

金沙中國  
Sands China Ltd.

# 2017 | INTERIM REPORT

Sands China Ltd. 金沙中國有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1928



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



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Unless otherwise indicated, capitalized terms used but not defined herein shall have the meanings ascribed to them in our 2016 annual report.

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





A photograph of a luxurious hotel suite. The room features a beige tufted sofa with two yellow patterned pillows, a dark wood armchair, and a round side table with a glass lamp. In the background, there is a desk with a chair and a bed in an adjacent room. The walls are paneled, and the carpet has a subtle pattern.

*our*  
**Luxurious**  
**Hotel Rooms and**  
**Suites**  
*await you.*

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## 1.1 FINANCIAL HIGHLIGHTS

- Adjusted EBITDA for the Group was US\$1.23 billion (HK\$9.58 billion) in the first half of 2017, an increase of 22.0%, compared to US\$1.01 billion (HK\$7.80 billion) in the first half of 2016.
- Total net revenues for the Group were US\$3.70 billion (HK\$28.87 billion) in the first half of 2017, an increase of 19.5%, compared to US\$3.09 billion (HK\$24.0 billion) in the first half of 2016.
- Profit for the Group was US\$678 million (HK\$5,292 million) in the first half of 2017, an increase of 23.0%, compared to US\$551 million (HK\$4,275 million) in the first half of 2016.

Note: The translation of US\$ amounts into HK\$ amounts or vice versa has been made at the rate of US\$1.00 to HK\$7.8057 (six months ended June 30, 2016: US\$1.00 to HK\$7.7584) for the purposes of illustration only.



## 2.1 BUSINESS OVERVIEW AND OUTLOOK

Our business strategy is to continue to successfully execute our Cotai Strip developments and to leverage our 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 2016 annual report. These strategies have proven to be successful in the first half of 2017 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 and rooms and our gaming areas.

### The Venetian Macao

The Venetian Macao hotel tower is currently being refurbished. This includes all 2,841 standard hotel suites, 64 Paiza suites and associated corridors and lift lobbies. This project commenced in late 2016 and will be completed before Chinese New Year 2018. The renovation includes a complete refresh of the suites in a more contemporary style with all new furniture and fixtures. Guest technology requirements were also addressed as part of the refurbishment. This will help position the property appropriately within the competitive environment. The remodeled rooms and suites that have been completed to date have attracted some very positive guest feedback.

The VIP gaming areas in The Venetian Macao will be refurbished to provide the best possible service to our VIP and premium players. The project is expected to commence early next year and complete in June 2018. The objective is to create a new benchmark VIP gaming area in Macao, with all the associated world-class facilities and amenities. The areas will be contemporary in style and feature new furniture and fixtures. Guest technology requirements were also addressed as part of the refurbishment. Private gaming salons and private smoking rooms will be available to our VIP guests.

### The Plaza Macao

In early August 2017, we completed the refurbishment of The Four Seasons Hotel, which began in October 2016. These works included the replacement of furniture and selected fixtures in all 360 rooms and suites.

The VIP gaming areas in The Plaza Macao will also be refurbished. New entrances to the property and private gaming salons will be available to our VIP guests. The project is expected to commence later this year and complete in February 2018.

### The Parisian Macao

To better cater to changing customer demand, the number of suites in The Parisian Macao will be increased by combining and converting standard rooms. The construction of these suites will be completed over approximately a one-year period, commencing in September 2017.

### Smoking Lounges in Gaming Areas

The Macao Legislative Assembly passed an amendment bill on July 14, 2017, which will come into force on January 1, 2018, making it mandatory for casinos to upgrade or set up smoking lounges. The smoking ban on mass gaming floors that was introduced in October 2014 is now extended to VIP areas. Within a one-year transition period after the effective date of the amendment bill, smoking lounges have to be set up in all VIP areas and the existing smoking lounges in the mass gaming floors across our properties will need to be upgraded to comply with the enhanced technical standards. We will start the design process this year and construction work is expected to commence next year.



## 2.1 BUSINESS OVERVIEW AND OUTLOOK

### INDUSTRY

The Macao gaming industry showed signs of stabilization as gross gaming revenues experienced year-over-year growth since August 2016, and the positive trend continued throughout the first six months of 2017. According to Macao Government statistics that are issued publicly on a monthly basis by DICJ, gaming revenues were US\$15.8 billion for the six months ended June 30, 2017, a 17.2% increase compared to the six months ended June 30, 2016. Macao continues to be the largest gaming market in the world and the only market in China to offer legalized casino gaming.

We expect that Macao will continue to experience meaningful long-term growth and the 15.6 million visitors that Macao welcomed in the first six months of 2017 will continue to increase over time. We believe this growth will be driven by a variety of factors, including the on-going 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. Based on announced plans in Macao, over US\$15 billion of capital is expected to be invested by concessionaires and subconcessionaires in new resort development projects on Cotai with announced opening dates between 2017 and 2018. In total, these new projects will add approximately 10,000 incremental hotel rooms, along with incremental gaming capacity as well as other non-gaming offerings. These new resorts should help increase the critical mass on Cotai and further drive Macao's transformation into a leading business and leisure tourism hub in Asia.

We believe the development of additional integrated resort products in Macao will also drive 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, 2017, however, the mass gaming and slot businesses represented 43.5% of the market revenue. This same metric was 29.5% only five years ago, and the increase since then is due in part to the growing diversity of mass gaming and slot products on Cotai. We expect this trend to continue and therefore intend to introduce more modern and popular products catering to this growing customer segment. Furthermore, continued improvement 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

More than 1.0 billion people are estimated to live within a three-hour flight from Macao and more than 3.0 billion people are estimated to live within a five-hour flight from Macao.

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 into 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, CotaiJet. With the permanent Taipa Ferry Terminal opened to the public on June 1, 2017, traveler experience to Macao, especially to Cotai, is expected to be further enhanced. Macao is also accessible from Hong Kong by helicopter. In addition, the bridge linking Hong Kong, Macao and Zhuhai, which is currently being constructed, is expected to reduce the travel time between Hong Kong and Macao.

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## 2.1 BUSINESS OVERVIEW AND OUTLOOK

### Competition in Macao

There have been no material changes to the information disclosed in the Company's 2016 annual report regarding the competition in Macao.

### LEGAL PROCEEDINGS

There has been no material change since the publication of the Company's 2016 annual report in respect of the legal proceedings that the Company is involved in.



## 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, 2017 compared to the six months ended June 30, 2016.

#### Net Revenues

Our net revenues consisted of the following:

	Six months ended June 30,		
	2017	2016	Percent change
	(US\$ in millions)		
Casino	3,111	2,606	19.4%
Mall	236	193	22.3%
Rooms	142	120	18.3%
Food and beverage	87	72	20.8%
Convention, ferry, retail and other	122	103	18.4%
<b>Total net revenues</b>	<b>3,698</b>	<b>3,094</b>	<b>19.5%</b>

Net revenues were US\$3.70 billion for the six months ended June 30, 2017, an increase of 19.5%, compared to US\$3.09 billion for the six months ended June 30, 2016. Net revenues increased in all business categories, mainly driven by the opening of The Parisian Macao in September 2016 and the recovery of the Macao gaming market. We continued to enjoy market-leading visitation in Macao and focused on driving the high-margin mass market gaming business, while providing luxury amenities and high service levels to our VIP and premium players.

Our net casino revenues for the six months ended June 30, 2017 were US\$3.11 billion, an increase of 19.4%, compared to US\$2.61 billion for the six months ended June 30, 2016. The increase was attributable to US\$595 million of net casino revenues at The Parisian Macao, partially offset by a US\$96 million decrease at Sands Cotai Central driven by a decrease in gaming volume, as well as a lower win percentage for table games.

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

The following table summarizes the results of our casino activity:

	Six months ended June 30,		
	2017	2016	Change
(US\$ in millions, except percentages and points)			
<b>The Venetian Macao</b>			
Total net casino revenues	1,225	1,212	1.1%
Non-Rolling Chip drop	3,423	3,427	(0.1)%
Non-Rolling Chip win percentage	25.6%	24.9%	0.7pts
Rolling Chip volume	11,321	15,094	(25.0)%
Rolling Chip win percentage <sup>(ii)</sup>	3.80%	2.99%	0.81pts
Slot handle	1,334	2,049	(34.9)%
Slot hold percentage	5.3%	4.5%	0.8pts
<b>Sands Cotai Central</b>			
Total net casino revenues	754	850	(11.3)%
Non-Rolling Chip drop	2,836	3,014	(5.9)%
Non-Rolling Chip win percentage	20.5%	20.6%	(0.1)pts
Rolling Chip volume	5,421	6,685	(18.9)%
Rolling Chip win percentage <sup>(ii)</sup>	3.05%	3.26%	(0.21)pts
Slot handle	2,328	3,044	(23.5)%
Slot hold percentage	4.0%	3.6%	0.4pts
<b>The Parisian Macao<sup>(i)</sup></b>			
Total net casino revenues	595	—	—%
Non-Rolling Chip drop	1,956	—	—%
Non-Rolling Chip win percentage	18.9%	—	—pts
Rolling Chip volume	7,482	—	—%
Rolling Chip win percentage <sup>(ii)</sup>	3.36%	—	—pts
Slot handle	1,789	—	—%
Slot hold percentage	3.6%	—	—pts
<b>The Plaza Macao</b>			
Total net casino revenues	207	199	4.0%
Non-Rolling Chip drop	597	530	12.6%
Non-Rolling Chip win percentage	23.1%	23.0%	0.1pts
Rolling Chip volume	4,247	4,504	(5.7)%
Rolling Chip win percentage <sup>(ii)</sup>	2.66%	2.77%	(0.11)pts
Slot handle	194	193	0.5%
Slot hold percentage	7.4%	6.1%	1.3pts
<b>Sands Macao</b>			
Total net casino revenues	330	345	(4.3)%
Non-Rolling Chip drop	1,239	1,350	(8.2)%
Non-Rolling Chip win percentage	19.4%	17.6%	1.8pts
Rolling Chip volume	2,881	4,195	(31.3)%
Rolling Chip win percentage <sup>(ii)</sup>	3.01%	2.84%	0.17pts
Slot handle	1,210	1,325	(8.7)%
Slot hold percentage	3.3%	3.3%	—pts

(i) The Parisian Macao opened on September 13, 2016.

(ii) This compares to our expected Rolling Chip win percentage of 3.0% to 3.3% (calculated before discounts and commissions). We revised the expected range due to the Rolling Chip win percentage experienced over the last several years.



## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

Net mall revenues for the six months ended June 30, 2017 were US\$236 million, an increase of 22.3%, compared to US\$193 million for the six months ended June 30, 2016. The increase was primarily attributable to US\$34 million of net mall revenue at the Shoppes at Parisian and a US\$6 million increase at the Shoppes at Venetian, mainly driven by lease renewals and replacements that resulted in higher base rent.

The following table summarizes the results of our mall activity:

	Six months ended June 30,		
	2017	2016	Change
	(US\$, except leasable area, percentages and points)		
<b>The Venetian Macao</b>			
Total mall revenues (in millions)	<b>106</b>	100	6.0%
Mall gross leasable area (in square feet)	<b>779,025</b>	781,145	(0.3)%
Occupancy	<b>97.7%</b>	97.4%	0.3pts
Base rent per square foot	<b>245</b>	234	4.7%
Tenant sales per square foot <sup>(i)</sup>	<b>1,340</b>	1,359	(1.4)%
<b>Sands Cotai Central<sup>(ii)</sup></b>			
Total mall revenues (in millions)	<b>33</b>	31	6.5%
Mall gross leasable area (in square feet)	<b>425,630</b>	331,476	28.4%
Occupancy	<b>93.5%</b>	96.7%	(3.2)pts
Base rent per square foot	<b>120</b>	160	(25.0)%
Tenant sales per square foot <sup>(i)</sup>	<b>676</b>	861	(21.5)%
<b>The Parisian Macao<sup>(iii)</sup></b>			
Total mall revenues (in millions)	<b>34</b>	—	—%
Mall gross leasable area (in square feet)	<b>299,053</b>	—	—%
Occupancy	<b>92.7%</b>	—	—pts
Base rent per square foot	<b>221</b>	—	—%
Tenant sales per square foot <sup>(i)</sup>	<b>N/A</b>	—	—%
<b>The Plaza Macao</b>			
Total mall revenues (in millions)	<b>63</b>	63	—%
Mall gross leasable area (in square feet)	<b>259,533</b>	260,570	(0.4)%
Occupancy	<b>99.5%</b>	97.7%	1.8pts
Base rent per square foot	<b>455</b>	457	(0.4)%
Tenant sales per square foot <sup>(i)</sup>	<b>3,097</b>	2,994	3.4%

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

(ii) At completion, the Shoppes at Cotai Central will feature up to 600,000 square feet of gross leasable area.

(iii) The Parisian Macao opened on September 13, 2016.

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

Net room revenues for the six months ended June 30, 2017 were US\$142 million, an increase of 18.3%, compared to US\$120 million for the six months ended June 30, 2016. The increase was mainly driven by the opening of The Parisian Macao, partially offset by lower revenues at The Venetian Macao and The Plaza Macao as the number of available rooms decreased by 14% and 21%, respectively, for renovation.

The following table summarizes the results of our room activity. Information in this table takes into account rooms provided to customers on a complimentary basis.

	Six months ended June 30,		
	2017	2016	Change
	(US\$, except percentages and points)		
<b>The Venetian Macao</b>			
Gross room revenues (in millions)	<b>85</b>	91	(6.6)%
Occupancy rate	<b>89.6%</b>	79.3%	10.3pts
Average daily rate	<b>209</b>	219	(4.6)%
Revenue per available room	<b>187</b>	174	7.5%
<b>Sands Cotai Central</b>			
Gross room revenues (in millions)	<b>131</b>	131	—%
Occupancy rate	<b>80.4%</b>	76.8%	3.6pts
Average daily rate	<b>146</b>	152	(3.9)%
Revenue per available room	<b>118</b>	117	0.9%
<b>The Parisian Macao<sup>(i)</sup></b>			
Gross room revenues (in millions)	<b>61</b>	—	—%
Occupancy rate	<b>84.9%</b>	—	—pts
Average daily rate	<b>137</b>	—	—%
Revenue per available room	<b>117</b>	—	—%
<b>The Plaza Macao</b>			
Gross room revenues (in millions)	<b>16</b>	17	(5.9)%
Occupancy rate	<b>80.2%</b>	69.1%	11.1pts
Average daily rate	<b>363</b>	349	4.0%
Revenue per available room	<b>291</b>	241	20.7%
<b>Sands Macao</b>			
Gross room revenues (in millions)	<b>10</b>	10	—%
Occupancy rate	<b>98.2%</b>	95.9%	2.3pts
Average daily rate	<b>193</b>	205	(5.9)%
Revenue per available room	<b>190</b>	196	(3.1)%

(i) The Parisian Macao opened on September 13, 2016.

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

Net food and beverage revenues for the six months ended June 30, 2017 were US\$87 million, an increase of 20.8%, compared to US\$72 million for the six months ended June 30, 2016. The increase was primarily driven by the opening of The Parisian Macao.

Net convention, ferry, retail and other revenues for the six months ended June 30, 2017 were US\$122 million, an increase of 18.4%, compared to US\$103 million for the six months ended June 30, 2016. The increase was attributable to the opening of The Parisian Macao, increases in entertainment revenue from events at the Cotai Arena, as well as an increase in ferry revenue driven by higher ticket sales volume and prices.

### Operating Expenses

Our operating expenses consisted of the following:

	<b>Six months ended June 30,</b>		
	<b>2017</b>	2016	Percent change
	(US\$ in millions, except percentages)		
Casino	<b>1,926</b>	1,650	16.7%
Mall	<b>23</b>	17	35.3%
Rooms	<b>40</b>	31	29.0%
Food and beverage	<b>74</b>	60	23.3%
Convention, ferry, retail and other	<b>89</b>	75	18.7%
(Recovery of)/provision for doubtful accounts, net	<b>(1)</b>	4	(125.0)%
General and administrative	<b>326</b>	258	26.4%
Corporate	<b>58</b>	80	(27.5)%
Pre-opening	<b>6</b>	41	(85.4)%
Depreciation and amortization	<b>385</b>	278	38.5%
Net foreign exchange losses/(gains)	<b>7</b>	(3)	(333.3)%
Loss on disposal of property and equipment, investment properties and intangible assets	<b>5</b>	1	400.0%
<b>Total operating expenses</b>	<b>2,938</b>	2,492	17.9%

Operating expenses were US\$2.94 billion for the six months ended June 30, 2017, an increase of 17.9%, compared to US\$2.49 billion for the six months ended June 30, 2016. The increase in operating expenses was driven by the opening of The Parisian Macao.

Casino expenses for the six months ended June 30, 2017 were US\$1.93 billion, an increase of 16.7%, compared to US\$1.65 billion for the six months ended June 30, 2016. The increase was primarily attributable to US\$385 million of expenses at The Parisian Macao, partially offset by a US\$61 million decrease at Sands Cotai Central, driven by a decrease in gaming taxes due to decreased casino revenues.

Mall, room and food and beverage expenses increased US\$6 million, US\$9 million and US\$14 million, respectively, compared to the six months ended June 30, 2016. These increases were driven by the opening of The Parisian Macao.



## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

Convention, ferry, retail and other expenses for the six months ended June 30, 2017 were US\$89 million, an increase of 18.7%, compared to US\$75 million for the six months ended June 30, 2016. The increase was primarily due to the opening of The Parisian Macao, increases in entertainment expenses from events at the Cotai Arena, as well as an increase in ferry expenses driven by higher ticket sales volume.

Recovery of doubtful accounts were US\$1 million for the six months ended June 30, 2017, compared to US\$4 million of provision for doubtful accounts for the six months ended June 30, 2016. The decrease in provision was mainly driven by increased collections of previously reserved customer balances during the six months ended June 30, 2017, as compared to the prior year period.

General and administrative expenses were US\$326 million for the six months ended June 30, 2017, an increase of 26.4%, compared to US\$258 million for the six months ended June 30, 2016. The increase was primarily attributable to US\$66 million of expenses at The Parisian Macao.

Corporate expenses were US\$58 million for the six months ended June 30, 2017, a decrease of 27.5%, compared to US\$80 million for the six months ended June 30, 2016. The decrease was primarily due to nonrecurring legal costs during the six months ended June 30, 2016.

Pre-opening expenses were US\$6 million for the six months ended June 30, 2017, a decrease of 85.4%, compared to US\$41 million for the six months ended June 30, 2016. The decrease was primarily due to pre-opening activities at The Parisian Macao, which opened in September 2016.

Depreciation and amortization expenses were US\$385 million for the six months ended June 30, 2017, an increase of 38.5%, compared to US\$278 million for the six months ended June 30, 2016. The increase was primarily attributable to US\$114 million of expense at The Parisian Macao.

Net foreign exchange losses for the six months ended June 30, 2017 were US\$7 million and were primarily associated with U.S. dollar denominated intercompany payables held in Macao. This compared with net foreign exchange gains of US\$3 million for the six months ended June 30, 2016.

Loss on disposal of property and equipment, investment properties and intangible assets was US\$5 million for the six months ended June 30, 2017, compared with a loss of US\$1 million for the six months ended June 30, 2016. The increase was primarily related to dispositions at our operating properties.

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

### Adjusted EBITDA<sup>(i)</sup>

The following table summarizes information related to our segments:

	Six months ended June 30,		
	2017	2016	Percent change
	(US\$ in millions)		
The Venetian Macao	547	514	6.4%
Sands Cotai Central	276	307	(10.1)%
The Parisian Macao	188	—	—%
The Plaza Macao	111	92	20.7%
Sands Macao	93	79	17.7%
Ferry and other operations	12	14	(14.3)%
<b>Total adjusted EBITDA</b>	<b>1,227</b>	<b>1,006</b>	<b>22.0%</b>

Adjusted EBITDA for the six months ended June 30, 2017 increased 22.0% to US\$1.23 billion, compared to US\$1.01 billion for the six months ended June 30, 2016. The increase was primarily driven by the opening of The Parisian Macao. The management team continues to focus on operational efficiencies and cost control measures throughout both the gaming and non-gaming areas of the business in order to maintain market-leading adjusted EBITDA.

- (i) Adjusted 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/(losses), impairment loss, gain/(loss) on disposal of property and equipment, investment properties and intangible assets, interest, gain/(loss) on modification or early retirement of debt and income tax benefit/(expense). Management utilizes adjusted 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 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 EBITDA calculations. Adjusted 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 EBITDA. Not all companies calculate adjusted EBITDA in the same manner. As a result, adjusted EBITDA as presented by the Group may not be directly comparable to similarly titled measures presented by other companies.

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

### Interest Expense

The following table summarizes information related to interest expense:

	<b>Six months ended June 30,</b>		
	<b>2017</b>	2016	Percent change
	(US\$ in millions)		
Interest and other finance costs	<b>74</b>	53	39.6%
Less: interest capitalized	<b>(1)</b>	(21)	(95.2)%
<b>Interest expense, net</b>	<b>73</b>	32	128.1%

Interest expense, net of amounts capitalized, was US\$73 million for the six months ended June 30, 2017, compared to US\$32 million for the six months ended June 30, 2016. The increase was primarily due to a US\$21 million increase in interest and other finance costs, primarily driven by increases in bank borrowings and interest rate, and a US\$20 million decrease in capitalized interest as we opened The Parisian Macao in September 2016. Our weighted average borrowing cost for the six months ended June 30, 2017 was approximately 2.4%.

### Profit for the Period

Profit for the six months ended June 30, 2017 was US\$678 million, an increase of 23.0%, compared to US\$551 million for the six months ended June 30, 2016. The increase was primarily attributable to the opening of The Parisian Macao.

## LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

We fund our operations through cash generated from our operations and our debt financing.

During the six months ended June 30, 2017, the Group had net borrowings of US\$550 million under the 2016 VML Revolving Facility. As at June 30, 2017, the Group had US\$1.45 billion of available borrowing capacity under the 2016 VML Revolving Facility.

As at June 30, 2017, we held cash and cash equivalents of US\$781 million, which was primarily generated from our operations. Such cash and cash equivalents were mainly held in HK\$.



## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

### Cash Flows — Summary

Our cash flows consisted of the following:

	Six months ended June 30,	
	2017	2016
	(US\$ in millions)	
Net cash generated from operating activities	<b>1,304</b>	1,083
Net cash used in investing activities	<b>(220)</b>	(600)
Net cash used in financing activities	<b>(1,584)</b>	(1,111)
<b>Net decrease in cash and cash equivalents</b>	<b>(500)</b>	(628)
Cash and cash equivalents at beginning of period	<b>1,284</b>	1,283
Effect of exchange rate on cash and cash equivalents	<b>(3)</b>	1
<b>Cash and cash equivalents at end of period</b>	<b>781</b>	656

### 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, 2017 increased by 20.4% to US\$1.30 billion, compared to US\$1.08 billion for the six months ended June 30, 2016. The increase in net cash generated from operating activities was primarily attributable to the increase in operating income, partially offset by changes in our working capital accounts, consisting primarily of changes in trade and other payables.

### Cash Flows — Investing Activities

Net cash used in investing activities for the six months ended June 30, 2017 was US\$220 million and was primarily attributable to capital expenditures for development projects as well as maintenance spending. Capital expenditures for the six months ended June 30, 2017, totaled US\$223 million, including US\$111 million for construction activities at The Parisian Macao and US\$112 million for our other operations.

### Cash Flows — Financing Activities

For the six months ended June 30, 2017, net cash used in financing activities was US\$1.58 billion, which was primarily attributable to US\$2.07 billion in dividend payments, partially offset by net proceeds of US\$550 million from borrowings under the 2016 VML Revolving Facility.

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL EXPENDITURES

Capital expenditures were used primarily to renovate, upgrade and maintain existing properties. Our capital expenditures, excluding capitalized interest and construction payables, are as follows:

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	(US\$ in millions)	
The Venetian Macao	<b>60</b>	24
Sands Cotai Central	<b>33</b>	65
The Parisian Macao	<b>111</b>	497
The Plaza Macao	<b>13</b>	6
Sands Macao	<b>3</b>	7
Ferry and other operations	<b>3</b>	2
<b>Total capital expenditures</b>	<b>223</b>	601

In September 2016, we opened The Parisian Macao, an integrated resort connected to The Venetian Macao and The Plaza Macao, which includes a 253,000-square-foot casino. The Parisian Macao also features approximately 3,000 rooms and suites; approximately 300,000 square feet of retail and dining space; approximately 63,000 square feet of meeting room space; a 1,200-seat theater; and a half-scale authentic re-creation of the Eiffel Tower containing a viewing platform and restaurant.

Sands Cotai Central opened in phases beginning in April 2012. We have completed the structural work on the remainder of the fourth tower, an apart-hotel wing that consists of approximately 1.0 million square feet of St. Regis-serviced and -branded luxury apart-hotel units and common areas, with the intention of monetizing the units within the St. Regis tower, subject to Macao Government approval.

The Venetian Macao hotel tower is currently being refurbished and these works will be completed by Chinese New Year 2018. In early August 2017, we completed the refurbishment of The Four Seasons Hotel.

### CAPITAL COMMITMENTS

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

	<b>June 30,</b>	December 31,
	<b>2017</b>	2016
	(US\$ in millions)	
<b>Contracted but not provided for</b>	<b>236</b>	265

## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDENDS

On January 20, 2017, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.128) per share. The interim dividend, amounting in aggregate to HK\$7.99 billion (equivalent to US\$1.03 billion), was paid on February 24, 2017.

On May 26, 2017, the Shareholders approved a final dividend of HK\$1.00 (equivalent to US\$0.129) per share for the year ended December 31, 2016 to Shareholders whose names appeared on the register of members of the Company on June 5, 2017. The final dividend, amounting in aggregate to HK\$8.07 billion (equivalent to US\$1.04 billion), was paid on June 23, 2017.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2017.

### PLEDGE OF FIXED ASSETS

We have pledged a substantial portion of our fixed assets to secure our loan facilities. As at June 30, 2017, we have pledged leasehold interests in land; buildings; building, land and leasehold improvements; furniture, fittings and equipment; construction in progress; and vehicles with an aggregate net book value of approximately US\$6.50 billion (December 31, 2016: US\$6.71 billion).

### CONTINGENT LIABILITIES AND RISK FACTORS

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 condition, 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 15 to the condensed consolidated financial statements), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves.



## 2.2 MANAGEMENT DISCUSSION AND ANALYSIS

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.

	<b>June 30, 2017</b>	December 31, 2016
	(US\$ in millions, except percentages)	
Interest bearing borrowings, net of deferred financing costs	<b>4,830</b>	4,294
Less: cash and cash equivalents	<b>(781)</b>	(1,284)
restricted cash and cash equivalents	<b>(10)</b>	(10)
Net debt	<b>4,039</b>	3,000
Total equity	<b>3,607</b>	5,007
<b>Total capital</b>	<b>7,646</b>	8,007
<b>Gearing ratio</b>	<b>52.8%</b>	37.5%

The increase in the gearing ratio during the six months ended June 30, 2017 was due to dividend payments of US\$2.07 billion and increase in net borrowings of US\$536 million.

### INTEREST RATE AND FOREIGN EXCHANGE RATE RISKS

The Group's primary exposure to market risk is interest rate risk associated with its long-term borrowings, which are all issued at variable rates.

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 that are denominated in a currency other than MOP, which is the functional currency of the major operating companies within the Group.

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. During the six months ended June 30, 2017, the Group did not hold or issue any financial instruments for interest rate or foreign currency hedging 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, 2017.

## 2.3 STAKEHOLDER INFORMATION

### HUMAN RESOURCES

As at June 30, 2017, our team member profile was as follows:

Number of full-time team members:	28,033 (including 2,211 working for hotel partners)
Average age:	40
Gender ratio:	Male 48% Female 52%
Total number of nationalities:	56

There have been no changes to the information disclosed in the 2016 annual report and the 2016 sustainability report regarding remuneration of team members, remuneration policies, and team members' development and training schemes.

### ENVIRONMENT

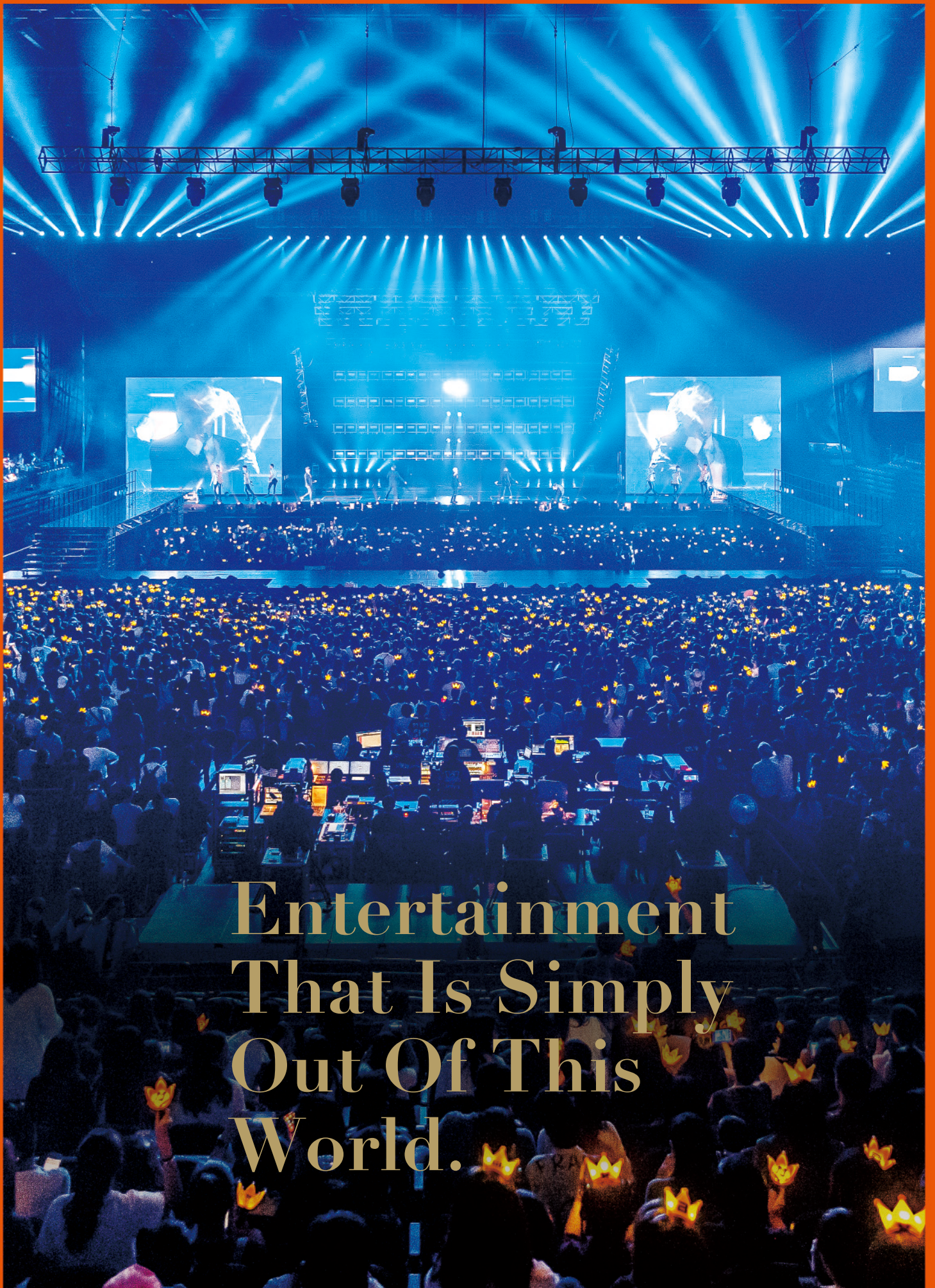
Our responsibility to the planet is as important to us as our commitment to the comfort and well-being of our guests and team members. The Sands ECO360 Global Sustainability strategy is designed to help minimize our environmental impact, and it reflects our vision to lead the way in sustainable building development and resort operations.

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 58 of this report for more information.

To minimize the impact on our environment, this 2017 Interim Report is printed on recycled paper using soy ink.

We have published our first sustainability report in June 2017, which is available at <http://www.sandschina.com/community-affairs/sustainability-reports.html>.





Entertainment  
That Is Simply  
Out Of This  
World.



## 3. CORPORATE GOVERNANCE

### 3.1 CORPORATE GOVERNANCE PRACTICES

Good corporate governance underpins the creation of Shareholder value at Sands China and maintaining the highest standards of corporate governance is a core responsibility of the Board. An effective system of corporate governance requires that our Board approves strategic direction, monitors performance, oversees effective risk management and leads the creation of the right compliant culture across the organization. It also gives our investors confidence that we are exercising our stewardship responsibilities with due skill and care.

To ensure that we adhere to high standards of corporate governance, we have developed our own corporate governance 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.

The Board is of the view that throughout the six months ended June 30, 2017, save as disclosed below, the Company fully complied with all the code provisions and certain recommended best practices set out in the Code.

#### Code Provision A.2.1

The roles of Chairman and Chief Executive Officer have been performed by Mr. Sheldon Gary Adelson since March 6, 2015. Although under code provision A.2.1 of the Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the combination of the roles of chairman and chief executive officer by Mr. Adelson is considered to be in the best interests of the Company and its Shareholders as a whole. The Company believes that the combined roles of Mr. Adelson promotes better leadership for both the Board and the management and allows more focus on developing business strategies and the implementation of objectives and policies. The structure is supported by the Company's well established corporate governance structure and internal control policies.

#### Code Provision E.1.2

Under code provision E.1.2 of the Code, the Chairman of the Board should attend the annual general meeting of the Company. The Chairman of the Board was absent from the Company's annual general meeting held on May 26, 2017 due to other business commitments.

### 3.2 MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has developed its own securities trading 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 that they have complied with the Company Code and, therefore, with the Model Code throughout the six months ended June 30, 2017.



### 3. CORPORATE GOVERNANCE

#### 3.3 BOARD AND BOARD COMMITTEES COMPOSITION

The following change was made to the composition of the Board and the Board Committee of the Company during the six months ended June 30, 2017 and up to the Latest Practicable Date:

On July 14, 2017, Mr. Wang Sing was appointed as an Independent Non-Executive Director and a member of the Audit Committee.

The Directors of the Company as at the Latest Practicable Date are:

Directors	Title	Note
<b>Executive Directors</b>		
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
<b>Non-Executive Directors</b>		
Robert Glen Goldstein		Re-designated November 1, 2015
Charles Daniel Forman		Elected May 30, 2014
<b>Independent Non-Executive Directors</b>		
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
Wang Sing		Appointed July 14, 2017

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.

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	—	—	—
Wang Sing	Member <sup>(1)</sup>	—	—	—

(1) Appointed by a resolution of the Board on July 14, 2017

### 3. CORPORATE GOVERNANCE

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

##### Renewal of Appointment Letter

On April 21, 2017, the Board approved the renewal of appointment letter of Mr. Charles Daniel Forman as Non-Executive Director for a term of three years commencing from May 30, 2017.

##### Other Major Positions Held

On March 1, 2017, Mr. Robert Glen Goldstein resigned as a director of Remark Holdings, Inc. (formerly known as "Remark Media, Inc."), a company listed on The National Association of Securities Dealers Automated Quotations (NASDAQ) (stock code: MARK).

On March 27, 2017, Mr. Kenneth Patrick Chung ceased to be an Independent Non-Executive Director of Industrial and Commercial Bank of China Limited, a company listed on the Stock Exchange (stock code: 1398).

On May 23, 2017, Dr. Wong Ying Wai ceased to be the senior adviser to the board of Hsin Chong Group Holdings Limited, a company listed on the Stock Exchange (stock code: 404).

#### 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, 2017 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 of the 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 SFO) as at June 30, 2017, 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)	70.08%
Wong Ying Wai	Company	Beneficial owner	4,000,000(L) <sup>(3)</sup>	0.05%

### 3. CORPORATE GOVERNANCE

Name of Director	Associated corporation	Nature of interest	Number of securities	Approximate percentage of shareholding interest
Sheldon Gary Adelson	LVS	Beneficial owner	66,787,459(L) <sup>(1)</sup>	8.44%
		Family Interest	327,085,377(L) <sup>(2)</sup>	41.33%
Robert Glen Goldstein	LVS	Beneficial owner	2,416,212(L) <sup>(4)</sup>	0.31%
Charles Daniel Forman	LVS	Beneficial owner	218,487(L) <sup>(5)</sup>	0.03%

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

*Notes:*

- (1) This amount includes (a) 66,026,921 shares of LVS' common stock, (b) 61,905 unvested shares of LVS' restricted stock, and (c) 698,633 options to purchase 698,633 shares in LVS' common stock, of which 171,186 are vested and exercisable.
- (2) This amount includes (a) 93,779,145 shares of LVS' common stock held by Dr. Miriam Adelson, the spouse of Mr. Sheldon Gary Adelson, (b) 1,912,515 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) 924,689 shares of LVS' common stock held by trusts or custodial accounts for the benefit of Dr. Adelson's family members over which Dr. Adelson, as trustee or in another fiduciary capacity, 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.
- (3) This amount includes 4,000,000 options to purchase 4,000,000 shares of the Company, of which 266,666 are vested and exercisable.
- (4) This amount includes (a) 127,057 shares of LVS' common stock, and (b) 2,289,155 options to purchase 2,289,155 shares in LVS' common stock, of which 639,155 are vested and exercisable.
- (5) This amount includes (a) 206,940 shares of LVS' common stock, (b) 1,547 unvested shares of LVS' restricted stock, and (c) 10,000 options to purchase 10,000 shares in LVS' common stock, all of which are vested and exercisable.

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, 2017.

Save as disclosed above, so far as was known to the Directors, as at June 30, 2017, 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, 2017, 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. CORPORATE GOVERNANCE

#### 3.7 INTERESTS OF SUBSTANTIAL SHAREHOLDERS

The interests of substantial Shareholders in the shares and underlying shares of the Company as at June 30, 2017, 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, 2017:

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)	70.08%
Las Vegas Sands Corp.	Interest in a controlled corporation	5,657,814,885(L)	70.08%
Las Vegas Sands, LLC	Interest in a controlled corporation	5,657,814,885(L)	70.08%
Venetian Casino Resort, LLC	Interest in a controlled corporation	5,657,814,885(L)	70.08%
LVS (Nevada) International Holdings, Inc.	Interest in a controlled corporation	5,657,814,885(L)	70.08%
LVS Dutch Finance C.V.	Interest in a controlled corporation	5,657,814,885(L)	70.08%
LVS Dutch Holding B.V.	Interest in a controlled corporation	5,657,814,885(L)	70.08%
Sands IP Asset Management B.V.	Interest in a controlled corporation	5,657,814,885(L)	70.08%
Venetian Venture Development Intermediate II	Beneficial owner	5,657,814,885(L)	70.08%

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

As at June 30, 2017, Venetian Venture Development Intermediate II ("VVDI(II)") was a substantial Shareholder which was interested in 5,657,814,885 Shares (representing 70.08% of the total issued share capital of the Company). VVDI(II) was a wholly-owned subsidiary of Sands IP Asset Management B.V. ("Sands IP"). Sands IP was a wholly-owned subsidiary of LVS Dutch Holding B.V., which was in turn wholly-owned by LVS Dutch Finance C.V.. LVS Dutch Finance C.V. was a wholly-owned subsidiary of LVS (Nevada) International Holdings, Inc., which was in turn wholly-owned by Venetian Casino Resort, LLC. Venetian Casino Resort, LLC was a wholly-owned subsidiary of Las Vegas Sands, 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 55% of the outstanding common stock of LVS as at June 30, 2017.

As at June 30, 2017, 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, 2017, 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. CORPORATE GOVERNANCE

#### 3.9 EQUITY AWARD PLAN

The Company adopted an 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 employment of our Group. The Equity Award Plan also provides a means whereby employees, Directors and consultants of our Group can acquire and maintain Share ownership, thereby strengthening their commitment to the welfare of our Group and promoting an identity of interest between Shareholders and these persons.

#### Share Options

As at June 30, 2017, 101,760,591 options to purchase shares in the Company had been granted under the Equity Award Plan of which 24,997,107 options had been exercised and 26,357,884 options had lapsed.

Details of the grant of share options and a summary of movements of the outstanding share options during the period under the Equity Award Plan were as follows:

#### Options to Subscribe for Ordinary Shares Granted under the Company's Equity Award Plan

Director & other eligible persons	Date granted	Options granted	Exercise price per Share <sup>(1)</sup> HK\$	Closing price of Shares immediately before the date of grant HK\$	Exercise period	Number of options					outstanding as at June 30, 2017	Weighted average closing price of Shares immediately before the dates on which options were exercised HK\$
						outstanding as at January 1, 2017	granted during the period	vested during the period <sup>(2)</sup>	lapsed during the period	exercised during the period		
Wong Ying Wai	November 2, 2015	4,000,000 <sup>(4)</sup>	28.59	28.15	November 2, 2016–November 1, 2025	4,000,000	—	—	—	—	4,000,000	—
Other eligible employees	March 31, 2010	16,876,100	11.63	12.10	March 31, 2011–March 30, 2020	790,975	—	—	—	100	790,875	35.10
	September 30, 2010	2,672,500	13.23	14.32	September 30, 2011–September 29, 2020	101,950	—	—	—	—	101,950	—
	January 17, 2011	2,746,300	18.57	19.14	January 17, 2012–January 16, 2021	5,100	—	—	—	—	5,100	—
	May 11, 2011	2,530,591	21.73	21.40	May 11, 2012–May 10, 2021	253,271	—	—	—	90,871	162,400	33.86
	August 30, 2011	1,584,400	22.48	22.80	August 30, 2012–August 29, 2021	422,725	—	—	—	—	422,725	—
	November 24, 2011	2,378,500	20.23	20.95	November 24, 2012–November 23, 2021	225,325	—	—	—	67,425	157,900	35.25
	March 5, 2012	1,434,500	28.23	29.25	March 5, 2013–March 4, 2022	374,800	—	—	—	131,050	243,750	34.75
	May 14, 2012	1,787,100	28.14	28.90	May 14, 2013–May 13, 2022	729,900	—	—	—	194,600	535,300	36.25
	August 31, 2012	1,538,100	26.82	27.50	August 31, 2013–August 30, 2022	829,850	—	—	—	—	829,850	—
	September 17, 2012	845,000	28.43	28.50	September 17, 2013–September 16, 2022	260,000	—	—	—	—	260,000	—
	December 24, 2012	312,000	33.28	34.05	December 24, 2013–December 23, 2022	312,000	—	—	—	—	312,000	—
	February 15, 2013	1,486,800	36.73	36.50	February 15, 2014–February 14, 2023	1,129,575	—	314,825	—	—	1,129,575	—
	May 16, 2013	1,241,900	40.26	40.45	May 16, 2014–May 15, 2023	396,900	—	99,225	—	—	396,900	—
	February 24, 2014	2,602,300	59.35	58.90	February 24, 2015–February 23, 2024	1,729,300	—	326,700	422,500	—	1,306,800	—
	March 18, 2014	3,238,800	62.94	62.25	March 18, 2015–March 17, 2024	2,633,400	—	607,375	448,275	—	2,185,125	—
	May 21, 2014	2,723,800	57.75	57.40	May 21, 2015–May 20, 2024	1,907,600	—	476,900	—	—	1,907,600	—
	June 18, 2014	857,100	53.64	53.10	June 18, 2015–June 17, 2024	585,300	—	146,325	—	—	585,300	—
	June 23, 2014	552,500	54.20	54.60	June 23, 2015–June 22, 2024	552,500	—	138,125	—	—	552,500	—
	August 29, 2014	1,063,100	52.33	51.35	August 29, 2015–August 28, 2024	868,000	—	—	—	—	868,000	—
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	213,600	—	—	—	—	213,600	—	
March 3, 2015	648,400	35.90	35.30	March 3, 2016–March 2, 2025	415,400	—	103,850	—	—	415,400	—	

### 3. CORPORATE GOVERNANCE

Director & other eligible persons	Date granted	Options granted	Exercise price per Share <sup>(1)</sup> HK\$	Closing price of Shares immediately before the date of grant HK\$	Exercise period	Number of options					Weighted average closing price of Shares immediately before the dates on which options were exercised HK\$	
						outstanding as at January 1, 2017	granted during the period	vested during the period <sup>(2)</sup>	lapsed during the period	exercised during the period		outstanding as at June 30, 2017
	May 5, 2015	795,600	33.15	32.80	May 5, 2016– May 4, 2025	325,000	—	81,250	—	—	325,000	—
	May 22, 2015	1,300,000	32.35	32.05	May 22, 2016– May 21, 2025	1,300,000	—	325,000	—	—	1,300,000	—
	February 24, 2016	14,819,600	26.97	27.05	February 24, 2017– February 23, 2026	13,776,800	—	3,391,400	969,000	747,700	12,060,100	34.30
	March 23, 2016	2,609,200	31.00	30.35	March 23, 2017– March 22, 2026	2,424,400	—	590,900	154,500	98,700	2,171,200	35.88
	May 20, 2016	317,600	27.55	27.25	May 20, 2017– May 19, 2026	228,000	—	57,000	—	11,500	216,500	37.15
	September 13, 2016	433,600	34.03	34.45	September 13, 2017– September 12, 2026	402,400	—	—	—	—	402,400	—
	September 29, 2016	227,200	34.20	33.55	September 29, 2017– September 28, 2026	227,200	—	—	227,200	—	—	—
	February 24, 2017	13,264,400	32.15	32.25	February 24, 2018– February 23, 2027	—	13,264,400	—	263,200	—	13,001,200	—
	March 23, 2017	2,716,000	35.25	35.05	March 23, 2018– March 22, 2027	—	2,716,000	—	37,200	—	2,678,800	—
	May 19, 2017	494,000	34.31	33.80	May 19, 2018– May 18, 2027	—	494,000	—	—	—	494,000	—
Consultants	September 1, 2011	130,000 <sup>(3)</sup>	23.28	24.20	September 1, 2012– September 29, 2017	32,500	—	—	—	—	32,500	—
	November 24, 2011	292,500	20.23	20.95	November 24, 2012– November 23, 2021	146,250	—	—	—	—	146,250	—
	November 22, 2012	390,000	31.48	31.65	November 22, 2013– February 28, 2017	390,000	—	—	—	390,000	—	32.05

#### Notes:

- The exercise price of the share options is determined upon the offer of grant of the options and should not be less than the higher of (a) the closing price per share of the Company on the date of offer of such options, which must be a business day; (b) the average closing price per share of the Company for the five business days immediately preceding the date of offer of such options; and (c) the nominal value per share of the Company.
- Save as disclosed in notes 3 and 4 below, the proportion of underlying shares in respect of which the above share options will vest is as follows:

**Proportion of underlying shares in respect of which the above share 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

- 130,000 share options granted to Mr. David Alec Andrew Fleming on September 1, 2011 were to vest according to the above schedule. An amendment to the option agreement approved on November 6, 2014 changed the vesting date of the last quarter of these share options (the unvested portion) to July 1, 2017, the completion date of the consultant agreement that was effective on July 1, 2015.
- Among the 4,000,000 share options granted to Dr. Wong Ying Wai on November 2, 2015, 266,666 options vested on November 2, 2016, 533,334 options will vest on November 2, 2017, 800,000 options will vest on November 2, 2018, 800,000 options will vest on November 2, 2019 and 1,600,000 options will vest on September 30, 2020.

### 3. CORPORATE GOVERNANCE

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, 2017, measured as at the date of grant, was approximately US\$0.71.

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 share 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, 2017:

Weighted average volatility	37.0%
Expected term (in years)	4.4
Risk-free rate	1.4%
Expected dividends	6.6%

#### Restricted Share Units

As at June 30, 2017, 3,090,000 restricted share units had been granted under the Equity Award Plan, of which 350,048 restricted share units had lapsed. As a result of the Company cash-settling and planning to cash-settle certain future unvested restricted share units on their vesting dates, 1,887,952 unvested restricted share units were modified from equity-settled to cash-settled as at June 30, 2017. Of this amount, 1,652,316 restricted share units vested and were cash-settled on a pro-rata basis in accordance with their terms.

Save as disclosed herein, no options, restricted share units or any other share-based awards were granted under the Equity Award Plan or any equity award plan of the Group as at June 30, 2017 and no options, restricted share units or any other share-based awards were cancelled during the period.

#### 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, 2017.

## 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 31 to 56, which comprise the consolidated balance sheet as at June 30, 2017 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 11, 2017



## 4.2 CONSOLIDATED INCOME STATEMENT

		<b>Six months ended June 30,</b>	
		<b>2017</b>	2016
		US\$ in millions, except per share data	
	Note	<b>(Unaudited)</b>	
<b>Net revenues</b>	5	<b>3,698</b>	3,094
Gaming tax		<b>(1,400)</b>	(1,193)
Employee benefit expenses		<b>(605)</b>	(550)
Depreciation and amortization		<b>(385)</b>	(278)
Gaming promoter/agency commissions		<b>(68)</b>	(61)
Inventories consumed		<b>(46)</b>	(37)
Other expenses and losses	6	<b>(434)</b>	(373)
<b>Operating profit</b>		<b>760</b>	602
Interest income		<b>3</b>	2
Interest expense, net of amounts capitalized	7	<b>(73)</b>	(32)
<b>Profit before income tax</b>		<b>690</b>	572
Income tax expense	8	<b>(12)</b>	(21)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>678</b>	551
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
— Basic	9	<b>US8.39 cents</b>	US6.82 cents
— Diluted	9	<b>US8.39 cents</b>	US6.82 cents

The notes on pages 37 to 56 form an integral part of these condensed consolidated financial statements.

## 4.2 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
<b>Profit for the period attributable to equity holders of the Company</b>	<b>678</b>	551
<b>Other comprehensive loss, net of tax</b>		
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Currency translation differences	<b>(22)</b>	(4)
<b>Total comprehensive income for the period attributable to equity holders of the Company</b>	<b>656</b>	547

The notes on pages 37 to 56 form an integral part of these condensed consolidated financial statements.

## 4.2 CONSOLIDATED BALANCE SHEET

	Note	June 30, 2017 US\$ in millions (Unaudited)	December 31, 2016 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties, net		1,297	1,322
Property and equipment, net	11	7,809	8,111
Intangible assets, net		35	35
Other assets, net		35	36
Trade and other receivables and prepayments, net		21	19
<b>Total non-current assets</b>		<b>9,197</b>	9,523
<b>Current assets</b>			
Inventories		15	14
Trade and other receivables and prepayments, net	12	260	352
Restricted cash and cash equivalents		10	10
Cash and cash equivalents		781	1,284
<b>Total current assets</b>		<b>1,066</b>	1,660
<b>Total assets</b>		<b>10,263</b>	11,183

The notes on pages 37 to 56 form an integral part of these condensed consolidated financial statements.

## 4.2 CONSOLIDATED BALANCE SHEET

	Note	June 30, 2017 (Unaudited)	December 31, 2016 (Audited)
US\$ in millions			
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	13	81	81
Reserves		3,526	4,926
<b>Total equity</b>		<b>3,607</b>	5,007
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Trade and other payables	14	133	127
Borrowings	15	4,865	4,348
Deferred income tax liabilities		56	47
<b>Total non-current liabilities</b>		<b>5,054</b>	4,522
<b>Current liabilities</b>			
Trade and other payables	14	1,560	1,622
Current income tax liabilities		3	6
Borrowings	15	39	26
<b>Total current liabilities</b>		<b>1,602</b>	1,654
<b>Total liabilities</b>		<b>6,656</b>	6,176
<b>Total equity and liabilities</b>		<b>10,263</b>	11,183
<b>Net current (liabilities)/assets</b>		<b>(536)</b>	6
<b>Total assets less current liabilities</b>		<b>8,661</b>	9,529

Approved by the Board of Directors on August 11, 2017 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

The notes on pages 37 to 56 form an integral part of these condensed consolidated financial statements.



## 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)							
<b>For the six months ended June 30, 2016</b>								
<b>Balance at January 1, 2016</b>	81	87	1,403	6	82	9	4,171	5,839
Profit for the period	—	—	—	—	—	—	551	551
Other comprehensive loss for the period, net of tax	—	—	—	—	—	(4)	—	(4)
Total comprehensive income	—	—	—	—	—	(4)	551	547
Exercise of share options	—	—	2	—	—	—	—	2
Conversion of equity awards to liability awards	—	—	—	—	(2)	—	—	(2)
Transfer to share premium upon exercise of share options	—	—	1	—	(1)	—	—	—
Forfeiture of share options	—	—	—	—	(2)	—	2	—
Share-based compensation of the Company	—	—	—	—	8	—	—	8
Share-based compensation charged by LVS	—	—	—	—	1	—	—	1
Dividends to equity holders of the Company (Note 10)	—	—	—	—	—	—	(2,071)	(2,071)
<b>Balance at June 30, 2016</b>	81	87	1,406	6	86	5	2,653	4,324
<b>For the six months ended June 30, 2017</b>								
<b>Balance at January 1, 2017</b>	<b>81</b>	<b>87</b>	<b>1,411</b>	<b>6</b>	<b>89</b>	<b>6</b>	<b>3,327</b>	<b>5,007</b>
Profit for the period	—	—	—	—	—	—	678	678
Other comprehensive loss for the period, net of tax	—	—	—	—	—	(22)	—	(22)
Total comprehensive income	—	—	—	—	—	(22)	678	656
Exercise of share options	—	—	6	—	—	—	—	6
Transfer to share premium upon exercise of share options	—	—	2	—	(2)	—	—	—
Forfeiture of share options	—	—	—	—	(2)	—	2	—
Share-based compensation of the Company	—	—	—	—	7	—	—	7
Dividends to equity holders of the Company (Note 10)	—	—	—	—	—	—	(2,069)	(2,069)
<b>Balance at June 30, 2017</b>	<b>81</b>	<b>87</b>	<b>1,419</b>	<b>6</b>	<b>92</b>	<b>(16)</b>	<b>1,938</b>	<b>3,607</b>

The notes on pages 37 to 56 form an integral part of these condensed consolidated financial statements.

## 4.2 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended June 30,	
	2017	2016
	US\$ in millions	
	(Unaudited)	
<b>Net cash generated from operating activities</b>	<b>1,304</b>	1,083
<b>Cash flows from investing activities</b>		
Increase in restricted cash and cash equivalents	—	(1)
Purchase of property and equipment	<b>(200)</b>	(505)
Additions to investment properties	<b>(18)</b>	(90)
Purchase of intangible assets	<b>(5)</b>	(6)
Interest received	<b>3</b>	2
Net cash used in investing activities	<b>(220)</b>	(600)
<b>Cash flows from financing activities</b>		
Proceeds from exercise of share options	<b>6</b>	2
Proceeds from bank loans	<b>650</b>	1,000
Repayments of bank loans	<b>(107)</b>	—
Dividends paid	<b>(2,067)</b>	(2,070)
Repayments of finance lease liabilities	<b>(4)</b>	(3)
Interest paid	<b>(62)</b>	(40)
Net cash used in financing activities	<b>(1,584)</b>	(1,111)
<b>Net decrease in cash and cash equivalents</b>	<b>(500)</b>	(628)
<b>Cash and cash equivalents at beginning of period</b>	<b>1,284</b>	1,283
Effect of exchange rate on cash and cash equivalents	<b>(3)</b>	1
<b>Cash and cash equivalents at end of period</b>	<b>781</b>	656
<b>Cash and cash equivalents comprised:</b>		
Cash at bank and on hand	<b>386</b>	303
Short-term bank deposits	<b>395</b>	353
	<b>781</b>	656

The notes on pages 37 to 56 form an integral part of these condensed consolidated financial statements.

## 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 holds 70.08% ownership interest in the Group, 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. 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. Our plan is The Plaza Macao will also feature an apart-hotel tower consisting of Four Seasons-serviced and -branded luxury apart-hotel units and common areas. 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 United States dollars ("US\$ in millions"), unless otherwise stated. In the prior year, the condensed consolidated financial statements were presented in thousands of US\$. The comparative information has been changed to be presented in millions of US\$ accordingly. The condensed consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on August 11, 2017.

These condensed consolidated financial statements have not been audited.

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements for the six months ended June 30, 2017 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, 2016, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

### 3. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial liabilities for cash-settled share-based payment transactions that are measured at fair value.

Except as described below, 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, 2017 are consistent with those adopted and as described in the Group’s annual financial statements for the year ended December 31, 2016.

During the period, there have been a number of new amendments to standards that have come into effect, which the Group has adopted at their respective effective dates. The adoption of these new amendments to standards had no material impact on the results of operations and financial position of the Group.

The 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 that were applied to the consolidated financial statements for the year ended December 31, 2016.

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, 2016. There have been no significant changes in any risk management policies since the year ended December 31, 2016.

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 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 (which opened in September 2016), The Plaza Macao, Sands Macao and ferry and other operations. The Group's primary projects under development are the remainder of Sands Cotai Central and the Four Seasons apart-hotel tower.

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, mall, hotel, 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.

The Group's segment information is as follows:

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
<b>Net revenues</b>		
The Venetian Macao	<b>1,431</b>	1,412
Sands Cotai Central	<b>906</b>	993
The Parisian Macao	<b>674</b>	—
The Plaza Macao	<b>280</b>	272
Sands Macao	<b>340</b>	355
Ferry and other operations	<b>83</b>	75
Inter-segment revenues <sup>(i)</sup>	<b>(16)</b>	(13)
	<b>3,698</b>	3,094

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



## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. SEGMENT INFORMATION (CONTINUED)

	Six months ended June 30,	
	2017	2016
	US\$ in millions	
	(Unaudited)	
<b>Adjusted EBITDA (Note)</b>		
The Venetian Macao	547	514
Sands Cotai Central	276	307
The Parisian Macao	188	—
The Plaza Macao	111	92
Sands Macao	93	79
Ferry and other operations	12	14
<b>Total adjusted EBITDA</b>	<b>1,227</b>	1,006
Share-based compensation, net of amount capitalized <sup>(i)</sup>	(7)	(9)
Corporate expense	(57)	(79)
Pre-opening expense	(6)	(40)
Depreciation and amortization	(385)	(278)
Net foreign exchange (losses)/gains	(7)	3
Loss on disposal of property and equipment, investment properties and intangible assets	(5)	(1)
<b>Operating profit</b>	<b>760</b>	602
Interest income	3	2
Interest expense, net of amounts capitalized	(73)	(32)
<b>Profit before income tax</b>	<b>690</b>	572
Income tax expense	(12)	(21)
<b>Profit for the period attributable to equity holders of the Company</b>	<b>678</b>	551

- (i) Amounts include share-based compensation of US\$1 million and nil during the six months ended June 30, 2017 (six months ended June 30, 2016: US\$1 million and US\$1 million) related to corporate expense and pre-opening expense, respectively.

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. SEGMENT INFORMATION (CONTINUED)

Note: Adjusted 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/(losses), impairment loss, gain/(loss) on disposal of property and equipment, investment properties and intangible assets, interest, gain/(loss) on modification or early retirement of debt and income tax benefit/(expense). Management utilizes adjusted 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 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 EBITDA calculations. Adjusted 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 EBITDA. Not all companies calculate adjusted EBITDA in the same manner. As a result, adjusted EBITDA as presented by the Group may not be directly comparable to similarly titled measures presented by other companies.

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
<b>Depreciation and amortization</b>		
The Venetian Macao	<b>85</b>	83
Sands Cotai Central	<b>139</b>	149
The Parisian Macao	<b>114</b>	—
The Plaza Macao	<b>20</b>	20
Sands Macao	<b>19</b>	19
Ferry and other operations	<b>8</b>	7
	<b>385</b>	278

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
<b>Capital expenditures</b>		
The Venetian Macao	<b>60</b>	24
Sands Cotai Central	<b>33</b>	65
The Parisian Macao	<b>111</b>	497
The Plaza Macao	<b>13</b>	6
Sands Macao	<b>3</b>	7
Ferry and other operations	<b>3</b>	2
	<b>223</b>	601

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 4. SEGMENT INFORMATION (CONTINUED)

	<b>June 30, 2017</b>	December 31, 2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
<b>Total assets</b>		
The Venetian Macao	<b>2,215</b>	2,659
Sands Cotai Central	<b>3,926</b>	4,229
The Parisian Macao	<b>2,596</b>	2,745
The Plaza Macao	<b>955</b>	992
Sands Macao	<b>277</b>	317
Ferry and other operations	<b>294</b>	241
	<b>10,263</b>	11,183

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

### 5. NET REVENUES

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
Casino	<b>3,111</b>	2,606
Mall		
— Income from right of use	<b>197</b>	166
— Management fee and other	<b>39</b>	27
Rooms	<b>142</b>	120
Food and beverage	<b>87</b>	72
Convention, ferry, retail and other	<b>122</b>	103
	<b>3,698</b>	3,094

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6. OTHER EXPENSES AND LOSSES

	Six months ended June 30,	
	2017	2016
	US\$ in millions (Unaudited)	
Utilities and operating supplies	98	76
Contract labor and services	68	54
Advertising and promotions	55	40
Royalty fees	51	35
Repairs and maintenance	39	28
Management fees	19	22
Operating lease expense	15	13
Net foreign exchange losses/(gains)	7	(3)
Loss on disposal of property and equipment, investment properties and intangible assets	5	1
Auditor's remuneration	1	1
(Recovery of)/provision for doubtful accounts, net	(1)	4
Other support services	56	47
Other operating expenses	21	55
	<b>434</b>	<b>373</b>

### 7. INTEREST EXPENSE, NET OF AMOUNTS CAPITALIZED

	Six months ended June 30,	
	2017	2016
	US\$ in millions (Unaudited)	
Bank borrowings	55	35
Amortization of deferred financing costs	11	10
Finance lease liabilities	3	3
Standby fee and other financing costs	5	5
	<b>74</b>	<b>53</b>
Less: interest capitalized	(1)	(21)
Interest expense, net of amounts capitalized	<b>73</b>	<b>32</b>

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 8. INCOME TAX EXPENSE

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	<b>3</b>	3
Deferred income tax	<b>9</b>	18
Income tax expense	<b>12</b>	21

The Company's subsidiaries that carry on business in Hong Kong are subject to Hong Kong profits tax at 16.5% for the six months ended June 30, 2017 (six months ended June 30, 2016: 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, 2016: same) and 25% for China (six months ended June 30, 2016: same).

Pursuant to the Despach 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. Regarding the other subsidiaries, during the six months ended June 30, 2017, Macao complementary tax is calculated progressively at a maximum of 12% of the estimated assessable profit (six months ended June 30, 2016: same).

VML entered into a Shareholder Dividend Tax Agreement with the Macao Government. The agreement provides 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 2013. In May 2014, VML entered into another Shareholder Dividend Tax Agreement with the Macao Government for an extension of the agreement through 2018 to correspond to the Macao complementary tax exemption on its gaming activities.



## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9. 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, 2017, the Company had outstanding share options and restricted share units that will potentially dilute the ordinary shares.

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

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	<b>(Unaudited)</b>	
Profit attributable to equity holders of the Company (US\$ in millions)	<b>678</b>	551
Weighted average number of shares for basic earnings per share (thousand shares)	<b>8,072,069</b>	8,069,638
Adjustments for share options and restricted share units (thousand shares)	<b>4,466</b>	1,093
Weighted average number of shares for diluted earnings per share (thousand shares)	<b>8,076,535</b>	8,070,731
Earnings per share, basic	<b>US8.39 cents</b>	US6.82 cents
Earnings per share, basic <sup>(i)</sup>	<b>HK65.49 cents</b>	HK52.91 cents
Earnings per share, diluted	<b>US8.39 cents</b>	US6.82 cents
Earnings per share, diluted <sup>(i)</sup>	<b>HK65.49 cents</b>	HK52.91 cents

(i) The translation of US\$ amounts into HK\$ amounts has been made at the rate of US\$1.00 to HK\$7.8057 (six months ended June 30, 2016: US\$1.00 to HK\$7.7584).

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. DIVIDENDS

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
2016 interim dividend of HK\$0.99 (equivalent to US\$0.128) per ordinary share declared on January 20, 2017 and paid	<b>1,030</b>	—
2016 final dividend of HK\$1.00 (equivalent to US\$0.129) per ordinary share declared on May 26, 2017 and paid	<b>1,039</b>	—
2015 interim dividend of HK\$0.99 (equivalent to US\$0.128) per ordinary share declared on January 22, 2016 and paid	—	1,031
2015 final dividend of HK\$1.00 (equivalent to US\$0.129) per ordinary share declared on May 27, 2016 and paid	—	1,040
	<b>2,069</b>	2,071

On January 20, 2017, the Board declared an interim dividend of HK\$0.99 (equivalent to US\$0.128) per share. The interim dividend, amounting in aggregate to HK\$7.99 billion (equivalent to US\$1.03 billion), was paid on February 24, 2017.

On May 26, 2017, the Shareholders approved a final dividend of HK\$1.00 (equivalent to US\$0.129) per share for the year ended December 31, 2016 to Shareholders whose names appeared on the register of members of the Company on June 5, 2017. The final dividend, amounting in aggregate to HK\$8.07 billion (equivalent to US\$1.04 billion), was paid on June 23, 2017.

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2017.

### 11. PROPERTY AND EQUIPMENT, NET

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
Balance, beginning of period	<b>8,111</b>	7,588
Additions	<b>109</b>	557
Adjustments to project costs	<b>(4)</b>	(5)
Disposals	<b>(5)</b>	(1)
Depreciation	<b>(356)</b>	(254)
Exchange difference	<b>(46)</b>	(7)
Balance, end of period	<b>7,809</b>	7,878

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 12. TRADE RECEIVABLES

The aging analysis of trade receivables, net of provision for doubtful accounts, is as follows:

	<b>June 30, 2017 (Unaudited)</b>	December 31, 2016 (Audited)
	US\$ in millions	
0–30 days	<b>126</b>	195
31–60 days	<b>23</b>	32
61–90 days	<b>14</b>	19
Over 90 days	<b>30</b>	51
	<b>193</b>	297

Trade receivables mainly consist of casino receivables. The Group extends credit to approved casino customers following background checks and investigations of creditworthiness. 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. The receivables from gaming promoters can be offset against the commissions payable and front money deposits made by the gaming promoters. Absent special approval, the credit period granted to selected premium and mass market players is typically 7–15 days, while for gaming promoters, the receivables are 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.

As at June 30, 2017, included in trade receivables after provision for doubtful accounts are casino receivables of US\$147 million (as at December 31, 2016: US\$223 million). There is a concentration of credit risk related to net casino receivables as 50.4% (as at December 31, 2016: 44.2%) of the casino receivables as at June 30, 2017 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 that the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes that no significant credit risk is inherent in the Group's trade receivables not provided for as at June 30, 2017 and December 31, 2016.

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

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 13. SHARE CAPITAL

	Ordinary shares of US\$0.01 each	US\$ in millions
<b>Issued and fully paid:</b>		
At January 1, 2016 (audited)	8,069,300,845	81
Shares issued upon exercise of share options	833,550	—
At June 30, 2016 (unaudited)	8,070,134,395	81
At January 1, 2017 (audited)	8,071,130,245	81
Shares issued upon exercise of share options	1,731,946	—
At June 30, 2017 (unaudited)	<b>8,072,862,191</b>	<b>81</b>

### 14. TRADE AND OTHER PAYABLES

	Note	June 30, 2017 US\$ in millions (Unaudited)	December 31, 2016 (Audited)
Trade payables		28	35
Outstanding chips and other casino liabilities		581	560
Deposits		353	312
Other tax payables		234	246
Construction payables and accruals		170	268
Accrued employee benefit expenses		123	129
Interest payables		49	47
Payables to related companies — non-trade	17(b)	12	6
Other payables and accruals		143	146
		<b>1,693</b>	1,749
Less: non-current portion		<b>(133)</b>	(127)
Current portion		<b>1,560</b>	1,622

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 14. TRADE AND OTHER PAYABLES (CONTINUED)

The aging analysis of trade payables is as follows:

	<b>June 30, 2017</b>	December 31, 2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
0–30 days	22	25
31–60 days	3	5
61–90 days	2	3
Over 90 days	1	2
	<b>28</b>	35

### 15. BORROWINGS

	<b>June 30, 2017</b>	December 31, 2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
<b>Non-current portion</b>		
Bank loans, secured	4,879	4,368
Finance lease liabilities on leasehold interests in land, secured	65	69
Other finance lease liabilities, secured	4	5
	<b>4,948</b>	4,442
Less: deferred financing costs	<b>(83)</b>	(94)
	<b>4,865</b>	4,348
<b>Current portion</b>		
Bank loans, secured	34	20
Finance lease liabilities on leasehold interests in land, secured	3	3
Other finance lease liabilities, secured	2	3
	<b>39</b>	26
<b>Total borrowings</b>	<b>4,904</b>	4,374



## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. BORROWINGS (CONTINUED)

The Group's borrowings are denominated in the following currencies:

	<b>June 30, 2017</b>	December 31, 2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
HK\$	<b>2,096</b>	1,957
US\$	<b>1,945</b>	1,701
MOP	<b>863</b>	716
	<b>4,904</b>	4,374

The estimated fair value of the Group's bank loans as at June 30, 2017 was approximately US\$4.85 billion (as at December 31, 2016: US\$4.32 billion). The maturities of bank loans are as follows:

	<b>June 30, 2017</b>	December 31, 2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
Repayable within 1 year	<b>34</b>	20
Repayable between 1 and 2 years	<b>73</b>	47
Repayable between 2 and 5 years	<b>4,806</b>	2,056
Repayable after 5 years	<b>—</b>	2,265
	<b>4,913</b>	4,388

The movements of bank loans are analyzed as follows:

	<b>Six months ended June 30, 2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
Balance, beginning of period	<b>4,388</b>	3,389
Proceeds from bank loans	<b>650</b>	1,001
Repayments of bank loans	<b>(107)</b>	—
Exchange difference	<b>(18)</b>	(2)
Balance, end of period	<b>4,913</b>	4,388

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. BORROWINGS (CONTINUED)

During the six months ended June 30, 2017, the Group had net borrowings of US\$550 million under the 2016 VML Revolving Facility. As at June 30, 2017, the Group had US\$1.45 billion of available borrowing capacity under the 2016 VML Revolving Facility.

The movements of finance lease liabilities on leasehold interests in land are analyzed as follows:

	Six months ended June 30,	
	2017	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
Balance, beginning of period	72	75
True-up adjustment	(1)	(1)
Repayments	(3)	(2)
Balance, end of period	<b>68</b>	72

### 16. OPERATING LEASE ARRANGEMENTS, COMMITMENTS AND CONTINGENCIES

#### (a) Operating lease arrangements

##### (i) The Group as the lessee

The Group had future aggregate minimum lease payments under non-cancelable operating leases for property and equipment as follows:

	June 30,	December 31,
	2017	2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
No later than 1 year	4	2
Later than 1 year and no later than 5 years	3	—
	<b>7</b>	2

##### (ii) The Group as the lessor/grantor of the right of use

The future aggregate minimum lease/base fee receivables under non-cancelable agreements are as follows:

	June 30,	December 31,
	2017	2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
No later than 1 year	348	360
Later than 1 year and no later than 5 years	755	815
Later than 5 years	98	146
	<b>1,201</b>	1,321

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 16. OPERATING LEASE ARRANGEMENTS, COMMITMENTS AND CONTINGENCIES (CONTINUED)

#### (b) Capital commitments

Property and equipment commitments not provided for are as follows:

	<b>June 30, 2017</b>	December 31, 2016
	US\$ in millions	
	<b>(Unaudited)</b>	(Audited)
Contracted but not provided for	<b>236</b>	265

#### (c) 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.

### 17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the condensed consolidated financial statements, the Group had the following significant transactions with related parties during the period:

#### (a) Transactions during the period

##### (i) Management fee income

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
LVS	<b>1</b>	1
Intermediate holding companies	<b>1</b>	—
Fellow subsidiaries	<b>1</b>	2
	<b>3</b>	3

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, allowing a margin of 5%.

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Transactions during the period (continued)

##### (ii) Management fee expense

	<b>Six months ended June 30,</b>	
	<b>2017</b>	2016
	US\$ in millions	
	<b>(Unaudited)</b>	
LVS	<b>6</b>	7
Fellow subsidiaries	<b>3</b>	6
	<b>9</b>	13

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, 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, allowing a margin of 5%.

##### (iii) Key management personnel remuneration

During the six months ended June 30, 2017, 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, 2016: US\$3 million). In addition, two Directors in both periods presented received emoluments (inclusive of share-based compensation) from LVS for their services to the Group. The aggregate amount was US\$2 million (six months ended June 30, 2016: US\$2 million), of which US\$2 million (six months ended June 30, 2016: US\$2 million) was charged to the Group in respect of the management and administrative services provided by LVS to the Group for the six months ended June 30, 2017.

Save as disclosed above, no transactions have been entered into with the Directors of the Company during the six months ended June 30, 2017.

##### (iv) Royalty fees

There has been no change in the terms of the royalty agreement that was 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, 2017, the Group incurred US\$48 million (six months ended June 30, 2016: US\$33 million) of royalty fees under this agreement.

##### (v) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 18(c) and (d)).

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 17. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Note	June 30, 2017 US\$ in millions (Unaudited)	December 31, 2016 (Audited)
Payables to related companies:			
LVS		3	4
Intermediate holding companies		9	2
	14	12	6

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

### 18. 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 Equity Award Plan operated by the Company are as follows:

	Six months ended June 30,			
	2017	2016	2017	2016
	Number of options '000	Weighted average exercise price US\$ (Unaudited)	Number of options '000	Weighted average exercise price US\$
Outstanding at January 1	38,185	4.48	25,474	5.17
Granted	16,475	4.20	17,746	3.53
Exercised	(1,732)	3.58	(833)	2.37
Forfeited	(2,522)	5.17	(1,435)	5.93
Outstanding at June 30	50,406	4.38	40,952	4.49
Exercisable at June 30	15,532	4.97	11,336	5.06

#### (b) Restricted share units of the Company

The grant date fair value of restricted share units is the share price of the ordinary shares of the Company at the respective grant date. The number of unvested equity-settled restricted share units represents the number of ordinary shares of the Company to be given to the employees upon vesting.

## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. SHARE-BASED COMPENSATION (CONTINUED)

#### (b) Restricted share units of the Company (continued)

Summaries of the unvested restricted share units under the Company's Equity Award Plan are presented below:

	Six months ended June 30,			
	2017		2016	
	Number of restricted share units '000	Weighted average grant date fair value US\$	Number of restricted share units '000	Weighted average grant date fair value US\$
	(Unaudited)			
<b>Equity-settled</b>				
Granted	—	—	—	—
Unvested at January 1	852	7.51	1,402	7.29
Modified to cash-settled	—	—	(284)	7.13
Forfeited	—	—	(266)	6.76
Unvested at June 30	852	7.51	852	7.51

	Six months ended June 30,			
	2017		2016	
	Number of restricted share units '000	Weighted average grant date fair value US\$	Number of restricted share units '000	Weighted average grant date fair value US\$
	(Unaudited)			
<b>Cash-settled</b>				
Unvested at January 1	236	7.13	798	5.89
Modified from equity-settled	—	—	284	7.13
Vested	—	—	(350)	6.96
Unvested at June 30	236	7.13	732	5.86

As a result of the Company cash-settling and planning to cash-settle certain future unvested restricted share units on their vesting dates, 284,103 outstanding restricted share units under the Equity Award Plan were modified from equity awards to cash-settled liability awards during the six months ended June 30, 2016. The modification affected one employee and resulted in no additional compensation expense. The fair value of these awards is remeasured each reporting period until the vesting dates. Upon settlement, the Group will pay the grantees an amount in cash calculated based on the higher of (i) the closing price of the Company's shares on the vesting date, and (ii) the average closing price of the Company's shares for the five trading days immediately preceding the vesting date. If the vesting date is not a trading day, the trading day immediately preceding the vesting date shall be considered as the vesting date. There is no outstanding restricted share unit modified from equity awards to cash-settled liability awards during the six months ended June 30, 2017. During the six months ended June 30, 2017, the Company paid US\$2 million (six months ended June 30, 2016: US\$1 million) to settle vested restricted share units that were previously classified as equity awards. The accrued liability associated with these cash-settled restricted share units was US\$1 million as at June 30, 2017 (as at December 31, 2016: US\$3 million).



## 4.3 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 18. SHARE-BASED COMPENSATION (CONTINUED)

#### (c) 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,			
	2017		2016	
	Number of options '000	Weighted average exercise price US\$	Number of options '000	Weighted average exercise price US\$
	(Unaudited)			
Outstanding at January 1	357	71.20	547	70.33
Granted	—	—	—	—
Exercised	(8)	23.32	(3)	36.55
Expired	(121)	73.93	(40)	64.38
Outstanding at June 30	228	71.37	504	71.03
Exercisable at June 30	206	72.33	474	71.43

#### (d) Restricted shares and units of LVS

Movements in the number of unvested restricted shares and units and the respective weighted average grant date fair value attributable to the employees of the Group as grantees of the restricted shares and units granted by LVS are as follows:

	Six months ended June 30,			
	2017		2016	
	Number of restricted shares and units '000	Weighted average grant date fair value US\$	Number of restricted shares and units '000	Weighted average grant date fair value US\$
	(Unaudited)			
Unvested at January 1	35	64.78	46	62.73
Granted	—	—	—	—
Vested	—	—	(1)	54.99
Unvested at June 30	35	64.78	45	62.88

## 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  
Mr. Wang Sing\*

### 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  
Mr. Wang Sing\*

#### 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

#### Sands China Capital Expenditure 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 SHARE REGISTRAR

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

### PRINCIPAL BANKERS

Banco Nacional Ultramarino S.A.  
Avenida Almeida Ribeiro, 22  
Macao

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

### STOCK CODE

1928

\* Mr. Wang Sing was appointed by the Board as an Independent Non-Executive Director and a member of the Audit Committee with effect from July 14, 2017. For details, please refer to the announcement of the Company dated July 14, 2017.

## 6. CONTACT US

### INTERIM REPORT

This 2017 Interim Report is printed in English and Chinese languages and is available on our website at [www.sandschina.com](http://www.sandschina.com) and was posted to Shareholders.

Those Shareholders who received our 2017 Interim Report electronically and would like to receive a printed copy or vice versa may at any time change their means of receipt of the Company's corporate communications free of charge by reasonable notice in writing to the Company c/o the Hong Kong Share Registrar 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](mailto:sandschina.ecom@computershare.com.hk).

Those Shareholders who have chosen to receive this 2017 Interim Report by electronic means and who, for any reason, have difficulty in receiving or gaining access to this 2017 Interim Report, may also request to be sent a copy of this 2017 Interim Report in printed form free of charge by submitting a written request to the Company c/o the Hong Kong Share Registrar by post or by email.

### HONG KONG SHARE REGISTRAR

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## 7. GLOSSARY

<b>“adjusted EBITDA”</b>	adjusted 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 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 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 EBITDA calculations. Adjusted 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 EBITDA. Not all companies calculate adjusted EBITDA in the same manner. As a result, adjusted EBITDA as presented by the Group may not be directly comparable to similarly titled measures presented by other companies
<b>“ADR” or “average daily rate”</b>	the average daily rate per occupied room in a given time period, calculated as room revenue divided by the number of rooms sold
<b>“Board”</b>	the board of directors of the Company
<b>“cage”</b>	a secure room within a casino with a facility that allows patrons to exchange cash for chips required to participate in gaming activities, or to exchange chips for cash
<b>“CAGR”</b>	compound annual growth rate
<b>“Capex Committee”</b>	Sands China Capital Expenditure Committee of the Company
<b>“casino(s)”</b>	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
<b>“Chief Executive”</b>	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
<b>“China” or the “PRC”</b>	the People’s Republic of China excluding, for the purpose of this report only, Hong Kong, Macao and Taiwan, unless the context otherwise requires
<b>“chip(s)”</b>	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
<b>“Code”</b>	Corporate Governance Code contained in Appendix 14 of the Listing Rules

## 7. GLOSSARY

<b>“Company”, “our”, “we”, “us”, or “Sands China”</b>	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
<b>“Company Code”</b>	the Company’s own securities trading code for securities transactions by the Directors and relevant employees
<b>“Concessionaire(s)”</b>	the holder(s) of a concession for the operation of casino games in the MSAR. As at the Latest Practicable Date, the Concessionaires were Galaxy, SJM and Wynn Resorts Macau
<b>“Controlling Shareholder(s)”</b>	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
<b>“Cotai”</b>	the name given to the land reclamation area in the MSAR between the islands of Coloane and Taipa
<b>“Cotai Strip”</b>	integrated resort projects on Cotai being developed by us and inspired by the Las Vegas Strip in Las Vegas, Nevada, U.S.A. LVS has registered the Cotai Strip trademark in Hong Kong and Macao
<b>“Deloitte”</b>	Deloitte Touche Tohmatsu
<b>“DICJ”</b>	Gaming Inspection and Coordination Bureau (“ <i>Direcção de Inspeção e Coordenação de Jogos</i> ”) under the Secretary for Economy and Finance of the MSAR
<b>“Director(s)”</b>	member(s) of the board of directors of the Company
<b>“DSEC”</b>	the Statistics and Census Service of the MSAR
<b>“EBITDA”</b>	earnings before interest, taxes, depreciation and amortization
<b>“Equity Award Plan”</b>	the Equity Award Plan conditionally adopted by our Company on November 8, 2009 and amended on February 19, 2016
<b>“Exchange Rate”</b>	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, 2017, for the purposes of illustration only, in this report at: US\$1.00: HK\$7.8057 US\$1.00: MOP8.0399 HK\$1.00: MOP1.03
<b>“Four Seasons Hotel”</b>	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

## 7. GLOSSARY

<b>“Galaxy”</b>	Galaxy Casino S.A. (also known as Galaxy Casino Company Limited), a company incorporated under the laws of Macao and one of the three Concessionaires
<b>“gaming area(s)”</b>	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
<b>“gaming promoter(s)”</b>	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
<b>“GDP”</b>	gross domestic product
<b>“Global Offering”</b>	the offer of Shares in the Company by subscription for cash at HK\$10.38 on November 30, 2009 on and subject to the terms outlined in the Prospectus
<b>“Group”</b>	our Company and its subsidiaries from time to time
<b>“HIBOR”</b>	the Hong Kong Interbank Offered Rate
<b>“HK\$” or “HK dollars”</b>	Hong Kong dollars, the lawful currency of Hong Kong
<b>“Hong Kong” or “HKSAR”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“IFRS”</b>	International Financial Reporting Standards
<b>“integrated resort(s)”</b>	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
<b>“Latest Practicable Date”</b>	August 11, 2017
<b>“LIBOR”</b>	London Interbank Offered Rate
<b>“Listing”</b>	the listing of the Shares on the Main Board on November 30, 2009
<b>“Listing Date”</b>	November 30, 2009, the date on which dealings in the Shares first commenced on the Main Board
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
<b>“LVS”</b>	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
<b>“LVS Group”</b>	LVS and its subsidiaries (excluding our Group)



## 7. GLOSSARY

<b>“Macao” or “Macau” or “MSAR”</b>	the Macao Special Administrative Region of the PRC
<b>“Macao Government”</b>	the local government of the MSAR, established on December 20, 1999 and the local administration before this date
<b>“Main Board”</b>	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent of and operated in parallel with the Growth Enterprise Market of the Stock Exchange
<b>“mass market player(s)”</b>	Non-Rolling Chip and slot players
<b>“Melco Crown”</b>	Melco Crown (Macao), S.A., a company incorporated under the laws of Macao and one of the three Subconcessionaires
<b>“MGM Grand Paradise”</b>	MGM Grand Paradise, S.A. (also known as MGM Grand Paradise Limited), a company incorporated under the laws of Macao and one of the three Subconcessionaires
<b>“MICE”</b>	Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or corporate meeting
<b>“Model Code”</b>	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
<b>“MOP” or “pataca(s)”</b>	Macao pataca, the lawful currency of Macao
<b>“Parcel 1”</b>	a land parcel on Cotai totaling 290,562 square meters described under Registration No. 23225 by the Macao Property Registry, on which The Venetian Macao has been constructed
<b>“Parcel 2”</b>	a land parcel on Cotai totaling 53,303 square meters described under Registration No. 23223 by the Macao Property Registry, on which The Plaza Macao has been constructed
<b>“Parcel 3”</b>	a land parcel on Cotai totaling 61,681 square meters described under Registration No. 23224 by the Macao Property Registry, on which The Parisian Macao has been constructed
<b>“Parcels 5 and 6”</b>	land parcels on Cotai totaling 150,134 square meters, including 44,576 square meters designated as a tropical garden, described under Registration No. 23288 by the Macao Property Registry, on which Sands Cotai Central has been constructed
<b>“premium player(s)”</b>	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
<b>“Prospectus”</b>	our Listing prospectus dated November 16, 2009, which is available from our website at <a href="http://www.sandschina.com">www.sandschina.com</a>
<b>“Reporting Period”</b>	January 1, 2017 to June 30, 2017

## 7. GLOSSARY

<b>“RMB” or “Renminbi”</b>	Renminbi, the lawful currency of China
<b>“Rolling Chip play”</b>	play by VIP and premium players (excludes Paiza cash players) using non-negotiable chips
<b>“Rolling Chip volume”</b>	casino revenue measurement, measured as the sum of all non-negotiable chips wagered and lost by VIP and premium players (excludes Paiza cash players)
<b>“Sands Cotai Central”</b>	Our integrated resort development on Parcels 5 and 6. On April 11, 2012, the first hotel tower on parcel 5 opened and features 654 rooms and suites under the Conrad hotel brand and 1,224 rooms and suites under the Holiday Inn hotel brand. The Group also opened significant gaming, MICE, retail space and other integrated resort amenities, all of which are operated by the Group. On September 20, 2012, the first hotel tower on parcel 6 opened and features 1,796 Sheraton-branded hotel rooms and suites, along with additional gaming area, retail, entertainment, dining and MICE facilities, which are operated by the Group. On January 28, 2013, the second hotel tower on parcel 6 opened and features 2,067 additional Sheraton-branded hotel rooms and suites. The Group further expanded Sheraton towers featuring an extra 105 rooms and suites in November 2015. On December 18, 2015, the second hotel tower on parcel 5 opened and features 400 St. Regis-branded hotel rooms and suites, and dining and meeting facilities
<b>“Sands Macao”</b>	the Sands Macao, which includes gaming areas, a hotel tower, restaurants and a theater
<b>“Sands Resorts Cotai Strip Macao”</b>	the name given to our integrated resorts on Cotai
<b>“SFO”</b>	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
<b>“Share(s)”</b>	ordinary shares in our Company with a nominal value of US\$0.01 each
<b>“Shareholder(s)”</b>	holder(s) of Share(s)
<b>“SJM”</b>	Sociedade de Jogos de Macau, S.A., a company incorporated under the laws of Macao and one of the three Concessionaires
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Subconcession” or “Subconcession Contract”</b>	the tripartite Subconcession Contract for the operation of casino games dated December 26, 2002 among Galaxy, the Macao Government and VML
<b>“Subconcessionaire(s)”</b>	the holder(s) of a subconcession for the operation of casino games in the MSAR. As at the Latest Practicable Date, the Subconcessionaires were VML (one of our subsidiaries), Melco Crown and MGM Grand Paradise
<b>“table games”</b>	typical casino games, including card games such as baccarat, blackjack and hi-lo (also known as “ <i>sic bo</i> ”) as well as craps and roulette

## 7. GLOSSARY

<b>“The Parisian Macao”</b>	an integrated resort that includes a gaming area, hotel, a shopping mall and other integrated resort amenities
<b>“The Plaza Macao”</b>	an integrated resort which includes (i) the Four Seasons Hotel; (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) a luxury apart-hotel tower, which is anticipated to be branded and serviced by Four Seasons; except where the context indicates otherwise
<b>“The Venetian Macao”</b>	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
<b>“United States”, “U.S.” or “U.S.A.”</b>	the United States of America, including its territories and possessions and all areas subject to its jurisdiction
<b>“US\$” or “U.S. dollars”</b>	United States dollars, the lawful currency of the United States
<b>“VIP player(s)”</b>	Rolling Chip players who play almost exclusively in dedicated VIP rooms or designated casino or gaming areas and are sourced from gaming promoters
<b>“VIP room(s)”</b>	rooms or designated areas within a casino or gaming area where VIP players and premium players gamble
<b>“visit(s)” or “visitation(s)”</b>	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
<b>“VML”</b>	our subsidiary, Venetian Macau, S.A. (also known as Venetian Macau Limited), a public company limited by shares (“ <i>sociedade anónima</i> ”) incorporated on June 21, 2002 under the laws of Macao, one of the three Subconcessionaires and the holder of the Subconcession
<b>“VOL”</b>	Venetian Orient Limited, a wholly owned subsidiary of the Company and owner and developer of Sands Cotai Central
<b>“VVDIL”</b>	our subsidiary, Venetian Venture Development Intermediate Limited, a company incorporated in the Cayman Islands on June 21, 2002 as an exempted company with limited liability
<b>“VVDI (II)”</b>	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
<b>“Wynn Resorts Macau”</b>	Wynn Resorts (Macao) S.A., a company incorporated under the laws of Macao and one of the three Concessionaires