlier this year.

The following table summarizes the results of our room activity:

	Six months ended June 30,		
	2019	2018	Change
	US$ in millions, except average daily rate and revenue per available room		
The Venetian Macao			
Total room revenues	**110**	109	0.9%
Occupancy rate	**95.3%**	95.8%	(0.5)pts
Average daily rate (in US$)	**225**	225	—%
Revenue per available room (in US$)	**214**	215	(0.5)%
Sands Cotai Central			
Total room revenues	**161**	160	0.6%
Occupancy rate	**96.1%**	93.2%	2.9pts
Average daily rate (in US$)	**156**	154	1.3%
Revenue per available room (in US$)	**150**	144	4.2%
The Parisian Macao			
Total room revenues	**64**	61	4.9%
Occupancy rate	**97.2%**	95.4%	1.8pts
Average daily rate (in US$)	**158**	150	5.3%
Revenue per available room (in US$)	**153**	143	7.0%
The Plaza Macao			
Total room revenues	**20**	19	5.3%
Occupancy rate	**89.8%**	87.8%	2.0pts
Average daily rate (in US$)	**335**	316	6.0%
Revenue per available room (in US$)	**301**	277	8.7%
Sands Macao			
Total room revenues	**9**	8	12.5%
Occupancy rate	**99.7%**	98.9%	0.8pts
Average daily rate (in US$)	**174**	162	7.4%
Revenue per available room (in US$)	**173**	161	7.5%

Mall revenues for the six months ended June 30, 2019 were US$240 million, an increase of 3.0%, compared to US$233 million for the six months ended June 30, 2018. The increase was primarily driven by increased base rent from The Shoppes at Venetian.

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

	Six months ended June 30,		
	2019	2018	Change
	US$ in millions, except per square foot amount		
The Shoppes at Venetian			
Total mall revenues	**118**	109	8.3%
Mall gross leasable area (in square feet)	**812,966**	786,652	3.3%
Occupancy	**91.3%**	91.4%	(0.1)pts
Base rent per square foot (in US$)	**270**	262	3.1%
Tenant sales per square foot (in US$)(i)	**1,688**	1,656	1.9%
The Shoppes at Cotai Central(ii)			
Total mall revenues	**32**	29	10.3%
Mall gross leasable area (in square feet)	**523,511**	517,238	1.2%
Occupancy	**91.3%**	90.9%	0.4pts
Base rent per square foot (in US$)	**106**	114	(7.0)%
Tenant sales per square foot (in US$)(i)	**967**	849	13.9%
The Shoppes at Parisian			
Total mall revenues	**27**	30	(10.0)%
Mall gross leasable area (in square feet)	**295,915**	295,896	—%
Occupancy	**89.9%**	90.7%	(0.8)pts
Base rent per square foot (in US$)	**151**	192	(21.4)%
Tenant sales per square foot (in US$)(i)	**650**	649	0.2%
The Shoppes at Four Seasons			
Total mall revenues	**62**	64	(3.1)%
Mall gross leasable area (in square feet)	**241,548**	258,264	(6.5)%
Occupancy	**97.6%**	98.8%	(1.2)pts
Base rent per square foot (in US$)	**465**	460	1.1%
Tenant sales per square foot (in US$)(i)	**4,505**	4,078	10.5%

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

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

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

Food and beverage revenues for the six months ended June 30, 2019 were US$154 million, an increase of 1.3%, compared to US$152 million for the six months ended June 30, 2018. The increase was primarily driven by an increase in property visitation.

Convention, ferry, retail and other revenues for the six months ended June 30, 2019 were US$124 million, a decrease of 12.1%, compared to US$141 million for the six months ended June 30, 2018. The decrease was primarily driven by lower business volume in ferry operation impacted by the Hong Kong-Zhuhai-Macao Bridge opening in October 2018 and management's decision to reduce sailings.

Operating Expenses

Our operating expenses consisted of the following:

	Six months ended June 30,		
	2019	2018	Percent change
	US$ in millions		
Casino	**2,156**	2,078	3.8%
Rooms	**93**	91	2.2%
Mall	**24**	23	4.3%
Food and beverage	**131**	125	4.8%
Convention, ferry, retail and other	**89**	99	(10.1)%
Provision/(recovery of provision) for expected credit losses, net	**14**	(3)	566.7%
General and administrative expense	**343**	321	6.9%
Corporate	**66**	62	6.5%
Pre-opening	**10**	3	233.3%
Depreciation and amortization	**364**	308	18.2%
Net foreign exchange (gains)/losses	**(12)**	4	(400.0)%
Loss on disposal of property and equipment, investment properties and intangible assets	**3**	93	(96.8)%
Total operating expenses	**3,281**	3,204	2.4%

Operating expenses were US$3.28 billion for the six months ended June 30, 2019, an increase of 2.4%, compared to US$3.20 billion for the six months ended June 30, 2018. The increase in operating expenses was primarily due to an increase of business volumes across the majority of business categories.

Casino expenses for the six months ended June 30, 2019 were US$2.16 billion, an increase of 3.8%, compared to US$2.08 billion for the six months ended June 30, 2018. The increase was primarily due to an increase in gaming taxes as a result of increased casino revenues.

Room expenses for the six months ended June 30, 2019 were US$93 million, an increase of 2.2%, compared to US$91 million for the six months ended June 30, 2018. The increase was mainly driven by an increase in operating expenses on amenities to enhance guest experience and an increase in management fees consistent with higher revenue.

Food and beverage expenses for the six months ended June 30, 2019 were US$131 million, an increase of 4.8%, compared to US$125 million for the six months ended June 30, 2018. The increase was primarily driven by increases in payroll, cost of sales and other operating expenses consistent with higher business volumes.

Convention, ferry, retail and other expenses for the six months ended June 30, 2019 were US$89 million, a decrease of 10.1%, compared to US$99 million for the six months ended June 30, 2018. The decrease was primarily driven by decreases in repairs and maintenance expenses and other operating expenses for our ferry operation as a result of reduced sailings during the period.

Provision for expected credit losses expenses were US$14 million for the six months ended June 30, 2019, compared to US$3 million of recovery of provision for expected credit losses for the six months ended June 30, 2018. The increase was primarily driven by an increased provision for premium direct players.

General and administrative expenses were US$343 million for the six months ended June 30, 2019, an increase of 6.9%, compared to US$321 million for the six months ended June 30, 2018. The increase was primarily driven by increases in payroll and marketing expenses, as well as repairs and maintenance expenses.

Corporate expenses were US$66 million for the six months ended June 30, 2019, an increase of 6.5%, compared to US$62 million for the six months ended June 30, 2018. The increase was primarily driven by an increase in royalty fees for the operation of The Venetian Macao, The Plaza Macao and Sands Macao.

Pre-opening expenses were US$10 million for the six months ended June 30, 2019, compared to US$3 million for the six months ended June 30, 2018. The increase was primarily driven by branding campaign fees for The Londoner Macao.

Depreciation and amortization expenses were US$364 million for the six months ended June 30, 2019, an increase of 18.2%, compared to US$308 million for the six months ended June 30, 2018. The increase was primarily due to an increase of US$45 million from the acceleration of depreciation on certain assets to be replaced in conjunction with The Londoner Macao project, as well as driven by additional gaming equipment.

Net foreign exchange gains for the six months ended June 30, 2019 were US$12 million and were primarily associated with U.S. dollar denominated debt. This is compared with net foreign exchange losses of US$4 million for the six months ended June 30, 2018.

Loss on disposal of property and equipment, investment properties and intangible assets was US$3 million for the six months ended June 30, 2019, compared to US$93 million for the six months ended June 30, 2018. The decrease was primarily due to US$92 million of losses on asset disposals related to the Four Seasons Tower Suites Macao project for the six months ended June 30, 2018.

Adjusted property EBITDA[(i)]

The following table summarizes information related to our segments:

	Six months ended June 30,		
	2019	2018	Percent change
		US$ in millions	
The Venetian Macao	**697**	679	2.7%
Sands Cotai Central	**377**	377	—%
The Parisian Macao	**302**	230	31.3%
The Plaza Macao	**168**	145	15.9%
Sands Macao	**83**	99	(16.2)%
Ferry and other operations	**(2)**	9	(122.2)%
Total adjusted property EBITDA	**1,625**	1,539	5.6%

Adjusted property EBITDA for the six months ended June 30, 2019 increased 5.6% to US$1.63 billion, compared to US$1.54 billion for the six months ended June 30, 2018. The increase was driven by the revenue increases in the majority of business categories. The management team continues to focus on operational efficiencies and cost control measures throughout both the gaming and non-gaming areas of the business.

(i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Gaming companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific casino properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments and debt principal repayments, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

Interest Expense

The following table summarizes information related to interest expense:

	Six months ended June 30,		
	2019	2018	Percent change
	US$ in millions		
Interest and other finance costs	**150**	89	68.5%
Less: interest capitalized	**(3)**	(1)	200.0%
Interest expense, net	**147**	88	67.0%

Interest expense, net of amounts capitalized, was US$147 million for the six months ended June 30, 2019, compared to US$88 million for the six months ended June 30, 2018. The increase was primarily due to a US$61 million increase in interest and other finance costs, mainly driven by US$137 million increase in interest expense of Senior Notes issued in August 2018, partially offset by US$5 million of net interest income related to interest rate swaps, US$7 million decrease in amortization of deferred financing costs, and US$66 million decrease in interest expense of the 2016 VML Credit Facility repaid in August 2018. Our weighted average interest rate for the six months ended June 30, 2019 was approximately 5.3%, compared to 3.9% for the six months ended June 30, 2018. The weighted average interest rates are calculated based on total interest expense (including amortization of deferred financing costs, standby fees and other financing costs and interest capitalized) and total weighted average borrowings.

Profit for the Period

Profit for the six months ended June 30, 2019 was US$1,067 million, an increase of 9.0%, compared to US$979 million for the six months ended June 30, 2018.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

We fund our operations through cash generated from our operations and our debt financing. As at June 30, 2019, we held cash and cash equivalents of US$1.78 billion, which were primarily generated from our operations and the remaining net proceeds from the issuance of the Senior Notes. Such cash and cash equivalents were primarily held in HK$ and US$.

As at June 30, 2019, we had US$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

Cash Flows — Summary

Our cash flows consisted of the following:

	Six months ended June 30,	
	2019	2018
	US$ in millions	
Net cash generated from operating activities	**1,486**	1,680
Net cash used in investing activities	**(201)**	(217)
Net cash used in financing activities	**(2,178)**	(1,637)
Net decrease in cash and cash equivalents	**(893)**	(174)
Cash and cash equivalents at beginning of period	**2,676**	1,239
Effect of exchange rate on cash and cash equivalents	**2**	(2)
Cash and cash equivalents at end of period	**1,785**	1,063

Cash Flows — Operating Activities

We derive most of our operating cash flows from our casino, mall and hotel operations. Net cash generated from operating activities for the six months ended June 30, 2019 decreased by 11.5% to US$1.49 billion, compared to US$1.68 billion for the six months ended June 30, 2018. The decrease was primarily attributable to changes in working capital, mainly due to changes in trade and other payables, partially offset by increases in operating income.

Cash Flows — Investing Activities

Net cash used in investing activities for the six months ended June 30, 2019 was US$201 million and was primarily attributable to capital expenditures for development projects, as well as maintenance capital spending. Capital expenditures for the six months ended June 30, 2019, totaled US$225 million, included US$107 million for Sands Cotai Central related primarily to The Londoner Macao, US$59 million for The Plaza Macao and Four Seasons Hotel Macao related primarily to the Four Seasons Tower Suites Macao, US$38 million for The Venetian Macao, respectively, and US$21 million for our other operations, mainly at The Parisian Macao and Sands Macao.

Cash Flows — Financing Activities

Net cash used in financing activities for the six months ended June 30, 2019 was US$2.18 billion, which was primarily attributable to US$2.05 billion in dividend payments and US$140 million in interest payment.

CAPITAL EXPENDITURES

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

	Six months ended June 30,	
	2019	2018
	US$ in millions	
The Venetian Macao	**38**	69
Sands Cotai Central	**107**	53
The Parisian Macao	**14**	68
The Plaza Macao	**59**	22
Sands Macao	**6**	7
Ferry and other operations	**1**	—
Total capital expenditures	**225**	219

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

We previously announced the renovation, expansion and rebranding of Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks and expanded retail and food and beverages venues. We will add approximately 370 luxury suites within the tower also occupied by the St. Regis hotel. Design work is nearing completion and construction is being initiated and will be phased to minimize disruption during the property's peak periods. We expect the additional suites within the tower also occupied by the St. Regis hotel to be completed in late 2020 and The Londoner Macao project to be completed in phases throughout 2020 and 2021.

We also previously announced the Four Seasons Tower Suites Macao, which will feature approximately 290 additional premium quality suites. We expect the project to be completed in the first quarter of 2020.

We anticipate the total costs associated with these development projects to be approximately US$2.2 billion. The ultimate costs and completion dates for these projects are subject to change as we finalize our planning and design work and complete the projects. We expect to fund our developments through a combination of the remaining balance of the net proceeds from the issuance of the Senior Notes, borrowings from the 2018 SCL Credit Facility and operating cash flows.

CAPITAL COMMITMENTS

Future commitments for property and equipment that are not recorded in the financial statements herein are as follows:

	June 30, 2019	December 31, 2018
	US$ in millions	
Contracted but not provided for	**1,122**	507

DIVIDENDS

On January 18, 2019, the Board declared an interim dividend of HK$0.99 (equivalent to US$0.127) per share. The interim dividend, amounting in aggregate to HK$8.0 billion (equivalent to US$1.02 billion), was paid on February 22, 2019.

On May 24, 2019, the Shareholders approved a final dividend of HK$1.00 (equivalent to US$0.127) per share for the year ended December 31, 2018 to Shareholders whose names appeared on the register of members of the Company on June 3, 2019. The final dividend, amounting in aggregate to HK$8.09 billion (equivalent to US$1.03 billion), was paid on June 21, 2019.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2019.

CONTINGENT LIABILITIES

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

CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of debt, which includes borrowings (including current and non-current borrowings as shown in Note 14 to the condensed consolidated financial statements), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves.

The Group actively and regularly reviews and manages its capital structure to maintain the net debt-to-capital ratio (gearing ratio) at an appropriate level based on its assessment of the current risk and circumstances. This ratio is calculated as net debt divided by total capital. Net debt is calculated as interest bearing borrowings, net of deferred financing costs, less cash and cash equivalents and restricted cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

	June 30, 2019	December 31, 2018
	US$ in millions	
Interest bearing borrowings, net of deferred financing costs	**5,472**	5,427
Less: cash and cash equivalents	**(1,785)**	(2,676)
restricted cash and cash equivalents	**(14)**	(13)
Net debt	**3,673**	2,738
Total equity	**3,456**	4,409
Total capital	**7,129**	7,147
Gearing ratio	**51.5%**	38.3%

The increase in the gearing ratio during the six months ended June 30, 2019 was due to the timing of dividend payments of US$2.05 billion made in the first half of 2019. No dividend payments were made in the second half of 2018 and therefore resulted in a higher cash and cash equivalent balance of US$2.68 billion as at December 31, 2018, compared to US$1.78 billion as at June 30, 2019.

INTEREST RATE AND FOREIGN EXCHANGE RATE RISKS

The Group's primary exposures to market risk are interest rate risk associated with its long-term borrowings and interest rate swap contracts, and foreign currency exchange rate risk associated with the Group's operations. The Group has a policy aimed at managing interest rate risk associated with its current and anticipated future borrowings and foreign currency exchange rate risk. This policy enables the Group to use any combination of interest rate swaps, futures, options, caps, forward contracts and similar instruments.

The Group's foreign currency transactions are mainly denominated in US$. The majority of assets and liabilities are denominated in US$, HK$ and MOP, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognized assets and liabilities denominated in a currency other than MOP, which is the functional currency of the major operating companies within the Group.

For the six months ended June 30, 2019, the Group held derivative financial instruments, which consisted of fixed-to-variable interest rate swap contracts with a total notional value of US$5.50 billion, and have been designated as hedging instruments against the fixed rate Senior Notes for accounting purposes.

MATERIAL ACQUISITION AND DISPOSAL

There has been no material acquisition or disposal of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2019.

2.3 STAKEHOLDER INFORMATION

HUMAN RESOURCES

As at June 30, 2019, our team member profile was as follows:

Number of full-time team members:	28,249 (inclusive of 2,287 employed by hotel partners)
Average age:	41
Gender ratio:	Male 49% Female 51%
Total number of nationalities:	59

We are dedicated to provide continuous training and development for all our team members. The "Sands China Manager Development Program for Integrated Resorts" is a program we have jointly developed with the Institute for Tourism Studies ("IFT"), a highly respectable hospitality education institution in Macao. We have carefully crafted the program to offer professional training courses for the development of our local leaders in hospitality management in integrated resorts. The brand new "Integrated Resort Business Analyst Development Program" is a recruitment, development and retention program we have developed to target the millennials which is becoming an increasingly dominant segment of our workforce. We also have implemented various "fast vertical development" and "wide horizontal development" initiatives to support our strategic succession planning.

In 2019, we celebrated the 15th anniversary of Sands Macao. A total of 1,664 team members will have hit the milestone of 15 years of service towards the end of the year and this represents over one-third of the pre-opening team of Sands Macao. We recognized and appreciated their loyal dedication and determination in a grand ceremony.

We are committed to our team members' occupational safety and health. We have recently been accredited an ISO 45001:2018 Occupational Health & Safety Management System certification as a result of implementing measures to eliminate hazards and minimize occupational safety and health risks. These measures seek to reduce occupational injuries and diseases. Since 2018, 5,034 team members have attended the hotel & catering safety card training held by the Labour Affairs Bureau in Sands China's Adelson Advanced Education Center, of which 4,782 team members have obtained the cards, representing a 95% passing rate. Since its launch on the third quarter of 2017, 180 team members have become active Sands China Safety Wardens. In June 2019, we held an Occupational Safety and Health Week to promote our team members' awareness and wellness of workplace safety in collaboration with the Labour Affairs Bureau.

On January 31, 2019, we distributed a discretionary bonus to all eligible full-time team members to recognize their contributions during 2018. On March 1, 2019, we awarded a salary increment for all eligible team members with a pay rise of MOP600 to those team members whose salaries were MOP13,000 or below, and a 2.5 percent pay rise to those with salaries above MOP13,000. Furthermore, our policy grants an additional day of leave to those team members whose weekly roster-day-off falls on a statutory public holiday. This will be arranged within the following 90 days. At July 2019, we announced a one-time special award equivalent to one-month's salary at a maximum of MOP50,000 to full-time team members on managerial grade and below.

Save as disclosed above, there has been no changes to the information disclosed in the 2018 annual report and the 2018 sustainability report regarding remuneration of team members, remuneration policies, and team members' development and training schemes.

2.3 STAKEHOLDER INFORMATION

ENVIRONMENT

Our responsibility to the planet is as important to us as our commitment to the comfort and well-being of our guests and team members. The Sands ECO360 global sustainability strategy is designed to help minimize our environmental impact. It reflects our vision to lead the way in sustainable building development and resort operations. Driven by an aspirational idea, made possible through the dedication and hard work of our team members, we continue our journey to a more sustainable future.

We encourage and are grateful to those Shareholders who have elected to receive our annual and interim reports via electronic means, thereby reducing the need to print hard copies of our reports. Should you wish to start receiving an electronic copy of our annual and interim reports, please refer to page 60 of this Interim Report for more information.

To minimize the impact on our environment, this Interim Report is printed on recycled paper using soy ink.

We have published our 2018 sustainability report in June 2019, which is available at https://www.sandschina.com/community-affairs/sustainability-reports.html.

Entertainment That Is Simply Out Of This World.

3. CORPORATE GOVERNANCE

3.1 CORPORATE GOVERNANCE PRACTICES

Corporate governance is the collective responsibility of the Board. The Directors firmly believe good corporate governance is key to creating Shareholder value and ensuring proper management of the Company in the interests of all stakeholders. An effective system of corporate governance requires that our Board approves strategic direction, monitors performance, oversees effective risk management and internal control systems, and leads the creation of the right compliant culture across the organization. It also gives our investors confidence we are exercising our stewardship responsibilities with due skill and care.

To ensure we adhere to high standards of corporate governance, we have developed our own principles and guidelines that set out how corporate governance operates in practice within the Company. This is based on the policies, principles and practices set out in the Code and draws on other best practices.

Throughout the six months ended June 30, 2019, save as disclosed below, the Board considers the Company fully complied with all the code provisions and certain recommended best practices set out in the Code.

Code Provision A.2.1 — Chairman and Chief Executive Officer roles

Code Provision A.2.1 provides the roles of Chairman and Chief Executive Officer should be separate and not performed by the same individual. At Sands China, both roles have been performed by Mr. Sheldon Gary Adelson since March 2015. The Company believes the combined roles of Mr. Adelson provide for better leadership of the Board and management and allow for more focus on developing strategies and implementation of policies and objectives.

Code Provision E.1.2 — Annual General Meeting attendance

Code Provision E.1.2 provides the Chairman of the Board should attend the annual general meeting of the Company. Mr. Sheldon Gary Adelson was unable to attend the annual general meeting held on May 24, 2019 as he was receiving medical treatment at that time, which restricted his availability to travel or keep regular office hours. In his absence, the annual general meeting was chaired by Dr. Wong Ying Wai, who liaised with Mr. Adelson on all key matters prior to the meeting. Mr. Adelson was also debriefed on the meeting and any matters arising to ensure any matters raised at the annual general meeting were followed up and considered by the Board.

3.2 MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has developed the Company Code for securities transactions by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company on terms no less exacting than the Model Code. Following specific enquiry by the Company, all Directors have confirmed they have complied with the Company Code and, therefore, with the Model Code throughout the six months ended June 30, 2019 and up to the date of the announcement of interim results for the six month ended June 30, 2019.

3.3 BOARD AND BOARD COMMITTEES COMPOSITION

There was no change to the composition of the Board and the Board Committees of the Company during the six months ended June 30, 2019 and up to the Latest Practicable Date.

The Directors of the Company during the six months ended June 30, 2019 and as at the Latest Practicable Date are:

Executive Directors	Title	Note
Sheldon Gary Adelson	Chairman of the Board and Chief Executive Officer	Re-designated March 6, 2015
Wong Ying Wai	President and Chief Operating Officer	Appointed January 22, 2016

Non-Executive Directors		
Robert Glen Goldstein		Re-designated November 1, 2015
Charles Daniel Forman		Elected May 30, 2014

Independent Non-Executive Directors		
Chiang Yun		Appointed October 14, 2009
Victor Patrick Hoog Antink		Appointed December 7, 2012
Steven Zygmunt Strasser		Elected May 31, 2013
Kenneth Patrick Chung		Appointed July 15, 2016

The Board has established four committees, being the Audit Committee, the Remuneration Committee, the Nomination Committee and the Capex Committee. The table below details the membership and composition of each of the four committees as at the Latest Practicable Date:

Name of Director	Audit Committee	Remuneration Committee	Nomination Committee	Capex Committee
Sheldon Gary Adelson	—	—	Chairman	—
Wong Ying Wai	—	Member	—	Member
Robert Glen Goldstein	—	—	—	Chairman
Charles Daniel Forman	—	—	—	—
Chiang Yun	Member	—	Member	—
Victor Patrick Hoog Antink	Chairman	Member	Member	Member
Steven Zygmunt Strasser	Member	Chairman	—	—
Kenneth Patrick Chung	Member	—	—	—

3.4 DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO THE LISTING RULE 13.51B(1)

Directors' Service Contracts

On March 15, 2019, the Board approved the renewal of the below appointment letters:

- Mr. Steven Zygmunt Strasser as Independent Non-Executive Director for a term of three years commencing from May 31, 2019; and
- Mr. Kenneth Patrick Chung as Independent Non-Executive Director for a term of three years commencing from July 15, 2019.

Other Major Positions Held

On April 1, 2019, Dr. Wong Ying Wai was appointed as the chairman of the Hong Kong Film Development Council for a term of two years.

On May 24, 2019, Mr. Sheldon Gary Adelson and Mr. Robert Glen Goldstein ceased to be the chief executive officer and senior vice president, respectively, of one of our U.S. subsidiaries, which was dissolved on the same date.

3.5 AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed the accounting policies adopted by the Group and the unaudited condensed consolidated financial statements for the six months ended June 30, 2019 and this Interim Report and was of the opinion that the preparation of such interim results complied with the applicable accounting standards and requirements and that adequate disclosures have been made. All Audit Committee members are Independent Non-Executive Directors, with Mr. Victor Patrick Hoog Antink (Chairman of the Audit Committee) and Mr. Kenneth Patrick Chung possessing the appropriate professional qualifications and accounting and related financial management expertise.

3.6 INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES

The interests of each of the Directors and Chief Executives in the shares, underlying shares and debentures of the Company and any of the Company's associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2019, as recorded in the register required to be kept under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are set out in the table and explanatory notes below:

Name of Director	Company	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Sheldon Gary Adelson	Company	Interest in a controlled corporation	5,657,814,885(L)	69.96%
Wong Ying Wai	Company	Beneficial owner	4,000,000(L)[(1)]	0.05%

Name of Director	Associated corporation	Nature of interest	Number of securities	Approximate percentage of shareholding interest
Sheldon Gary Adelson	LVS	Beneficial owner	67,114,000(L)[(2)]	8.72%
		Family Interest	330,195,726(L)[(3)]	42.89%
Robert Glen Goldstein	LVS	Beneficial owner	4,887,057(L)[(4)]	0.63%
Charles Daniel Forman	LVS	Beneficial owner	209,851(L)[(5)]	0.03%

The letter "L" denotes the person's long position in such shares/securities.

Notes:

(1) This amount represents 4,000,000 options to purchase 4,000,000 Shares, of which 1,600,000 are vested and exercisable.

(2) This amount includes (a) 66,543,589 shares of LVS' common stock, (b) 8,298 unvested shares of LVS' restricted stock, and (c) 562,113 options to purchase 562,113 shares in LVS' common stock, of which 120,783 are vested and exercisable.

(3) This amount includes (a) 93,779,145 shares of LVS' common stock held by Mr. Sheldon Gary Adelson's spouse, Dr. Miriam Adelson, (b) 2,208,548 shares of LVS' common stock held by trusts for the benefit of Dr. Adelson and her family members over which Dr. Adelson, as trustee, retains sole voting control and shares dispositive power, (c) 3,739,005 shares of LVS' common stock held by trusts for the benefit of Dr. Adelson's family members over which Dr. Adelson, as trustee, retains sole voting control and dispositive power, (d) 217,902,318 shares of LVS' common stock held by trusts for the benefit of Dr. Adelson and her family members over which Dr. Adelson, as trustee, shares dispositive power, and (e) 12,566,710 shares of LVS' common stock held by Adfam Investment Company LLC over which Dr. Adelson, as co-manager, shares voting and dispositive control with Mr. Adelson.

(4) This amount includes (a) 137,057 shares of LVS' common stock, and (b) 4,750,000 options to purchase 4,750,000 shares in LVS' common stock, of which 1,250,000 are vested and exercisable.

(5) This amount includes (a) 208,274 shares of LVS' common stock, and (b) 1,577 unvested shares of LVS' restricted stock.

None of the Directors or the Chief Executives had short positions in respect of shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as at June 30, 2019.

Save as disclosed above, so far as was known to the Directors, as at June 30, 2019, none of the Directors or the Chief Executives had, pursuant to Divisions 7 and 8 of Part XV of the SFO, nor were they taken or deemed to have under such provisions of the SFO, any interest or short position in any shares or underlying shares or interest in debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange, or any interests that were required, pursuant to Section 352 of the SFO, to be entered into the register referred to therein, or any interests that were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

As at June 30, 2019, save as disclosed above, none of the Directors nor the Chief Executives (including their spouses and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and its associated corporations (within the meaning of Part XV of the SFO).

3.7 INTERESTS OF SUBSTANTIAL SHAREHOLDERS

The interests of substantial Shareholders in the shares and underlying shares of the Company as at June 30, 2019, as recorded in the register required to be kept under Section 336 of Part XV of the SFO or as the Company is aware, are set out in the table below.

The Company had been notified of the following substantial Shareholders' interests in the shares of the Company as at June 30, 2019:

Name of substantial Shareholder	Capacity/Nature of interest	Number of Shares	Approximate percentage of issued share capital
Sheldon Gary Adelson	Interest in a controlled corporation	5,657,814,885(L)	69.96%
Las Vegas Sands Corp.	Interest in a controlled corporation	5,657,814,885(L)	69.96%
Las Vegas Sands, LLC	Interest in a controlled corporation	5,657,814,885(L)	69.96%
Venetian Casino Resort, LLC	Interest in a controlled corporation	5,657,814,885(L)	69.96%
LVS (Nevada) International Holdings, Inc.	Interest in a controlled corporation	5,657,814,885(L)	69.96%
LVS Dutch Finance C.V.	Interest in a controlled corporation	5,657,814,885(L)	69.96%
LVS Dutch Holding B.V.	Interest in a controlled corporation	5,657,814,885(L)	69.96%
Sands IP Asset Management B.V.	Interest in a controlled corporation	5,657,814,885(L)	69.96%
Venetian Venture Development Intermediate II	Beneficial owner	5,657,814,885(L)	69.96%

The letter "L" denotes the person's long position in such shares.

As at June 30, 2019, VVDI (II) was a substantial Shareholder which held 5,657,814,885 Shares (representing approximately 69.96% of the total issued share capital of the Company). VVDI (II) was a wholly-owned subsidiary of Sands IP. Sands IP was a wholly-owned subsidiary of LVS Dutch Holding, which was in turn wholly-owned by LVS Dutch Finance. LVS Dutch Finance was 99% owned by LVS Nevada, with the remaining 1% owned by a wholly-owned subsidiary of LVS Nevada, which was in turn wholly-owned by Venetian Casino. Venetian Casino was a wholly-owned subsidiary of LVS LLC, which was in turn wholly-owned by LVS. Mr. Sheldon Gary Adelson, his family members and trusts and other entities established for the benefit of Mr. Adelson and/or his family members beneficially owned approximately 56% of the outstanding common stock of LVS as at June 30, 2019.

As at June 30, 2019, the Company had not been notified of any short positions being held by any substantial Shareholder in the shares or underlying shares of the Company.

3.8 INTERESTS OF ANY OTHER PERSONS

Save as disclosed above, as at June 30, 2019, the Company had not been notified of any persons who had interests or short positions in the shares or underlying shares of the Company, as recorded in the register required to be kept under Section 336 of Part XV of the SFO.

3.9 EQUITY AWARD PLAN

2009 Equity Award Plan

The Company adopted the 2009 Equity Award Plan on November 8, 2009 (amended on February 19, 2016) for the purpose of attracting able persons to enter and remain in the employ of our Group. The 2009 Equity Award Plan also provides a means whereby employees, directors and consultants of our Group can acquire and maintain Share ownership, or be paid incentive compensation measured by reference to the value of Shares, thereby strengthening their commitment to the welfare of our Group and promoting an identity of interest between Shareholders and these persons.

The 2009 Equity Award Plan will expire on November 30, 2019, being the tenth anniversary of November 30, 2009. On and after this date, no awards may be granted under the 2009 Equity Award Plan. In addition, all existing awards previously granted under the 2009 Equity Award Plan, but which are unexercised or unvested, will remain valid and (where applicable) exercisable in accordance with their terms of grant despite the expiry of the 2009 Equity Award Plan.

Share Options

As at June 30, 2019, 138,995,791 options to purchase Shares had been granted under the 2009 Equity Award Plan of which 38,830,507 options had been exercised and 33,588,809 options had lapsed.

Details of the grant of options and a summary of movements of the outstanding options during the six months ended June 30, 2019 under the 2009 Equity Award Plan were as follows:

Director & other eligible persons	Date granted	Options granted	Exercise price per Share[1] HK$	Closing price of Shares immediately before the date of grant HK$	Exercise period	Number of options: outstanding as at January 1, 2019	granted during the period	vested during the period[2]	lapsed during the period	exercised during the period	outstanding as at June 30, 2019	Weighted average closing price of Shares immediately before the dates on which options were exercised HK$
Wong Ying Wai	November 2, 2015	4,000,000[3]	28.59	28.15	November 2, 2016– November 1, 2025	4,000,000	—	—	—	—	4,000,000	—
Other eligible employees	March 31, 2010	16,692,400	11.63	12.10	March 31, 2011– March 30, 2020	738,775	—	—	—	368,700	370,075	38.65
	September 30, 2010	2,672,500	13.23	14.32	September 30, 2011– September 29, 2020	71,950	—	—	—	—	71,950	—
	August 30, 2011	1,584,400	22.48	22.80	August 30, 2012– August 29, 2021	125,575	—	—	—	—	125,575	—
	November 24, 2011	2,378,500	20.23	20.95	November 24, 2012– November 23, 2021	157,900	—	—	—	97,500	60,400	37.95
	March 5, 2012	1,434,500	28.23	29.25	March 5, 2013– March 4, 2022	41,750	—	—	—	41,750	—	38.65
	May 14, 2012	1,787,100	28.14	28.90	May 14, 2013– May 13, 2022	176,575	—	—	—	—	176,575	—
	August 31, 2012	1,538,100	26.82	27.50	August 31, 2013– August 30, 2022	330,100	—	—	—	—	330,100	—
	February 15, 2013	1,278,800	36.73	36.50	February 15, 2014– February 14, 2023	584,150	—	—	—	50,000	534,150	43.10
	May 16, 2013	1,241,900	40.26	40.45	May 16, 2014– May 15, 2023	396,900	—	—	—	—	396,900	—
	February 24, 2014	2,602,300	59.35	58.90	February 24, 2015– February 23, 2024	1,093,200	—	—	196,100	—	897,100	—
	March 18, 2014	3,238,800	62.94	62.25	March 18, 2015– March 17, 2024	2,038,500	—	—	—	—	2,038,500	—
	May 21, 2014	2,723,800	57.75	57.40	May 21, 2015– May 20, 2024	1,461,000	—	—	—	—	1,461,000	—
	June 18, 2014	857,100	53.64	53.10	June 18, 2015– June 17, 2024	585,300	—	—	—	—	585,300	—
	August 29, 2014	1,063,100	52.33	51.35	August 29, 2015– August 28, 2024	654,400	—	—	—	—	654,400	—
	September 26, 2014	195,000	43.27	41.30	September 26, 2015– September 25, 2024	195,000	—	—	—	—	195,000	—
	December 29, 2014	213,600	38.90	38.50	December 29, 2015– December 28, 2024	53,400	—	—	—	—	53,400	—
	March 3, 2015	648,400	35.90	35.30	March 3, 2016– March 2, 2025	50,450	—	50,450	—	50,450	—	43.05
	May 5, 2015	795,600	33.15	32.80	May 5, 2016– May 4, 2025	325,000	—	81,250	—	160,000	165,000	42.85
	May 22, 2015	1,300,000	32.35	32.05	May 22, 2016– May 21, 2025	1,300,000	—	325,000	—	975,000	325,000	43.60
	February 24, 2016	14,624,800	26.97	27.05	February 24, 2017– February 23, 2026	8,371,100	—	2,681,900	279,100	2,373,600	5,718,400	41.05
	March 23, 2016	2,508,400	31.00	30.35	March 23, 2017– March 22, 2026	1,510,000	—	478,400	28,400	156,900	1,324,700	42.53
	May 20, 2016	317,600	27.55	27.25	May 20, 2017– May 19, 2026	177,400	—	57,000	—	—	177,400	—
	September 13, 2016	433,600	34.03	34.45	September 13, 2017– September 12, 2026	295,000	—	—	—	—	295,000	—
	February 24, 2017	13,069,600	32.15	32.25	February 24, 2018– February 23, 2027	10,574,550	—	2,799,400	520,400	1,561,800	8,492,350	41.08
	March 23, 2017	2,613,200	35.25	35.05	March 23, 2018– March 22, 2027	2,066,900	—	543,700	56,800	103,900	1,906,200	42.23
	May 19, 2017	494,000	34.31	33.80	May 19, 2018– May 18, 2027	409,200	—	111,400	—	—	409,200	—
	September 13, 2017	889,600	37.90	37.20	September 13, 2018– September 12, 2027	690,800	—	—	14,700	—	676,100	—
	February 26, 2018	13,202,000	44.85	44.00	February 26, 2019– February 25, 2028	12,801,600	—	3,143,500	883,800	—	11,917,800	—
	March 23, 2018	2,526,000	44.31	43.65	March 23, 2019– March 22, 2028	2,354,400	—	588,600	146,700	—	2,207,700	—
	May 21, 2018	1,035,200	47.95	47.10	May 21, 2019– May 20, 2028	986,800	—	246,700	—	—	986,800	—
	September 13, 2018	1,866,400	33.80	31.70	September 13, 2019– September 12, 2028	1,866,400	—	—	60,800	—	1,805,600	—
	February 25, 2019	13,131,600	39.25	39.00	February 25, 2020– February 24, 2029	—	13,131,600	—	—	—	13,131,600	—
	April 23, 2019	2,635,600	43.60	43.05	April 23, 2020– April 22, 2029	—	2,635,600	—	—	—	2,635,600	—
	May 20, 2019	1,705,600	39.93	38.85	May 20, 2020– May 19, 2029	—	1,705,600	—	—	—	1,705,600	—

Director & other eligible persons	Date granted	Options granted	Exercise price per Share[1] HK$	Closing price of Shares immediately before the date of grant HK$	Exercise period	Number of options: outstanding as at January 1, 2019	granted during the period	vested during the period[2]	lapsed during the period	exercised during the period	outstanding as at June 30, 2019	Weighted average closing price of Shares immediately before the dates on which options were exercised HK$
Consultants:	February 15, 2013	208,000	36.73	36.50	February 15, 2014–February 14, 2023	208,000	—	—	—	—	208,000	—
	February 24, 2016	194,800	26.97	27.05	February 24, 2017–February 23, 2026	97,400	—	48,700	—	48,700	48,700	42.85
	March 23, 2016	100,800	31.00	30.35	March 23, 2017–March 22, 2026	100,800	—	25,200	—	32,700	68,100	43.60
	February 24, 2017	194,800	32.15	32.25	February 24, 2018–February 23, 2027	146,100	—	48,700	—	48,700	97,400	42.85
	March 23, 2017	102,800	35.25	35.05	March 23, 2018–March 22, 2027	102,800	—	25,700	—	22,200	80,600	43.60
	February 26, 2018	198,800	44.85	44.00	February 26, 2019–February 25, 2028	198,800	—	49,700	—	—	198,800	—
	March 23, 2018	44,400	44.31	43.65	March 23, 2019–March 22, 2028	44,400	—	11,100	—	—	44,400	—

Notes:

(1) The exercise price per Share of the options is determined at the time of grant of the options and should not be less than the highest of (a) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant of the options, which must be a business day; (b) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the 5 business days immediately preceding the date of grant of the options; and (c) the nominal value of a Share.

(2) Save as disclosed in note (3) below, the proportion of underlying shares in respect of which the above options will vest is as follows:

	Proportion of underlying shares in respect of which the above options will vest is as follows:
Before the first anniversary of the date of grant of the option (the "Offer Anniversary")	None
From the first Offer Anniversary to the date immediately before the second Offer Anniversary	One-quarter
From the second Offer Anniversary to the date immediately before the third Offer Anniversary	Two-quarters
From the third Offer Anniversary to the date immediately before the fourth Offer Anniversary	Three-quarters
From the fourth Offer Anniversary and thereafter	All

(3) Among the 4,000,000 options granted to Dr. Wong Ying Wai on November 2, 2015, 266,666 options vested on November 2, 2016, 533,334 options vested on November 2, 2017, 800,000 options vested on November 2, 2018, 800,000 options will vest on November 2, 2019 and 1,600,000 options will vest on September 30, 2020.

When the options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained earnings.

The Company estimates the fair value of options granted using the Black-Scholes option-pricing model. The weighted average fair value of options granted during the six months ended June 30, 2019, measured as at the date of grant, was approximately US$1.04.

Significant estimates and assumptions are required to be made in determining the parameters for applying the Black-Scholes option-pricing model, including estimates and assumptions regarding the risk-free rate of return, expected dividend yield and volatility of the underlying shares and the expected life of the options. These estimates and assumptions could have a material effect on the determination of the fair value of the options and the amount of such equity awards expected to vest, which may in turn significantly impact the determination of the share-based compensation expense. The following assumptions were used to derive the fair values of options granted during the six months ended June 30, 2019:

Weighted average volatility	36.8%
Expected term (in years)	4.8
Risk-free rate	1.7%
Expected dividends	5.0%

Save as disclosed herein, no options or any other share-based awards were granted under the 2009 Equity Award Plan or any equity award plan of the Group as at June 30, 2019 and no options or any other share-based awards were cancelled during the six months ended June 30, 2019.

2019 Equity Award Plan

The 2019 Equity Award Plan was approved by the Shareholders at the Company's annual general meeting held on May 24, 2019, and it will become effective on December 1, 2019. There is no material difference between the terms of the 2009 Equity Award Plan and the terms of the 2019 Equity Award Plan. Accordingly, the 2019 Equity Award Plan will have the same benefits as the 2009 Equity Award Plan, namely attracting able persons to enter and remain in the employ of our Group. It will also provide a means whereby employees, directors and consultants of our Group can acquire and maintain Share ownership, or be paid incentive compensation measured by reference to the value of Shares, thereby strengthening their commitment to the welfare of our Group and promoting an identity of interest between Shareholders and these persons.

The 2019 Equity Award Plan will be subject to the administration of the Remuneration Committee.

The maximum number of Shares that may be issued upon exercise of all share-based awards (including options) to be granted under the 2019 Equity Award Plan and similar share-based awards under any other award plans of the Company (under which new Shares will be issued pursuant to any grant) must not in aggregate exceed 10% of the total number of Shares in issue as at May 24, 2019, being the date of Shareholders' approval of the 2019 Equity Award Plan.

3.10 PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the six months ended June 30, 2019.

4.1 REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF SANDS CHINA LTD.

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Sands China Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 32 to 58, which comprise the consolidated balance sheet as at June 30, 2019 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 9, 2019

4.2 CONSOLIDATED INCOME STATEMENT

	Note	Six months ended June 30, 2019	2018
		US$ in millions, except per share data (Unaudited)	
Net revenues	4	**4,468**	4,265
Gaming tax		**(1,757)**	(1,688)
Employee benefit expenses		**(651)**	(622)
Depreciation and amortization	4	**(364)**	(308)
Inventories consumed		**(50)**	(49)
Other expenses and losses	5	**(459)**	(537)
Operating profit		**1,187**	1,061
Interest income		**21**	3
Interest expense, net of amounts capitalized	6	**(147)**	(88)
Profit before income tax		**1,061**	976
Income tax benefit	7	**6**	3
Profit for the period attributable to equity holders of the Company		**1,067**	979
Earnings per share for profit attributable to equity holders of the Company			
— Basic	8	**US13.20 cents**	US12.11 cents
— Diluted	8	**US13.19 cents**	US12.10 cents

4.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended June 30,	
	2019	2018
	US$ in millions	
	(Unaudited)	
Profit for the period attributable to equity holders of the Company	**1,067**	979
Other comprehensive income/(expense), net of tax		
Item that will not be reclassified subsequently to profit or loss:		
Currency translation differences	**4**	(17)
Total comprehensive income for the period attributable to equity holders of the Company	**1,071**	962

4.2 CONSOLIDATED BALANCE SHEET

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
		US$ in millions	
ASSETS			
Non-current assets			
Investment properties, net		**610**	629
Property and equipment, net	10	**8,103**	8,134
Intangible assets, net		**46**	46
Other assets, net		**82**	47
Trade and other receivables and prepayments, net		**21**	22
Total non-current assets		**8,862**	8,878
Current assets			
Inventories		**14**	14
Trade and other receivables and prepayments, net	11	**417**	477
Restricted cash and cash equivalents		**14**	13
Cash and cash equivalents		**1,785**	2,676
Total current assets		**2,230**	3,180
Total assets		**11,092**	12,058

Note: Certain reclassifications have been made to the prior period to conform to the current period presentation.

4.2 CONSOLIDATED BALANCE SHEET

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
		US$ in millions	
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	12	**81**	81
Reserves		**3,375**	4,328
Total equity		**3,456**	4,409
LIABILITIES			
Non-current liabilities			
Trade and other payables	13	**107**	104
Borrowings	14	**5,602**	5,552
Deferred income tax liabilities		**42**	50
Total non-current liabilities		**5,751**	5,706
Current liabilities			
Trade and other payables	13	**1,865**	1,928
Current income tax liabilities		**2**	5
Borrowings	14	**18**	10
Total current liabilities		**1,885**	1,943
Total liabilities		**7,636**	7,649
Total equity and liabilities		**11,092**	12,058
Net current assets		**345**	1,237
Total assets less current liabilities		**9,207**	10,115

Approved by the Board of Directors on August 9, 2019 and signed on behalf of the Board by

Sheldon Gary Adelson
Chairman of the Board and Chief Executive Officer
Director

Wong Ying Wai
President and Chief Operating Officer
Director

4.2 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Capital reserve	Share premium	Statutory reserve	Share-based compensation reserves	Currency translation reserve	Retained earnings	Total
				US$ in millions (Unaudited)				
For the six months ended June 30, 2018								
Balance at January 1, 2018	81	87	1,428	6	88	(16)	2,864	4,538
Effect of adoption of IFRS 9	—	—	—	—	—	—	24	24
Balance at January 1, 2018 (Restated)	81	87	1,428	6	88	(16)	2,888	4,562
Profit for the period	—	—	—	—	—	—	979	979
Other comprehensive expense for the period, net of tax	—	—	—	—	—	(17)	—	(17)
Total comprehensive income	—	—	—	—	—	(17)	979	962
Exercise of share options	—	—	22	—	—	—	—	22
Transfer to share premium upon exercise of share options	—	—	6	—	(6)	—	—	—
Forfeiture of share options	—	—	—	—	(1)	—	1	—
Share-based compensation of the Company	—	—	—	—	8	—	—	8
Dividends to equity holders of the Company (Note 9)	—	—	—	—	—	—	(2,053)	(2,053)
Balance at June 30, 2018	81	87	1,456	6	89	(33)	1,815	3,501
For the six months ended June 30, 2019								
Balance at January 1, 2019	**81**	**87**	**1,457**	**6**	**92**	**(28)**	**2,714**	**4,409**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**1,067**	**1,067**
Other comprehensive income for the period, net of tax	**—**	**—**	**—**	**—**	**—**	**4**	**—**	**4**
Total comprehensive income	**—**	**—**	**—**	**—**	**—**	**4**	**1,067**	**1,071**
Exercise of share options	**—**	**—**	**23**	**—**	**—**	**—**	**—**	**23**
Transfer to share premium upon exercise of share options	**—**	**—**	**4**	**—**	**(4)**	**—**	**—**	**—**
Forfeiture of share options	**—**	**—**	**—**	**—**	**(1)**	**—**	**1**	**—**
Share-based compensation of the Company	**—**	**—**	**—**	**—**	**7**	**—**	**—**	**7**
Dividends to equity holders of the Company (Note 9)	**—**	**—**	**—**	**—**	**—**	**—**	**(2,054)**	**(2,054)**
Balance at June 30, 2019	**81**	**87**	**1,484**	**6**	**94**	**(24)**	**1,728**	**3,456**

4.2 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2019	2018
	US$ in millions	
	(Unaudited)	
Net cash generated from operating activities	**1,486**	1,680
Cash flows from investing activities		
Increase in restricted cash and cash equivalents	**(1)**	(1)
Purchases of property and equipment	**(212)**	(199)
Additions to investment properties	**(6)**	(10)
Purchases of intangible assets	**(7)**	(10)
Proceeds from disposal of property and equipment	**1**	—
Interest received	**24**	3
Net cash used in investing activities	**(201)**	(217)
Cash flows from financing activities		
Proceeds from exercise of share options	**23**	22
Proceeds from bank loans	**—**	746
Repayments of bank loans	**—**	(269)
Dividends paid	**(2,051)**	(2,052)
Repayments of lease liabilities	**(8)**	—
Repayments of finance lease liabilities	**—**	(14)
Payments for deferred financing costs	**(2)**	—
Interest paid	**(140)**	(70)
Net cash used in financing activities	**(2,178)**	(1,637)
Net decrease in cash and cash equivalents	**(893)**	(174)
Cash and cash equivalents at beginning of period	**2,676**	1,239
Effect of exchange rate on cash and cash equivalents	**2**	(2)
Cash and cash equivalents at end of period	**1,785**	1,063
Cash and cash equivalents comprised:		
Cash at bank and on hand	**485**	496
Short-term bank deposits	**1,300**	567
	1,785	1,063

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Principal activities

The Group is principally engaged in the operation of casino games of chance or games of other forms and the development and operation of integrated resorts and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp., a company incorporated in Nevada, U.S.A. and indirectly holds 69.96% ownership interest in the Group as at June 30, 2019, is the Group's ultimate holding company.

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The Company's principal place of business is Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The Group owns and operates The Venetian Macao-Resort-Hotel ("The Venetian Macao"), which anchors the Cotai Strip, the Group's master-planned development of integrated resort properties in Macao. Sands Cotai Central opened in phases, beginning in April 2012. The property currently features four hotel towers, consisting of hotel rooms and suites under the Conrad, Holiday Inn, Sheraton and St. Regis brands. The Company previously announced the renovation, expansion and rebranding of Sands Cotai Central into a new destination integrated resort, The Londoner Macao, by adding extensive thematic elements both externally and internally. The Londoner Macao will feature new attractions and features from London, including some of London's most recognizable landmarks and expanded retail and food and beverage venues. The Company will add approximately 370 luxury suites within the tower also occupied by the St. Regis hotel. In September 2016, the Group opened The Parisian Macao, an integrated resort connected to The Venetian Macao and The Plaza Macao. The Group owns The Plaza Macao, which is located adjacent and connected to The Venetian Macao. The Plaza Macao is an integrated resort that includes the Four Seasons Hotel Macao, the Plaza Casino, Shoppes at Four Seasons and Paiza Mansions. The Company also previously announced the Four Seasons Tower Suites Macao, which will feature approximately 290 additional premium quality suites. The Group also owns and operates the Sands Macao, the first Las Vegas-style casino in Macao. The Group's other ancillary services include ferry operations and other related operations.

The Company's shares were listed on the Main Board of the Stock Exchange on November 30, 2009.

The unaudited condensed consolidated financial statements are presented in millions of units of United States dollars ("US$ in millions"), unless otherwise stated. The condensed consolidated financial statements were approved for issue by the Board of Directors of the Company on August 9, 2019.

These condensed consolidated financial statements have not been audited.

2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended June 30, 2019 have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") and the applicable disclosure requirements of Appendix 16 to the Listing Rules. They should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2018, which were prepared in accordance with International Financial Reporting Standards ("IFRS").

The condensed consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments that are measured at fair value.

Certain reclassifications have been made to the prior period to conform to the current period presentation. Please refer to Note 18 for more information.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted and methods of computation used in the preparation of the condensed consolidated financial statements for the six months ended June 30, 2019 are consistent with those adopted and as described in the Group's annual financial statements for the year ended December 31, 2018, except for the adoption of new and amendments to IFRSs as of January 1, 2019, noted below, which are relevant to the Group.

IFRS 16 Leases

The accounting standard superseded the requirements in IAS 17 "Leases" ("IAS 17") and the related interpretations to introduce a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. The Group adopted the new standard on January 1, 2019.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognized for all leases by lessees, except for short-term leases and leases of low-value assets.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of lease liability at commencement date and any lease payments made at or before the commencement date. It is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities. The lease liability is initially measured at the present value of fixed lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Group's leases, management uses the Group's incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain the Group will exercise such option.

The Group's lease arrangements have lease and non-lease components. For leases in which the Group is the lessee, the Group applies the practical expedient to account for the lease components and any associated non-lease components as a single lease component for all classes of underlying assets. Leases, in which the Group is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately. The Group applies the recognition exemption for leases with an expected term of 12 months or less and leases of low-value assets. These leases are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 Leases (continued)

Lessor accounting remains largely unchanged under the new standard.

On transition to IFRS 16, the Group elected to apply the practical expedient for lease definition. The Group applied IFRS 16 only to contracts previously identified as leases applying IAS 17 and IFRIC-Int 4 "Determining whether an Arrangement Contains a Lease" ("IFRIC-Int 4"). Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified on or after January 1, 2019.

Further, the Group elected the modified retrospective approach for the application of IFRS 16, under which the effect of initial application was recognized at January 1, 2019. Accordingly, the comparative information presented as at December 31, 2018 and for the six months ended June 30, 2018 was presented as previously reported under IAS 17 and was not restated. The lease liability was measured at the present value of the remaining lease payments at the date of initial application and the right-of-use asset was measured at an amount equal to the lease liability immediately before the date of initial application. The adoption of this standard did not have a material impact on net income.

The impact on transition is summarized below:

	December 31, 2018	Impact on transition	**January 1, 2019**
		US$ in millions (Unaudited)	
Right-of-use assets comprise of:			
Investment properties, net — Leasehold interests in land	44	—	**44**
Property and equipment, net — Leasehold interests in land	552	—	**552**
Property and equipment, net — Buildings and building improvements	4	6	**10**
Lease liabilities comprise of:			
Current liabilities — Borrowings	10	4	**14**
Non-current liabilities — Borrowings	125	2	**127**

The Group has already recognized an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold interests in land where the Group was a lessee under IAS 17, therefore the additional right-of-use assets and lease liabilities recognized upon adoption for leases previously classified as operating leases were US$6 million.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

IFRS 16 Leases (continued)

The weighted average incremental borrowing rate applied to lease liabilities recognized in the consolidated balance sheet at January 1, 2019 was 3.9%.

	US$ in millions (Unaudited)
Operating lease commitments disclosed as at December 31, 2018	**7**
Discounted using the incremental borrowing rate as at January 1, 2019	**7**
Add: Finance lease liabilities recognised as at December 31, 2018	**135**
Recognition exemption for:	
Short-term leases and leases of low-value assets	**(1)**
Lease liabilities recognised as at January 1, 2019	**141**

In the consolidated balance sheet, the Group presents right-of-use assets that do not meet the definition of "investment property" in "property and equipment." Right-of-use assets that meet the definition of "investment property" are presented within "investment properties" and lease liabilities are presented within "borrowings." Right-of-use assets are included within the same category under "property and equipment," which the corresponding underlying assets would be presented if they were owned.

In the condensed consolidated statement of cash flows, the Group has previously presented operating lease payments under cash flows from operating activities. Upon the adoption of IFRS 16, lease payments and any associated interest paid are presented under cash flows from financing activities except for leases with an expected term of 12 months or less and leases of low-value assets which are presented under cash flows from operating activities.

For the other new and amendments to IFRSs that are effective for the period, there is no material impact on the results of operations and financial position of the Group.

The preparation of condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. In preparing these condensed consolidated financial statements, the significant judgments made by management in the process of applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements for the year ended December 31, 2018.

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2018. There have been no significant changes in any risk management policies since the year ended December 31, 2018.

4. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by a group of senior management, which is the chief operating decision-maker of the Group that makes strategic decisions. The Group considers the business from a property and service perspective.

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao, Sands Macao and ferry and other operations. The Group's primary projects under development include the renovation, expansion and rebranding of Sands Cotai Central to The Londoner Macao, the suites within the tower also occupied by the St. Regis hotel and the Four Seasons Tower Suites Macao.

Revenue is comprised of revenue from the sale of goods and services in the ordinary course of the Group's activities. The Venetian Macao, Sands Cotai Central, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenue primarily from casino, hotel, mall, food and beverage, convention, retail and other sources. Ferry and other operations mainly derive their revenue from the sale of ferry tickets for transportation between Hong Kong and Macao.

4. SEGMENT INFORMATION (CONTINUED)

The Group's segment information is as follows:

	Casino	Rooms	Mall[(ii)]	Food and beverage	Convention, ferry, retail and other	Net revenues
			US$ in millions (Unaudited)			
Six months ended June 30, 2019						
The Venetian Macao	**1,438**	**110**	**118**	**39**	**46**	**1,751**
Sands Cotai Central	**803**	**161**	**32**	**50**	**14**	**1,060**
The Parisian Macao	**730**	**64**	**27**	**35**	**12**	**868**
The Plaza Macao	**335**	**20**	**62**	**16**	**2**	**435**
Sands Macao	**280**	**9**	**2**	**14**	**2**	**307**
Ferry and other operations	**—**	**—**	**—**	**—**	**55**	**55**
Inter-segment revenues[(i)]	**—**	**—**	**(1)**	**—**	**(7)**	**(8)**
	3,586	**364**	**240**	**154**	**124**	**4,468**
Six months ended June 30, 2018						
The Venetian Macao	1,393	109	109	41	46	1,698
Sands Cotai Central	804	160	29	52	13	1,058
The Parisian Macao	599	61	30	31	9	730
The Plaza Macao	278	19	64	15	1	377
Sands Macao	308	8	2	13	2	333
Ferry and other operations	—	—	—	—	77	77
Inter-segment revenues[(i)]	—	—	(1)	—	(7)	(8)
	3,382	357	233	152	141	4,265

(i) Inter-segment revenues are charged at prevailing market rates.

(ii) Of this amount, US$203 million and US$37 million (six months ended June 30, 2018: US$198 million and US$35 million) are related to income from right of use and management fee and other, respectively. Income from right of use is recognized in accordance with IFRS 16 Leases (six months ended June 30, 2018: IAS 17 Leases).

4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

	Six months ended June 30, 2019	2018
	US$ in millions (Unaudited)	
Adjusted property EBITDA[(i)]		
The Venetian Macao	**697**	679
Sands Cotai Central	**377**	377
The Parisian Macao	**302**	230
The Plaza Macao	**168**	145
Sands Macao	**83**	99
Ferry and other operations	**(2)**	9
Total adjusted property EBITDA	**1,625**	1,539
Share-based compensation, net of amount capitalized	**(7)**	(8)
Corporate expense	**(66)**	(62)
Pre-opening expense	**(10)**	(3)
Depreciation and amortization	**(364)**	(308)
Net foreign exchange gains/(losses)	**12**	(4)
Loss on disposal of property and equipment, investment properties and intangible assets	**(3)**	(93)
Operating profit	**1,187**	1,061
Interest income	**21**	3
Interest expense, net of amounts capitalized	**(147)**	(88)
Profit before income tax	**1,061**	976
Income tax benefit	**6**	3
Profit for the period attributable to equity holders of the Company	**1,067**	979

(i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Gaming companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific casino properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments and debt principal repayments, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

4. SEGMENT INFORMATION (CONTINUED)

	Six months ended June 30, 2019	2018
	US$ in millions	
	(Unaudited)	
Depreciation and amortization		
The Venetian Macao	**79**	71
Sands Cotai Central	**164**	117
The Parisian Macao	**79**	84
The Plaza Macao	**19**	16
Sands Macao	**13**	12
Ferry and other operations	**10**	8
	364	308

	Six months ended June 30, 2019	2018
	US$ in millions	
	(Unaudited)	
Capital expenditures		
The Venetian Macao	**38**	69
Sands Cotai Central	**107**	53
The Parisian Macao	**14**	68
The Plaza Macao	**59**	22
Sands Macao	**6**	7
Ferry and other operations	**1**	—
	225	219

4. SEGMENT INFORMATION (CONTINUED)

	June 30, 2019	December 31, 2018
	US$ in millions	
	(Unaudited)	(Audited)
Total assets		
The Venetian Macao	**2,997**	3,447
Sands Cotai Central	**3,940**	4,378
The Parisian Macao	**2,431**	2,489
The Plaza Macao	**969**	913
Sands Macao	**310**	328
Ferry and other operations	**445**	503
	11,092	12,058

Almost all of the non-current assets of the Group are located in Macao.

5. OTHER EXPENSES AND LOSSES

	Six months ended June 30,	
	2019	2018
	US$ in millions	
	(Unaudited)	
Utilities and operating supplies	**93**	98
Contract labor and services	**74**	75
Royalty fees	**58**	56
Advertising and promotions	**55**	54
Repairs and maintenance	**43**	45
Management fees	**22**	23
Provision/(recovery of provision) for expected credit losses, net	**14**	(3)
Lease payments for which the recognition exemption is applied and variable lease payments not included in lease liabilities	**4**	—
Operating lease expense	**—**	8
Loss on disposal of property and equipment, investment properties and intangible assets	**3**	93
Auditor's remuneration	**1**	1
Net foreign exchange (gains)/losses	**(12)**	4
Other support services	**48**	48
Other operating expenses	**56**	35
	459	537

5. OTHER EXPENSES AND LOSSES (CONTINUED)

Loss on disposal of property and equipment, investment properties and intangible assets was US$3 million for the six months ended June 30, 2019, compared with US$93 million for the six months ended June 30, 2018. The decrease was primarily due to a US$92 million of losses on asset disposals related to the Four Seasons Tower Suites Macao project for the six months ended June 30, 2018.

6. INTEREST EXPENSE, NET OF AMOUNTS CAPITALIZED

	Six months ended June 30,	
	2019	2018
	US$ in millions	
	(Unaudited)	
Senior Notes	**132**	—
Bank borrowings	**—**	66
Amortization of deferred financing costs	**7**	14
Lease liabilities	**4**	—
Finance lease liabilities	**—**	4
Standby fee and other financing costs	**7**	5
	150	89
Less: interest capitalized	**(3)**	(1)
Interest expense, net of amounts capitalized	**147**	88

7. INCOME TAX BENEFIT

	Six months ended June 30,	
	2019	2018
	US$ in millions	
	(Unaudited)	
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	**2**	2
Deferred income tax	**(8)**	(5)
Income tax benefit	**(6)**	(3)

7. INCOME TAX BENEFIT (CONTINUED)

The Company's subsidiaries that carry on business in Hong Kong are subject to the Hong Kong profits tax at the maximum rate of 16.5% for the six months ended June 30, 2019 (six months ended June 30, 2018: same). Taxation for overseas jurisdictions is charged at the appropriate prevailing rates ruling in the respective jurisdictions. The maximum rate is 12% for Macao (six months ended June 30, 2018: same) and 25% for China (six months ended June 30, 2018: same).

Pursuant to the Dispatch No. 320/2013 issued by the Chief Executive of Macao on October 3, 2013, Venetian Macau Limited ("VML") was granted an extension of the tax exemption regarding Macao complementary tax on its gaming activities for an additional five years, effective from the tax year 2014 to the tax year 2018. Pursuant to the Dispatch No. 194/2018 issued by the Chief Executive of Macao on August 20, 2018, VML was granted an extension of the tax exemption through June 26, 2022, the date VML's subconcession agreement expires. Regarding the other subsidiaries, during the six months ended June 30, 2019, Macao complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit (six months ended June 30, 2018: same).

VML entered into Shareholder Dividend Tax Agreements with the Macao Government. The agreements provided for an annual payment in lieu of Macao complementary tax otherwise due by VML's shareholders on dividend distributions to them from gaming profits, effective through the end of 2018. In April 2019, VML entered into another Shareholder Dividend Tax Agreement with the Macao Government for an extension of the agreement through June 26, 2022, to correspond to the Macao complementary tax exemption on its gaming activities.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended June 30, 2019, the Company had outstanding share options that will potentially dilute the ordinary shares (six months ended June 30, 2018: same).

8. EARNINGS PER SHARE (CONTINUED)

The calculation of basic and diluted earnings per share is based on the following:

	Six months ended June 30, 2019 (Unaudited)	2018
Profit attributable to equity holders of the Company (US$ in millions)	**1,067**	979
Weighted average number of shares for basic earnings per share (thousand shares)	**8,082,946**	8,077,408
Adjustment for share options (thousand shares)	**5,686**	10,429
Weighted average number of shares for diluted earnings per share (thousand shares)	**8,088,632**	8,087,837
Earnings per share, basic	**US13.20 cents**	US12.11 cents
Earnings per share, basic(i)	**HK103.16 cents**	HK95.04 cents
Earnings per share, diluted	**US13.19 cents**	US12.10 cents
Earnings per share, diluted(i)	**HK103.08 cents**	HK94.96 cents

(i) The translation of US$ amounts into HK$ amounts has been made at the exchange rate of US$1.00 to HK$7.8152 (six months ended June 30, 2018: US$1.00 to HK$7.8479).

9. DIVIDENDS

	Six months ended June 30,	
	2019	2018
	US$ in millions	
	(Unaudited)	
2018 interim dividend of HK$0.99 (equivalent to US$0.127) per ordinary share declared on January 18, 2019 and paid	**1,023**	—
2018 final dividend of HK$1.00 (equivalent to US$0.127) per ordinary share declared on May 24, 2019 and paid	**1,031**	—
2017 interim dividend of HK$0.99 (equivalent to US$0.127) per ordinary share declared on January 19, 2018 and paid	**—**	1,023
2017 final dividend of HK$1.00 (equivalent to US$0.127) per ordinary share declared on May 25, 2018 and paid	**—**	1,030
	2,054	2,053

On January 18, 2019, the Board declared an interim dividend of HK$0.99 (equivalent to US$0.127) per share. The interim dividend, amounting in aggregate to HK$8.0 billion (equivalent to US$1.02 billion), was paid on February 22, 2019.

On May 24, 2019, the Shareholders approved a final dividend of HK$1.00 (equivalent to US$0.127) per share for the year ended December 31, 2018 to Shareholders whose names appeared on the register of members of the Company on June 3, 2019. The final dividend, amounting in aggregate to HK$8.09 billion (equivalent to US$1.03 billion), was paid on June 21, 2019.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2019.

10. PROPERTY AND EQUIPMENT, NET

	Note	Six months ended June 30, 2019	2018
		US$ in millions	
		(Unaudited)	
Balance, beginning of period		**8,134**	7,687
IFRS 16 transition adjustment	3	**6**	—
Restated balance, beginning of period		**8,140**	7,687
Additions		**285**	210
Adjustments to project costs		**—**	(4)
Disposals		**(2)**	(1)
Transfer (to)/from investment properties		**(5)**	609
Depreciation		**(330)**	(282)
Exchange difference		**15**	(29)
Balance, end of period		**8,103**	8,190

11. TRADE RECEIVABLES, NET

The aging analysis of trade receivables, net of provision for expected credit losses, is as follows:

	June 30, 2019	December 31, 2018
	US$ in millions	
	(Unaudited)	(Audited)
0–30 days	**186**	236
31–60 days	**37**	39
61–90 days	**19**	28
Over 90 days	**66**	64
	308	367

11. TRADE RECEIVABLES, NET (CONTINUED)

Trade receivables mainly consist of casino receivables. Credit is granted to certain gaming promoters on a revolving basis. All gaming promoter credit lines are generally subject to monthly review and regular settlement procedures to evaluate the current status of liquidity and financial health of these gaming promoters. Credit is granted based on the performance and financial background of the gaming promoter and, if applicable, the gaming promoter's guarantor. Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days, while for gaming promoters, the receivable is typically repayable within one month following the granting of the credit, subject to terms of the relevant credit agreement. The Group generally does not charge interest for credit granted, but requires a personal check or other acceptable forms of security.

The Group maintains a provision for expected credit losses of casino, mall and hotel receivables and regularly evaluates the balances. The Group specifically analyzes the collectability of each account with a significant balance, and makes an allowance for trade receivables based upon the age of the account, the customer's financial condition, collection history and any other known information. The Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded allowances.

The Group currently has a legally enforceable right to offset the commissions payable and front money deposits against the casino receivables and intends to settle on a net basis. As at June 30, 2019, included in trade receivables after provision for expected credit losses are net casino receivables of US$254 million (as at December 31, 2018: US$251 million). There is a concentration of credit risk related to net casino receivables as 37.6% (as at December 31, 2018: 33.3%) of the casino receivables as at June 30, 2019 were from the top five customers. Other than casino receivables, there is no other concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group believes the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes no significant credit risk is inherent in the Group's trade receivables not provided for as at June 30, 2019 and December 31, 2018.

12. SHARE CAPITAL

	Ordinary shares of US$0.01 each	US$ in millions
Issued and fully paid:		
At January 1, 2018 (audited)	8,074,417,766	81
Shares issued upon exercise of share options	5,928,725	—
At June 30, 2018 (unaudited)	8,080,346,491	81
At January 1, 2019 (audited)	**8,080,603,691**	**81**
Shares issued upon exercise of share options	**6,091,900**	**—**
At June 30, 2019 (unaudited)	**8,086,695,591**	**81**

13. TRADE AND OTHER PAYABLES

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
		US$ in millions	
Trade payables		**41**	33
Outstanding chips liability[(i)]		**534**	514
Customer deposits and other deferred revenue[(i)]		**421**	497
Other tax payables		**296**	325
Construction payables and accruals		**190**	147
Accrued employee benefit expenses		**156**	155
Interest payables		**127**	125
Casino liabilities		**50**	67
Loyalty program liability[(i)]		**33**	33
Payables to related companies — non-trade	16(b)	**12**	9
Other payables and accruals		**112**	127
		1,972	2,032
Less: non-current portion		**(107)**	(104)
Current portion		**1,865**	1,928

(i) These balances represent the Group's main types of liabilities associated with contracts with customers. With the exception of mall deposits, which typically extend beyond a year based on the terms of the lease, these liabilities are generally expected to be recognized as revenue or redeemed for cash within one year of being purchased, earned or deposited.

The aging analysis of trade payables is as follows:

	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
	US$ in millions	
0–30 days	**35**	27
31–60 days	**4**	3
61–90 days	**1**	2
Over 90 days	**1**	1
	41	33

14. BORROWINGS

	June 30, 2019	December 31, 2018
	US$ in millions	
	(Unaudited)	(Audited)
Non-current portion		
Senior Notes, unsecured	**5,552**	5,515
Lease liabilities	**130**	—
Finance lease liabilities on leasehold interests in land	**—**	122
Other finance lease liabilities	**—**	3
	5,682	5,640
Less: deferred financing costs	**(80)**	(88)
	5,602	5,552
Current portion		
Lease liabilities	**18**	—
Finance lease liabilities on leasehold interests in land	**—**	8
Other finance lease liabilities	**—**	2
	18	10
Total borrowings	**5,620**	5,562

The contractual maturities of Senior Notes are as follows:

	Note	June 30, 2019	December 31, 2018
		US$ in millions	
		(Unaudited)	(Audited)
Repayable over 2 years but not exceeding 5 years		**1,800**	1,800
Repayable over 5 years		**3,700**	3,700
		5,500	5,500
Fair value adjustment of the interest rate swaps	18	**52**	15
		5,552	5,515

As at June 30, 2019, the Group had US$2.0 billion of available borrowing capacity under the 2018 SCL Revolving Facility.

15. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Property and equipment commitments not provided for are as follows:

	June 30, 2019	December 31, 2018
	US$ in millions	
	(Unaudited)	(Audited)
Contracted but not provided for	**1,122**	507

(b) Litigation

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

16. RELATED PARTY TRANSACTIONS

The Group had the following significant transactions with related parties during the period:

(a) Transactions during the period

(i) Management fee income

Management services are provided by the Group to LVS Group companies. These services include, but are not limited to, accounting services, information technology support, sourcing of goods and services, and design, development and construction consultancy services. Management fees are charged at actual cost incurred or on a cost-plus basis. During the six months ended June 30, 2019, management fee income from fellow subsidiaries was US$2 million (six months ended June 30, 2018: US$2 million).

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the period (continued)

(ii) Management fee expense

	Six months ended June 30, **2019**	2018
	US$ in millions **(Unaudited)**	
LVS	**9**	8
Fellow subsidiaries	**3**	3
	12	11

Management services are provided by LVS Group companies. These services include, but are not limited to, human resources support, accounting services, sourcing of goods and services, sourcing of tenants for the malls, transportation services, other various types of marketing and promotion activities for the Group, and design, development and construction consultancy services. Management fees are charged at actual cost incurred or on a cost-plus basis.

(iii) Key management personnel remuneration

During the six months ended June 30, 2019, the aggregate amount of emoluments paid or payable by the Group to the Directors, the key management personnel of the Company, was US$3 million (six months ended June 30, 2018: US$3 million). In addition, Sheldon Gary Adelson and Robert Glen Goldstein received compensation (inclusive of share-based compensation) in both periods from LVS in respect of their services to LVS and its subsidiaries (including our Group). An amount of US$2 million (six months ended June 30, 2018: US$2 million) was charged by LVS to the Group in respect of such management and administrative services of Robert Glen Goldstein provided to the Group for the six months ended June 30, 2019.

Save as disclosed above, no transactions have been entered into with the Directors of the Company during the six months ended June 30, 2019 and the six months ended June 30, 2018.

(iv) Royalty fees

There has been no change in the terms of the royalty agreement entered into with Las Vegas Sands, LLC in November 2009 since the last annual report. After the commencement of the operation of Sands Cotai Central and The Parisian Macao in April 2012 and September 2016, respectively, the Group is required to pay royalty fees in connection with these properties. During the six months ended June 30, 2019, the Group incurred US$56 million (six months ended June 30, 2018: US$53 million) of royalty fees under this agreement.

(v) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 17(b)).

16. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Period-end balances between the Group and related companies

	Note	June 30, 2019 (Unaudited)	December 31, 2018 (Audited)
		US$ in millions	
Payables to related companies:			
LVS		**4**	4
Intermediate holding company		**8**	4
Fellow subsidiaries		**—**	1
	13	**12**	9

The credit period on the payables to related companies is 45 days. The payables are unsecured and interest-free.

17. SHARE-BASED COMPENSATION

(a) Share options of the Company

Movements in the number of share options outstanding and their related weighted average exercise prices attributable to the employees of the Group as grantees of the 2009 Equity Award Plan operated by the Company are as follows:

	Six months ended June 30, 2019 Number of options '000	2019 Weighted average exercise price US$	2018 Number of options '000	2018 Weighted average exercise price US$
	(Unaudited)			
Outstanding at January 1	**57,382**	**4.81**	48,252	4.39
Granted	**17,473**	**5.12**	17,007	5.76
Exercised	**(6,092)**	**3.69**	(5,929)	3.77
Forfeited	**(2,187)**	**5.13**	(1,807)	4.88
Outstanding at June 30	**66,576**	**4.98**	57,523	4.84
Exercisable at June 30	**23,098**	**5.11**	17,680	5.09

17. SHARE-BASED COMPENSATION (CONTINUED)

(b) Share options of LVS

Movements in the number of share options outstanding and their related weighted average exercise prices attributable to the employees of the Group as grantees of the 2004 Plan operated by LVS are as follows:

	Six months ended June 30,			
	2019		2018	
	Number of options '000	**Weighted average exercise price US$**	Number of options '000	Weighted average exercise price US$
	(Unaudited)			
Outstanding at January 1	**57**	**69.00**	198	72.83
Granted	**42**	**57.05**	23	77.44
Exercised	**—**	**—**	(62)	66.18
Expired	**—**	**—**	(102)	80.08
Outstanding at June 30	**99**	**63.97**	57	69.00
Exercisable at June 30	**19**	**69.00**	—	—

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying values of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables and trade and other payables approximate their fair values at each balance sheet date.

The estimated fair value of the Group's Senior Notes as at June 30, 2019 was approximately US$5.55 billion (as at December 31, 2018: US$5.52 billion), which was based on level 2 inputs (quoted prices in markets that are not active) (as at December 31, 2018: same).

In August 2018, the Company entered into interest rate swap agreements (the "IR Swaps"), which qualified and were designated as fair value hedges, swapping fixed-rate for variable-rate interest to hedge changes in the fair value of interest payments of Senior Notes. These IR Swaps have a total notional value of US$5.50 billion and expire in August 2020. The total fair value of the IR Swaps as at June 30, 2019 was US$94 million (as at December 31, 2018: US$56 million). In the accompanying condensed consolidated balance sheet, US$52 million was recorded as an asset in "Other assets, net" (as at December 31, 2018: US$15 million, which was previously presented in "Trade and other receivables and prepayment, net" and has been reclassified to "Other assets, net" to conform to the current period presentation) with an equal corresponding adjustment recorded against the carrying value of the Senior Notes. The fair value of the IR Swaps was estimated using level 2 inputs from recently reported market forecasts of interest rates (as at December 31, 2018: same).

5. CORPORATE INFORMATION

(as at the Latest Practicable Date)

DIRECTORS

Executive Directors

Mr. Sheldon Gary Adelson
(Chairman of the Board and Chief Executive Officer)
Dr. Wong Ying Wai
(President and Chief Operating Officer)

Non-Executive Directors

Mr. Robert Glen Goldstein
Mr. Charles Daniel Forman

Independent Non-Executive Directors

Ms. Chiang Yun
Mr. Victor Patrick Hoog Antink
Mr. Steven Zygmunt Strasser
Mr. Kenneth Patrick Chung

REGISTERED OFFICE IN CAYMAN ISLANDS

Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town, Grand Cayman KY1-9005
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN MACAO

The Venetian Macao-Resort-Hotel
Executive Offices, L2
Estrada da Baia de N. Senhora da Esperanca, s/n
Taipa, Macao

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

COMPANY'S WEBSITE

www.sandschina.com

COMPANY SECRETARY

Mr. Dylan James Williams

BOARD COMMITTEES

Audit Committee

Mr. Victor Patrick Hoog Antink *(Chairman)*
Ms. Chiang Yun
Mr. Steven Zygmunt Strasser
Mr. Kenneth Patrick Chung

Remuneration Committee

Mr. Steven Zygmunt Strasser *(Chairman)*
Mr. Victor Patrick Hoog Antink
Dr. Wong Ying Wai

Nomination Committee

Mr. Sheldon Gary Adelson *(Chairman)*
Ms. Chiang Yun
Mr. Victor Patrick Hoog Antink

Capex Committee

Mr. Robert Glen Goldstein *(Chairman)*
Mr. Victor Patrick Hoog Antink
Dr. Wong Ying Wai

AUTHORIZED REPRESENTATIVES

Dr. Wong Ying Wai
Mr. Dylan James Williams

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town, Grand Cayman KY1-9005
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

Bank of China Limited, Macao Branch
Bank of China Building
Avenida Doutor Mario Soares
Macao

STOCK CODE

1928

6. CONTACT US

INTERIM REPORT

This 2019 Interim Report is printed in English and Chinese languages and is available on our website at www.sandschina.com and was posted to Shareholders.

Those Shareholders who received our 2019 Interim Report electronically and would like to receive a printed copy or vice versa, may at any time change their choice of the means of receipt of the Company's corporate communications free of charge by reasonable notice in writing to the Company c/o the branch share registrar in Hong Kong by post at Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or by email to sandschina.ecom@computershare.com.hk.

Those Shareholders who have chosen to receive this 2019 Interim Report by electronic means but, for any reason, have difficulty in receiving or gaining access to this 2019 Interim Report, may also request to receive a copy of this 2019 Interim Report in printed form free of charge by submitting a written request to the Company c/o the branch share registrar in Hong Kong by post or by email.

HONG KONG BRANCH SHARE REGISTRAR

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7. GLOSSARY

"2009 Equity Award Plan"	the equity award plan of the Company adopted by the Company pursuant to a resolution passed by the Shareholders on November 8, 2009 (as amended on February 19, 2016)
"2018 SCL Revolving Facility"	a US$2.0 billion revolving unsecured credit facility made available by the lenders under the facility agreement ("2018 SCL Credit Facility") entered into on November 20, 2018
"2019 Equity Award Plan"	the equity award plan conditionally approved by the Shareholders at the Company's annual general meeting held on May 24, 2019
"adjusted property EBITDA"	adjusted property EBITDA, which is a non-IFRS financial measure, is profit attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Gaming companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their casinos on a more stand-alone basis, gaming companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific casino properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments and debt principal repayments, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures of other companies. In addition, our adjusted property EBITDA presented in the report may differ from adjusted property EBITDA presented by LVS for its Macao segment in its filings with the U.S. Securities and Exchange Commission. For a quantitative reconciliation of adjusted property EBITDA to its most directly comparable IFRS measurement, see "Note 4 — Segment Information"
"ADR" or "average daily rate"	the average daily rate per occupied room in a given time period, calculated as room revenue divided by the number of rooms sold
"Board"	the board of directors of the Company

7. GLOSSARY

"Capex Committee"	Sands China Capital Expenditure Committee of the Company
"casino(s)"	a gaming facility that provides casino games consisting of table games operated in VIP areas or mass market areas, electronic games, slot machines and other casino games
"Chief Executive"	a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the Board of Directors for the conduct of the business of the Company
"China" or the "PRC"	the People's Republic of China excluding, for the purpose of this report only, Hong Kong, Macao and Taiwan, unless the context otherwise requires
"chip(s)"	tokens issued by a casino to players in exchange for cash or credit, which may be used to place bets on gaming tables, in lieu of cash
"Code"	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
"Company," "our," "we," "us," "SCL," or "Sands China"	Sands China Ltd., a company incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries. When used in the context of gaming operations or the Subconcession, "we," "us," or "our" refers exclusively to VML
"Company Code"	the Company's own securities trading code for securities transactions by the Directors and relevant employees
"Concessionaire(s)"	the holder(s) of a concession for the operation of casino games in the MSAR
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, with respect to our Company, the controlling Shareholders as referred to in "Relationship with Our Controlling Shareholders" of our Prospectus
"Cotai"	the name given to the land reclamation area in the MSAR between the islands of Coloane and Taipa
"Cotai Strip"	large-scale integrated resort projects on Cotai being developed by us and inspired by the Las Vegas Strip in Las Vegas, Nevada, U.S.A.

7. GLOSSARY

"DICJ"	Gaming Inspection and Coordination Bureau ("*Direcção de Inspecção e Coordenação de Jogos*") under the Secretary for Economy and Finance of the MSAR
"Director(s)"	member(s) of the board of directors of the Company
"EBITDA"	earnings before interest, taxes, depreciation and amortization
"Exchange Rate"	save as otherwise stated, amounts denominated in U.S. dollars, MOP and Hong Kong dollars have been converted at the exchange rate on June 30, 2019, for the purposes of illustration only, in this report at: US$1.00: HK$7.8152 US$1.00: MOP8.0497 HK$1.00: MOP1.03
"Four Seasons Hotel Macao"	refers to the Four Seasons Hotel Macao, Cotai Strip®, which is managed and operated by FS Macau Lda., an affiliate of Four Seasons Hotels Limited
"gaming area(s)"	a gaming facility that provides casino games consisting of table games operated in VIP areas or mass market areas, electronic games, slot machines and other casino games but has not been designated as a casino by the Macao Government
"gaming promoter(s)"	individuals or corporations licensed by and registered with the Macao Government to promote games of fortune and chance to patrons, through the arrangement of certain services, including extension of credit (regulated by Law No. 5/2004), transportation, accommodation, dining and entertainment, whose activity is regulated by Administrative Regulation No. 6/2002
"Group"	our Company and its subsidiaries from time to time
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards as issued by the International Accounting Standards Board
"integrated resort(s)"	a resort which provides customers with a combination of hotel accommodations, casinos or gaming areas, retail and dining facilities, MICE space, entertainment venues and spas
"Latest Practicable Date"	August 14, 2019

7. GLOSSARY

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
"LVS"	Las Vegas Sands Corp., a company incorporated in Nevada, U.S.A. in August 2004 and the common stock of which is listed on the New York Stock Exchange
"LVS Dutch Finance"	LVS Dutch Finance C.V., a company incorporated in the Netherlands
"LVS Dutch Holding"	LVS Dutch Holding B.V., a company incorporated in the Netherlands
"LVS Group"	LVS and its subsidiaries (excluding our Group)
"LVS LLC"	Las Vegas Sands, LLC, a company incorporated in Nevada, U.S.A.
"LVS Nevada"	LVS (Nevada) International Holdings, Inc., a company incorporated in Nevada, U.S.A.
"Macao"or "Macau" or "MSAR"	the Macao Special Administrative Region of the PRC
"Macao Government"	the local government of the MSAR, established on December 20, 1999 and the local administration before this date
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with GEM of the Stock Exchange
"mass market player(s)"	Non-Rolling Chip and slot players
"MICE"	Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or corporate meeting
"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(s)"	Macao pataca, the lawful currency of Macao
"premium player(s)"	Rolling Chip players who have a direct relationship with gaming operators and typically participate in gaming activities in casinos or gaming areas without the use of gaming promoters
"Prospectus"	our Listing prospectus dated November 16, 2009, which is available from our website at www.sandschina.com

7. GLOSSARY

"Rolling Chip win"	a percentage of Rolling Chip volume
"Rolling Chip play"	play by VIP and premium players (excludes Paiza cash players) using non-negotiable chips
"Rolling Chip volume"	casino revenue measurement, measured as the sum of all non-negotiable chips wagered and lost by VIP and premium players (excludes Paiza cash players)
"Sands Cotai Central"	an integrated resort which currently features four hotel towers, consisting of hotel rooms and suites under the Conrad, Holiday Inn, Sheraton and St. Regis brands. Sands Cotai Central also includes gaming area, retail, entertainment, dining and MICE facilities. It is expected to be rebranded as "The Londoner Macao"
"Sands IP"	Sands IP Asset Management B.V., a company incorporated in the Netherland
"Sands Macao"	the Sands Macao, which includes gaming areas, a hotel tower, restaurants and a theater
"Senior Notes"	the three series of senior unsecured unregistered notes in an aggregate principal amount of US$5,500,000,000 issued on August 9, 2018, consisting of US$1,800,000,000 of 4.600% senior notes due August 8, 2023, US$1,800,000,000 of 5.125% senior notes due August 8, 2025 and US$1,900,000,000 of 5.400% senior notes due August 8, 2028. Pursuant to an exchange offer launched on December 21, 2018 and expired on January 25, 2019, US$1,695,850,000 of 4.600% senior notes due August 8, 2023, US$1,786,475,000 of 5.125% senior notes due August 8, 2025 and US$1,892,760,000 of 5.400% senior notes due August 8, 2028, were exchanged to new notes that were registered under the United States Securities Act 1933, on January 29, 2019, and pursuant to the filing of a Form 15F with the United States Securities and Exchange Commission on April 23, 2019, had their reporting obligations under Section 15(d) of the United States Securities Exchange Act of 1934 terminated
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in our Company with a nominal value of US$0.01 each
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subconcession"or "Subconcession Contract"	the tripartite Subconcession Contract for the operation of casino games dated December 26, 2002 among Galaxy Casino S.A., the Macao Government and VML
"Subconcessionaire(s)"	the holder(s) of a subconcession for the operation of casino games in the MSAR
"table games"	typical casino games, including card games such as baccarat, blackjack and hi-lo (also known as "sic bo") as well as craps and roulette

7. GLOSSARY

"The Parisian Macao"	an integrated resort that includes a gaming area, hotel, a shopping mall and other integrated resort amenities
"The Plaza Macao"	an integrated resort which includes (i) the Four Seasons Hotel Macao; (ii) the Plaza Casino gaming area operated by VML; (iii) the Paiza Mansions, the Shoppes at Four Seasons, restaurants and a spa, each of which are operated by us; and (iv) the Four Seasons Tower Suites Macao, which is expected to feature approximately 290 premium quality suites, except where the context indicates otherwise
"The Venetian Macao"	The Venetian® Macao-Resort-Hotel, an integrated resort that includes casino and gaming areas, a hotel, MICE space, the Shoppes at Venetian, over 50 different restaurants and food outlets, a 15,000-seat arena and other entertainment venues
"United States," "U.S." or "U.S.A."	the United States of America, including its territories and possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Venetian Casino"	Venetian Casino Resort, LLC, a company incorporated in Nevada, U.S.A.
"VIP player(s)"	Rolling Chip players who play almost exclusively in dedicated VIP rooms or designated casino or gaming areas and are sourced from gaming promoters
"VIP room(s)"	rooms or designated areas within a casino or gaming area where VIP players and premium players gamble
"visit(s)" or "visitation(s)"	with respect to visitation of our properties, the number of times a property is entered during a fixed time period. Estimates of the number of visits to our properties is based on information collected from digital cameras placed above every entrance in our properties, which use video signal image processor detection and include repeat visitors to our properties on a given day
"VML"	our subsidiary, Venetian Macau, S.A. (also known as Venetian Macau Limited), a public company limited by shares ("*sociedade anónima*") incorporated on June 21, 2002 under the laws of Macao, one of the three Subconcessionaires and the holder of the Subconcession
"VVDI (II)"	Venetian Venture Development Intermediate II, a company incorporated in the Cayman Islands on January 23, 2003 as an exempted company with limited liability and an indirect, wholly-owned subsidiary of LVS and our immediate Controlling Shareholder