

Supplemental Listing Document

If you are in any doubt as to any aspect of this document, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, accountant or other professional adviser.

Application has been made to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for permission to deal in and for quotation of the Certificates (as defined below). The SGX-ST takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of SG Issuer, Société Générale, the Certificates, or the Company (as defined below).

**20,000,000 European Style Cash Settled Long Certificates relating to
the ordinary shares of Sands China Ltd.
with a Daily Leverage of 5x**

issued by

SG Issuer

(Incorporated in Luxembourg with limited liability)

unconditionally and irrevocably guaranteed by

Société Générale

Issue Price: S\$0.50 per Certificate

This document is published for the purpose of obtaining a listing of all the above certificates (the “**Certificates**”) to be issued by SG Issuer (the “**Issuer**”) unconditionally and irrevocably guaranteed by Société Générale (the “**Guarantor**”), and is supplemental to and should be read in conjunction with a base listing document dated 16 June 2023 including such further base listing documents as may be issued from time to time (the “**Base Listing Document**”) for the purpose of giving information with regard to the Issuer, the Guarantor and the Certificates. Information relating to the Company (as defined below) is contained in this document.

This document does not constitute or form part of any offer, or invitation, to subscribe for or to sell, or solicitation of any offer to subscribe for or to purchase, Certificates or other securities of the Issuer, nor is it calculated to invite, nor does it permit the making of, offers by the public to subscribe for or purchase for cash or other consideration the Certificates or other securities of the Issuer.

Restrictions have been imposed on offers and sales of the Certificates and on distributions of documents relating thereto in Singapore, Hong Kong, the European Economic Area, the United Kingdom and the United States (see “Placing and Sale” contained herein).

The Certificates are complex products. You should exercise caution in relation to them. Investors are warned that the price of the Certificates may fall in value as rapidly as it may rise and

holders may sustain a total loss of their investment. The price of the Certificates also depends on the supply and demand for the Certificates in the market and the price at which the Certificates is trading at any time may differ from the underlying valuation of the Certificates because of market inefficiencies. It is not possible to predict the secondary market for the Certificates. Although the Issuer, the Guarantor and/or any of their affiliates may from time to time purchase the Certificates or sell additional Certificates on the market, the Issuer, the Guarantor and/or any of their affiliates are not obliged to do so. Investors should also note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock (as defined below) and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock.

The Certificates are classified as capital markets products other than prescribed capital markets products¹ and Specified Investment Products (SIPs)², and may only be sold to retail investors with enhanced safeguards, including an assessment of such investors' investment knowledge or experience.

The Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the guarantee dated 16 June 2023 (the "**Guarantee**") and entered into by the Guarantor constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person, and if you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person.

Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. It is expected that dealings in the Certificates will commence on or about 28 June 2023.

As of the date hereof, the Guarantor's long term credit rating by S&P Global Ratings is A, and by Moody's Investors Service, Inc. is A1.

The Issuer is regulated by the Luxembourg Commission de Surveillance du Secteur Financier on a consolidated basis and the Guarantor is regulated by, *inter alia*, the Autorité des Marchés Financiers, the Autorité de Contrôle Prudentiel et de Résolution and the European Central Bank.

27 June 2023

¹ As defined in the Securities and Futures (Capital Markets Products) Regulations 2018.

² As defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products.

Subject as set out below, the Issuer and the Guarantor accept full responsibility for the accuracy of the information contained in this document and the Base Listing Document in relation to themselves and the Certificates. To the best of the knowledge and belief of the Issuer and the Guarantor (each of which has taken all reasonable care to ensure that such is the case), the information contained in this document and the Base Listing Document for which they accept responsibility (subject as set out below in respect of the information contained herein with regard to the Company) is in accordance with the facts and does not omit anything likely to affect the import of such information. The information with regard to the Company as set out herein is extracted from publicly available information. The Issuer and the Guarantor accept responsibility only for the accurate reproduction of such information. No further or other responsibility or liability in respect of such information is accepted by the Issuer and the Guarantor.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or the Guarantor. Neither the delivery of this document nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of the Issuer, the Guarantor or their respective subsidiaries and associates since the date hereof.

This document does not constitute an offer or invitation by or on behalf of the Issuer or the Guarantor to purchase or subscribe for any of the Certificates. The distribution of this document and the offering of the Certificates may, in certain jurisdictions, be restricted by law. The Issuer and the Guarantor require persons into whose possession this document comes to inform themselves of and observe all such restrictions. In particular, the Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. A further description of certain restrictions on offering and sale of the Certificates and distribution of this document is given in the section headed “Placing and Sale” contained herein.

The SGX-ST has made no assessment of, nor taken any responsibility for, the financial soundness of the Issuer or the Guarantor or the merits of investing in the Certificates, nor have they verified the accuracy or the truthfulness of statements made or opinions expressed in this document.

The Issuer, the Guarantor and/or any of their affiliates may repurchase Certificates at any time on or after the date of issue and any Certificates so repurchased may be offered from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in

negotiated transactions, at the discretion of the Issuer, the Guarantor and/or any of their affiliates. Investors should not therefore make any assumption as to the number of Certificates in issue at any time.

References in this document to the “**Conditions**” shall mean references to the Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities contained in the Base Listing Document. Terms not defined herein shall have the meanings ascribed thereto in the Conditions.

Table of Contents

	<i>Page</i>
Risk Factors	6
Terms and Conditions of the Certificates	16
Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities	27
Summary of the Issue	42
Information relating to the European Style Cash Settled Long Certificates on Single Equities	44
Information relating to the Company	60
Information relating to the Designated Market Maker	61
Supplemental General Information	63
Placing and Sale	65
Appendix	

RISK FACTORS

The following are risk factors relating to the Certificates:

- (a) investment in Certificates involves substantial risks including market risk, liquidity risk, and the risk that the Issuer and/or the Guarantor will be unable to satisfy its/their obligations under the Certificates. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Certificates. You should consider carefully whether Certificates are suitable for you in light of your experience, objectives, financial position and other relevant circumstances. Certificates are not suitable for inexperienced investors;
- (b) the Certificates constitute general unsecured obligations of the Issuer (in the case of any substitution of the Issuer in accordance with the Conditions of the Certificates, the Substituted Obligor as defined in the Conditions of the Certificates) and of no other person, and the Guarantee constitutes direct unconditional unsecured senior preferred obligations of the Guarantor and of no other person. In particular, it should be noted that the Issuer issues a large number of financial instruments, including Certificates, on a global basis and, at any given time, the financial instruments outstanding may be substantial. If you purchase the Certificates, you are relying upon the creditworthiness of the Issuer and the Guarantor and have no rights under the Certificates against any other person;
- (c) since the Certificates relate to the price of the Underlying Stock, certain events relating to the Underlying Stock may cause adverse movements in the value and the price of the Underlying Stock, as a result of which, the Certificate Holders (as defined in the Conditions of the Certificates) may, in extreme circumstances, sustain a significant loss of their investment if the price of the Underlying Stock has fallen sharply;
- (d) due to their nature, the Certificates can be volatile instruments and may be subject to considerable fluctuations in value. The price of the Certificates may fall in value as rapidly as it may rise due to, including but not limited to, variations in the frequency and magnitude of the changes in the price of the Underlying Stock, the time remaining to expiry, the currency exchange rates and the creditworthiness of the Issuer and the Guarantor;
- (e) if, whilst any of the Certificates remain unexercised, trading in the Underlying Stock is suspended or halted on the relevant stock exchange, trading in the Certificates may be suspended for a similar period;
- (f) as indicated in the Conditions of the Certificates and herein, a Certificate Holder must tender a specified number of Certificates at any one time in order to exercise. Thus, Certificate Holders with fewer than the specified minimum number of Certificates in a particular series will either have to sell their Certificates or purchase additional Certificates, incurring transactions costs in each case, in order to realise their investment;
- (g) investors should note that in the event of there being a Market Disruption Event (as defined in the Conditions) determination or payment of the Cash Settlement Amount (as defined in the Conditions) may be delayed, all as more fully described in the Conditions;
- (h) certain events relating to the Underlying Stock require or, as the case may be, permit the Issuer to make certain adjustments or amendments to the Conditions. Investors may refer to the Conditions 4 and 6 on pages 32 to 37 and the examples and illustrations of adjustments set out in the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section of this document for more information;

- (i) the Certificates are only exercisable on the Expiry Date and may not be exercised by Certificate Holders prior to such Expiry Date. Accordingly, if on the Expiry Date the Cash Settlement Amount is zero, a Certificate Holder will lose the value of his investment;
- (j) the total return on an investment in any Certificate may be affected by the Hedging Fee Factor (as defined below), Management Fee (as defined below) and Gap Premium (as defined below);
- (k) investors holding their position overnight should note that they would be required to bear the annualised cost which consists of the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy (as described below) including the Funding Cost (as defined below) and Rebalancing Cost (as defined below);
- (l) investors should note that there may be an exchange rate risk relating to the Certificates where the Cash Settlement Amount is converted from a foreign currency into Singapore dollars.

Exchange rates between currencies are determined by forces of supply and demand in the foreign exchange markets. These forces are, in turn, affected by factors such as international balances of payments and other economic and financial conditions, government intervention in currency markets and currency trading speculation. Fluctuations in foreign exchange rates, foreign political and economic developments, and the imposition of exchange controls or other foreign governmental laws or restrictions applicable to such investments may affect the foreign currency market price and the exchange rate-adjusted equivalent price of the Certificates. Fluctuations in the exchange rate of any one currency may be offset by fluctuations in the exchange rate of other relevant currencies;

- (m) investors should note that there are leveraged risks because the Certificates integrate a leverage mechanism and the Certificates will amplify the movements in the increase, and in the decrease, of the value of the Underlying Stock and if the investment results in a loss, any such loss will be increased by the leverage factor of the Certificates. As such, investors could lose more than they would if they had invested directly in the Underlying Stock;
- (n) when held for longer than a day, the performance of the Certificates could be more or less than the leverage factor that is embedded within the Certificates. The performance of the Certificates each day is locked in, and any subsequent returns are based on what was achieved the previous day. This process, referred to as compounding, may lead to a performance difference from 5 times the performance of the Underlying Stock over a period longer than one day. This difference may be amplified in a volatile market with a sideways trend, where market movements are not clear in direction, whereby investors may sustain substantial losses;
- (o) the Air Bag Mechanism (as defined below) is triggered only when the Underlying Stock is calculated or traded, which may not be during the trading hours of the Relevant Stock Exchange for the Certificates (as defined below);
- (p) investors should note that the Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses;
- (q) there is no assurance that the Air Bag Mechanism will prevent investors from losing the entire value of their investment, in the event of (i) an overnight fall in the Underlying Stock, where there is a 20% or greater gap between the previous day closing price and the opening price of the Underlying Stock the following day, as the Air Bag Mechanism will only be triggered when market opens (including the pre-opening session) the following day or (ii) a sharp intraday fall

in the price of the Underlying Stock of 20% or greater within the 15 minutes Observation Period compared to the reference price, being: (1) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (2) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. Investors may refer to pages 53 to 54 of this document for more information;

- (r) In the case of extreme market conditions or where the Air Bag Mechanisms are triggered simultaneously, trading in the Certificates may be suspended for an extended period, which may be up to an additional 15 minutes, to facilitate the intra-day adjustment under the Air Bag Mechanism;
- (s) certain events may, pursuant to the terms and conditions of the Certificates, trigger (i) the implementation of methods of adjustment or (ii) the early termination of the Certificates. The Issuer will give the investors reasonable notice of any early termination. If the Issuer terminates the Certificates early, then the Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of the Certificate less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. The performance of this commitment shall depend on (i) general market conditions and (ii) the liquidity conditions of the underlying instrument(s) and, as the case may be, of any other hedging transactions. Investors should note that the amount repaid by the Issuer may be less than the amount initially invested. Investors may refer to the Condition 13 on pages 38 to 40 of this document for more information;
- (t) there is no assurance that an active trading market for the Certificates will sustain throughout the life of the Certificates, or if it does sustain, it may be due to market making on the part of the Designated Market Maker. The Issuer acting through its Designated Market Maker may be the only market participant buying and selling the Certificates. Therefore, the secondary market for the Certificates may be limited and you may not be able to realise the value of the Certificates. Do note that the bid-ask spread increases with illiquidity;
- (u) in the ordinary course of their business, including without limitation, in connection with the Issuer or its appointed designated market maker's market making activities, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may effect transactions for their own account or for the account of their customers and hold long or short positions in the Underlying Stock. In addition, in connection with the offering of any Certificates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into one or more hedging transactions with respect to the Underlying Stock. In connection with such hedging or market-making activities or with respect to proprietary or other trading activities by the Issuer, the Guarantor and any of their respective subsidiaries and affiliates, the Issuer, the Guarantor and any of their respective subsidiaries and affiliates may enter into transactions in the Underlying Stock which may affect the market price, liquidity or value of the Certificates and which may affect the interests of Certificate Holders;
- (v) various potential and actual conflicts of interest may arise from the overall activities of the Issuer, the Guarantor and/or any of their subsidiaries and affiliates.

The Issuer, the Guarantor and any of their subsidiaries and affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, hedging transactions and investment and other activities for their own account or the account of others. In addition, the Issuer, the Guarantor and any of their subsidiaries and affiliates, in connection with their other business activities, may possess or acquire material information about the

Underlying Stock. Such activities and information may involve or otherwise affect issuers of the Underlying Stock in a manner that may cause consequences adverse to the Certificate Holders or otherwise create conflicts of interests in connection with the issue of Certificates by the Issuer. Such actions and conflicts may include, without limitation, the exercise of voting power, the purchase and sale of securities, financial advisory relationships and exercise of creditor rights. The Issuer, the Guarantor and any of their subsidiaries and affiliates have no obligation to disclose such information about the Underlying Stock or such activities. The Issuer, the Guarantor and any of their subsidiaries and affiliates and their officers and directors may engage in any such activities without regard to the issue of Certificates by the Issuer or the effect that such activities may directly or indirectly have on any Certificate;

(w) legal considerations which may restrict the possibility of certain investments:

Some investors' investment activities are subject to specific laws and regulations or laws and regulations currently being considered by various authorities. All potential investors must consult their own legal advisers to check whether and to what extent (i) they can legally purchase the Certificates (ii) the Certificates can be used as collateral security for various forms of borrowing (iii) if other restrictions apply to the purchase of Certificates or their use as collateral security. Financial institutions must consult their legal advisers or regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules;

(x) the credit rating of the Guarantor is an assessment of its ability to pay obligations, including those on the Certificates. Consequently, actual or anticipated declines in the credit rating of the Guarantor may affect the market value of the Certificates;

(y) the Certificates are linked to the Underlying Stock and subject to the risk that the price of the Underlying Stock may decline. The following is a list of some of the significant risks associated with the Underlying Stock:

- Historical performance of the Underlying Stock does not give an indication of future performance of the Underlying Stock. It is impossible to predict whether the price of the Underlying Stock will fall or rise over the term of the Certificates; and
- The price of the Underlying Stock may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which the Underlying Stock may be traded;

(z) the value of the Certificates depends on the Leverage Strategy performance built in the Certificate. The Calculation Agent will make the Leverage Strategy last closing level and a calculation tool available to the investors on a website;

(aa) two or more risk factors may simultaneously have an effect on the value of a Certificate such that the effect of any individual risk factor may not be predicted. No assurance can be given as to the effect any combination of risk factors may have on the value of a Certificate;

(bb) as the Certificates are represented by a global warrant certificate which will be deposited with The Central Depository (Pte) Limited (“CDP”):

- (i) investors should note that no definitive certificate will be issued in relation to the Certificates;
- (ii) there will be no register of Certificate Holders and each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates by way of interest (to the extent of such number) in the global warrant

certificate in respect of those Certificates represented thereby shall be treated as the holder of such number of Certificates;

- (iii) investors will need to rely on any statements received from their brokers/custodians as evidence of their interest in the Certificates; and
- (iv) notices to such Certificate Holders will be published on the web-site of the SGX-ST. Investors will need to check the web-site of the SGX-ST regularly and/or rely on their brokers/custodians to obtain such notices;

- (cc) the reform of HIBOR may adversely affect the value of the Certificates

The Hong Kong Inter-bank Offered Rate (“**HIBOR**”) benchmark is referenced in the Leverage Strategy.

It is not possible to predict with certainty whether, and to what extent, HIBOR will continue to be supported going forwards. This may cause HIBOR to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Certificates.

In addition, the occurrence of a modification or cessation of HIBOR may cause adjustment of the Certificates which may include selecting one or more successor benchmarks and making related adjustments to the Certificates, including if applicable to reflect increased costs.

The Calculation Agent may make adjustments as it may determine appropriate if any of the following circumstances occurs or may occur: (1) HIBOR is materially changed or cancelled or (2)(i) the relevant authorisation, registration, recognition, endorsement, equivalence decision or approval in respect of the benchmark or the administrator or sponsor of the benchmark is not obtained, (ii) an application for authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register is rejected or (iii) any authorisation, registration, recognition, endorsement, equivalence decision or approval is suspended or inclusion in any official register is withdrawn.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any of the international or national reforms in making any investment decision with respect to any Certificate;

- (dd) the US Foreign Account Tax Compliance Act (“**FATCA**”) withholding risk:

FATCA generally imposes a 30 per cent. withholding tax on certain U.S.-source payments to certain non-US persons that do provide certification of their compliance with IRS rules to disclose the identity of their US owners and account holders (if any) or establish a basis for exemption for such disclosure. The Issuer or an investor’s broker or custodian may be subject to FATCA and, as a result, may be required to obtain certification from investors that they have complied with FATCA disclosure requirements or have established a basis for exemption from FATCA. If an investor does not provide the Issuer or the relevant broker or custodian with such certification, the Issuer and the Guarantor or other withholding agent could be required to withhold U.S. tax on U.S.-source income (if any) paid pursuant to the Certificates. In certain cases, the Issuer or the relevant broker or custodian could be required to close an account of an investor who does not comply with the FATCA certification procedures.

FATCA IS PARTICULARLY COMPLEX. EACH INVESTOR SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO DETERMINE HOW THIS LEGISLATION MIGHT AFFECT EACH INVESTOR IN ITS PARTICULAR CIRCUMSTANCES;

(ee) U.S. withholding tax

The Issuer has determined that this Certificate is not linked to U.S. Underlying Equities within the meaning of applicable regulations under Section 871(m) of the United States Internal Revenue Code, as discussed in the accompanying Base Listing Document under “TAXATION—TAXATION IN THE UNITED STATES OF AMERICA—Section 871(m) of the U.S. Internal Revenue Code of 1986.” Accordingly, the Issuer expects that Section 871(m) will not apply to the Certificates. Such determination is not binding on the IRS, and the IRS may disagree with this determination. Section 871(m) is complex and its application may depend on a Certificate Holder's particular circumstances. Certificate Holders should consult with their own tax advisers regarding the potential application of Section 871(m) to the Certificates; and

(ff) risk factors relating to the BRRD

French and Luxembourg law and European legislation regarding the resolution of financial institutions may require the write-down or conversion to equity of the Certificates or other resolution measures if the Issuer or the Guarantor is deemed to meet the conditions for resolution.

Directive 2014/59/EU of the European Parliament and of the Council of the European Union dated 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (the “**BRRD**”) entered into force on 2 July 2014. The BRRD, as amended, has been implemented into Luxembourg law by, among others, the Luxembourg act dated 18 December 2015 on the failure of credit institutions and certain investment firms, as amended (the “**BRR Act 2015**”). Under the BRR Act 2015, the competent authority is the Luxembourg financial sector supervisory authority (*Commission de surveillance du secteur financier*, the CSSF) and the resolution authority is the CSSF acting as resolution council (*conseil de résolution*).

In April 2023, the EU Commission released a proposal to amend, in particular, the BRRD according to which senior preferred debt instruments would no longer rank pari passu with any non covered non preferred deposits of the Issuer; instead, senior preferred debt instruments would rank junior in right of payment to the claims of all depositors.

This proposal will be discussed and amended by the European Parliament and the European Council before being final and applicable. If the Commission proposal was adopted as is, there may be an increased risk of an investor in senior preferred debt instruments losing all or some of their investment in the context of the exercise of the Bail-in Power. The proposal may also lead to a rating downgrade for senior preferred debt instruments.

Moreover, Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism (“**SRM**”) and a Single Resolution Framework (the “**SRM Regulation**”) has established a centralised power of resolution entrusted to a Single Resolution Board (the “**SRB**”) in cooperation with the national resolution authorities.

Since November 2014, the European Central Bank (“**ECB**”) has taken over the prudential supervision of significant credit institutions in the member states of the Eurozone under the

Single Supervisory Mechanism (“**SSM**”). In addition, the SRM has been put in place to ensure that the resolution of credit institutions and certain investment firms across the Eurozone is harmonised. As mentioned above, the SRM is managed by the SRB. Under Article 5(1) of the SRM Regulation, the SRM has been granted those responsibilities and powers granted to the EU Member States’ resolution authorities under the BRRD for those credit institutions and certain investment firms subject to direct supervision by the ECB. The ability of the SRB to exercise these powers came into force at the beginning of 2016.

Societe Generale has been, and continues to be, designated as a significant supervised entity for the purposes of Article 49(1) of Regulation (EU) No 468/2014 of the ECB of 16 April 2014 establishing the framework for cooperation within the SSM between the ECB and national competent authorities and with national designated authorities (the “**SSM Regulation**”) and is consequently subject to the direct supervision of the ECB in the context of the SSM. This means that Societe Generale and SG Issuer (being covered by the consolidated prudential supervision of Societe Generale) are also subject to the SRM which came into force in 2015. The SRM Regulation mirrors the BRRD and, to a large part, refers to the BRRD so that the SRB is able to apply the same powers that would otherwise be available to the relevant national resolution authority.

The stated aim of the BRRD and the SRM Regulation is to provide for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and certain investment firms. The regime provided for by the BRRD is, among other things, stated to be needed to provide the resolution authority designated by each EU Member State (the “**Resolution Authority**”) with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution’s critical financial and economic functions while minimising the impact of an institution’s failure on the economy and financial system (including taxpayers’ exposure to losses).

In accordance with the provisions of the SRM Regulation, when applicable, the SRB, has replaced the national resolution authorities designated under the BRRD with respect to all aspects relating to the decision-making process and the national resolution authorities designated under the BRRD continue to carry out activities relating to the implementation of resolution schemes adopted by the SRB. The provisions relating to the cooperation between the SRB and the national resolution authorities for the preparation of the institutions’ resolution plans have applied since 1 January 2015 and the SRM has been fully operational since 1 January 2016.

The SRB is the Resolution Authority for the Issuer and the Guarantor.

The powers provided to the Resolution Authority in the BRRD and the SRM Regulation include write-down/conversion powers to ensure that capital instruments (including subordinated debt instruments) and eligible liabilities (including senior debt instruments if junior instruments prove insufficient to absorb all losses) absorb losses of the issuing institution that is subject to resolution in accordance with a set order of priority (the “**Bail-in Power**”). The conditions for resolution under the SRM Regulation are deemed to be met when: (i) the Resolution Authority determines that the institution is failing or is likely to fail, (ii) there is no reasonable prospect that any measure other than a resolution measure would prevent the failure within a reasonable timeframe, and (iii) a resolution measure is necessary for the achievement of the resolution objectives (in particular, ensuring the continuity of critical functions, avoiding a significant adverse effect on the financial system, protecting public funds by minimizing reliance on extraordinary public financial support, and protecting client funds and assets) and winding up

of the institution under normal insolvency proceedings would not meet those resolution objectives to the same extent.

The Resolution Authority could also, independently of a resolution measure or in combination with a resolution measure, fully or partially write-down or convert capital instruments (including subordinated debt instruments) into equity when it determines that the institution or its group will no longer be viable unless such write-down or conversion power is exercised or when the institution requires extraordinary public financial support (except when extraordinary public financial support is provided in Article 10 of the SRM Regulation). The terms and conditions of the Certificates contain provisions giving effect to the Bail-in Power in the context of resolution and write-down or conversion of capital instruments at the point of non-viability.

The Bail-in Power could result in the full (i.e., to zero) or partial write-down or conversion of the Certificates into ordinary shares or other instruments of ownership, or the variation of the terms of the Certificates (for example, the maturity and/or interest payable may be altered and/or a temporary suspension of payments may be ordered). Extraordinary public financial support should only be used as a last resort after having assessed and applied, to the maximum extent practicable, the resolution measures. No support will be available until a minimum amount of contribution to loss absorption and recapitalization of 8% of total liabilities including own funds has been made by shareholders, holders of capital instruments and other eligible liabilities through write-down, conversion or otherwise.

In addition to the Bail-in Power, the BRRD provides the Resolution Authority with broader powers to implement other resolution measures with respect to institutions that meet the conditions for resolution, which may include (without limitation) the sale of the institution's business, the creation of a bridge institution, the separation of assets, the replacement or substitution of the institution as obligor in respect of debt instruments, modifications to the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), removing management, appointing an interim administrator, and discontinuing the listing and admission to trading of financial instruments.

Before taking a resolution measure, including implementing the Bail-in Power, or exercising the power to write down or convert relevant capital instruments, the Resolution Authority must ensure that a fair, prudent and realistic valuation of the assets and liabilities of the institution is carried out by a person independent from any public authority.

The BRRD, the BRR Act 2015 and the SRM Regulation however also state that, under exceptional circumstances, if the bail-in instrument is applied, the SRB, in cooperation with the CSSF, may completely or partially exclude certain liabilities from the application of the impairment or conversion powers under certain conditions.

Since 1 January 2016, EU credit institutions (such as Societe Generale) and certain investment firms have to meet, at all times, a minimum requirement for own funds and eligible liabilities ("**MREL**") pursuant to Article 12 of the SRM Regulation. The MREL, which is expressed as a percentage of the total liabilities and own funds of the institution, aims at preventing institutions from structuring their liabilities in a manner that impedes the effectiveness of the Bail-in Power in order to facilitate resolution.

The regime has evolved as a result of the changes adopted by the EU legislators. On 7 June 2019, as part of the contemplated amendments to the so-called "EU Banking Package", the following legislative texts were published in the Official Journal of the EU 14 May 2019:

- Directive (EU) 2019/879 of the European Parliament and of the Council of 20 May 2019 amending the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms (“**BRRD II**”); and
- Regulation (EU) 2019/877 of the European Parliament and of the Council of 20 May 2019 amending the SRM Regulation as regards the loss-absorbing and recapitalisation capacity (“**TLAC**”) of credit institutions and investment firms (the “**SRM II Regulation**” and, together with the BRRD II, the “**EU Banking Package Reforms**”).

The EU Banking Package Reforms introduced, among other things, the TLAC standard as implemented by the Financial Stability Board's TLAC Term Sheet (“**FSB TLAC Term Sheet**”), by adapting, among other things, the existing regime relating to the specific MREL with aim of reducing risks in the banking sector and further reinforcing institutions’ ability to withstand potential shocks will strengthen the banking union and reduce risks in the financial system.

The TLAC has been implemented in accordance with the FSB TLAC Term Sheet, which impose a level of “Minimum TLAC” that will be determined individually for each global systemically important bank (“**G-SIB**”), such as Societe Generale, in an amount at least equal to (i) 16%, plus applicable buffers, of risk weight assets since January 1, 2022 and 18%, plus applicable buffers, thereafter and (ii) 6% of the Basel III leverage ratio denominator since January 1, 2022 and 6.75% thereafter (each of which could be extended by additional firm-specific requirements).

Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “**CRR**”), as amended by Regulation (EU) 2019/876 as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements (the “**CRR II**”), EU G-SIBs, such as Societe Generale, have to comply with TLAC requirements, on top of the MREL requirements, since the entry into force of the CRR II. As such, G-SIBs, such as Societe Generale have to comply with both the TLAC and MREL requirements.

Consequently, the criteria for MREL-eligible liabilities have been closely aligned with the criteria for TLAC-eligible liabilities under CRR II, but subject to the complementary adjustments and requirements introduced in the BRRD II. In particular, certain debt instruments with an embedded derivative component, such as certain structured notes, will be eligible, subject to certain conditions, to meet MREL requirements to the extent that they have a fixed or increasing principal amount repayable at maturity that is known in advance with only an additional return permitted to be linked to that derivative component and dependent on the performance of a reference asset.

The level of capital and eligible liabilities required under MREL is set by the SRB for Societe Generale on an individual and/or consolidated basis based on certain criteria including systemic importance and may also be set for SG Issuer. Eligible liabilities may be senior or subordinated, provided, among other requirements, that they have a remaining term of at least one year and, they recognise contractually the Resolution Authority's power to write down or convert the liabilities governed by non-EU law.

The scope of liabilities used to meet MREL includes, in principle, all liabilities resulting from claims arising from ordinary unsecured creditors (non-subordinated liabilities) unless they do not meet specific eligibility criteria set out in BRRD, as amended by BRRD II. To enhance the resolvability of institutions and entities through an effective use of the bail-in tool, the SRB

should be able to require that MREL be met with own funds and other subordinated liabilities, in particular where there are clear indications that bailed-in creditors are likely to bear losses in resolution that would exceed the losses that they would incur under normal insolvency proceedings. Moreover the SRB should assess the need to require institutions and entities to meet the MREL with own funds and other subordinated liabilities where the amount of liabilities excluded from the application of the bail-in tool reaches a certain threshold within a class of liabilities that includes MREL-eligible liabilities. Any subordination of debt instruments requested by the SRB for the MREL shall be without prejudice to the possibility to partly meet the TLAC requirements with non-subordinated debt instruments in accordance with the CRR, as amended by the CRR II, as permitted by the TLAC standard. Specific requirements apply to resolution groups with assets above EUR 100 billion (top-tier banks, including Societe Generale).

TERMS AND CONDITIONS OF THE CERTIFICATES

The following are the terms and conditions of the Certificates and should be read in conjunction with, and are qualified by reference to, the other information set out in this document and the Base Listing Document.

The Conditions are set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document. For the purposes of the Conditions, the following terms shall have the following meanings:

Certificates:	20,000,000 European Style Cash Settled Long Certificates relating to the ordinary shares of Sands China Ltd. (the “ Underlying Stock ”)
ISIN:	LU2375057358
Company:	Sands China Ltd. (RIC: 1928.HK)
Underlying Price ³ and Source:	HK\$27.30 (Reuters)
Calculation Agent:	Société Générale
Strike Level:	Zero
Daily Leverage:	5x (within the Leverage Strategy as described below)
Notional Amount per Certificate:	SGD 0.50
Management Fee (p.a.) ⁴ :	0.40%
Gap Premium (p.a.) ⁵ :	8.00%, is a hedging cost against extreme market movements overnight.
Funding Cost ⁶ :	The annualised costs of funding, referencing a publicly published interbank offered rate plus spread.
Rebalancing Cost ⁶ :	The transaction costs (if applicable), computed as a function of leverage and daily performance of the Underlying Stock.
Launch Date:	21 June 2023
Closing Date:	27 June 2023
Expected Listing Date:	28 June 2023

³ These figures are calculated as at, and based on information available to the Issuer on or about 27 June 2023. The Issuer is not obliged, and undertakes no responsibility to any person, to update or inform any person of any changes to the figures after 27 June 2023.

⁴ Please note that the Management Fee is calculated on a 360-day basis and may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors. Any increase in the Management Fee will be announced on the SGXNET. Please refer to “Fees and Charges” below for further details of the fees and charges payable and the maximum of such fees as well as other ongoing expenses that may be borne by the Certificates.

⁵ Please note that the Gap Premium is calculated on a 360-day basis.

⁶ These costs are embedded within the Leverage Strategy.

Last Trading Date:	The date falling 5 Business Days immediately preceding the Expiry Date, currently being 19 June 2025
Expiry Date:	26 June 2025 (if the Expiry Date is not a Business Day, then the Expiry Date shall fall on the preceding Business Day and subject to adjustment of the Valuation Date upon the occurrence of Market Disruption Events as set out in the Conditions of the Certificates)
Board Lot:	100 Certificates
Valuation Date:	25 June 2025 or if such day is not an Exchange Business Day, the immediately preceding Exchange Business Day.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Cash Settlement Amount:	In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to: Closing Level multiplied by the Notional Amount per Certificate Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 44 to 59 of this document for examples and illustrations of the calculation of the Cash Settlement Amount.
Hedging Fee Factor:	In respect of each Certificate, shall be an amount calculated as: Product (for t from 2 to Valuation Date) of $(1 - \text{Management Fee} \times (\text{ACT}(t-1;t) \div 360)) \times (1 - \text{Gap Premium}(t-1)) \times (\text{ACT}(t-1;t) \div 360)$, where: “t” refers to “ Observation Date ” which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date; and

ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is “t-1”) (included) and the Observation Date (which is “t”) (excluded).

If the Issuer determines, in its sole discretion, that on any Observation Date a Market Disruption Event has occurred, then that Observation Date shall be postponed until the first succeeding Underlying Stock Business Day on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Underlying Stock Business Days immediately following the original date that, but for the Market Disruption Event, would have been an Observation Date. In that case, that fifth Underlying Stock Business Day shall be deemed to be the Observation Date notwithstanding the Market Disruption Event and the Issuer shall determine, its good faith estimate of the level of the Leverage Strategy and the value of the Certificate on that fifth Underlying Stock Business Day in accordance with the formula for and method of calculation last in effect prior to the occurrence of the first Market Disruption Event taking into account, inter alia, the exchange traded or quoted price of the Underlying Stock and the potential increased cost of hedging by the Issuer as a result of the occurrence of the Market Disruption Event.

An “**Underlying Stock Business Day**” is a day on which The Stock Exchange of Hong Kong Limited (the “**HKEX**”) is open for dealings in Hong Kong during its normal trading hours and banks are open for business in Hong Kong.

Please refer to the “Information relating to the European Style Cash Settled Long Certificates on Single Equities” section on pages 44 to 59 of this document for examples and illustrations of the calculation of the Hedging Fee Factor.

Closing Level: In respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

Initial Reference Level: 1,000

Final Reference Level: The closing level of the Leverage Strategy (as described below) on the Valuation Date

The calculation of the closing level of the Leverage Strategy is set out in the “Specific Definitions relating to the Leverage Strategy” section on pages 20 to 26 below.

Initial Exchange Rate³: 0.1723

Final Exchange Rate: The rate for the conversion of HKD to SGD as at 5:00pm (Singapore Time) on the Valuation Date as shown on Reuters, provided that if the Reuters service ceases to display such information, as determined by

the Issuer by reference to such source(s) as the Issuer may reasonably determine to be appropriate at such a time.

Air Bag Mechanism:

The “**Air Bag Mechanism**” refers to the mechanism built in the Leverage Strategy and which is designed to reduce the Leverage Strategy exposure to the Underlying Stock during extreme market conditions. If the Underlying Stock falls by 15% or more (“**Air Bag Trigger Price**”) during the trading day (which represents an approximately 75% loss after a 5 times leverage), the Air Bag Mechanism is triggered and the Leverage Strategy is adjusted intra-day. The Air Bag Mechanism reduces the impact on the Leverage Strategy if the Underlying Stock falls further, but will also maintain a reduced exposure to the Underlying Stock in the event the Underlying Stock starts to rise after the Air Bag Mechanism is triggered, thereby reducing its ability to recoup losses.

Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered.

The Leverage Strategy is floored at 0 and the Certificates cannot be valued below zero.

Please refer to the “Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)” section on pages 24 to 26 below and the “Description of Air Bag Mechanism” section on pages 50 to 52 of this document for further information of the Air Bag Mechanism.

Adjustments and Extraordinary Events:

The Issuer has the right to make adjustments to the terms of the Certificates if certain events, including any capitalisation issue, rights issue, extraordinary distributions, merger, delisting, insolvency (as more specifically set out in the terms and conditions of the Certificates) occur in respect of the Underlying Stock. For the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

Underlying Stock Currency:

Hong Kong Dollar (“**HKD**”)

Settlement Currency:

Singapore Dollar (“**SGD**”)

Exercise Expenses:

Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates.

Relevant Stock Exchange for the Certificates:

The Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)

Relevant Stock Exchange for the Underlying Stock:

HKEX

Business Day, Settlement Business Day and Exchange Business Day:

A “**Business Day**” or a “**Settlement Business Day**” is a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

An “**Exchange Business Day**” is a day on which the SGX-ST and the HKEX are open for dealings in Singapore and Hong Kong respectively during its normal trading hours and banks are open for business in Singapore and Hong Kong.

Warrant Agent:	The Central Depository (Pte) Limited (“ CDP ”)
Clearing System:	CDP
Fees and Charges:	<p>Normal transaction and brokerage fees shall apply to the trading of the Certificates on the SGX-ST. Investors should note that they may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred. Investors who are in any doubt as to their tax position should consult their own independent tax advisers. In addition, investors should be aware that tax regulations and their application by the relevant taxation authorities change from time to time. Accordingly, it is not possible to predict the precise tax treatment which will apply at any given time.</p> <p>Investors holding position overnight would also be required to bear the Management Fee and Gap Premium, which are calculated daily and applied to the value of the Certificates, as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost. The Management Fee may be increased up to a maximum of 3% p.a. on giving one month’s notice to investors in accordance with the terms and conditions of the Certificates. Any increase in the Management Fee will be announced on the SGXNET.</p>
Further Information:	Please refer to the website at dlc.socgen.com for more information on the theoretical closing price of the Certificates on the previous trading day, the closing price of the Underlying Stock on the previous trading day, the Air Bag Trigger Price for each trading day and the Management Fee and Gap Premium.

Specific Definitions relating to the Leverage Strategy

Description of the Leverage Strategy

The Leverage Strategy is designed to track a 5 times daily leveraged exposure to the Underlying Stock.

At the end of each trading day of the Underlying Stock, the exposure of the Leverage Strategy to the Underlying Stock is reset within the Leverage Strategy in order to retain a daily leverage of 5 times the performance of the Underlying Stock (excluding costs) regardless of the performance of the Underlying Stock on the preceding day. This mechanism is referred to as the Daily Reset.

The Leverage Strategy incorporates an air bag mechanism which is designed to reduce exposure to the Underlying Stock during extreme market conditions, as further described below.

Leverage Strategy Formula

LSL_t	<p>means, for any Observation Date(t), the Leverage Strategy Closing Level as of such day (t).</p> <p>Subject to the occurrence of an Intraday Restrike Event, the Leverage Strategy Closing Level as of such Observation Date(t) is calculated in accordance with the following formulae:</p> <p>On Observation Date(1):</p> $LSL_1 = 1000$ <p>On each subsequent Observation Date(t):</p> $LSL_t = \text{Max}[LSL_{t-1} \times (1 + LR_{t-1,t} - FC_{t-1,t} - RC_{t-1,t}), 0]$
LR_{t-1,t}	<p>means the Leveraged Return of the Underlying Stock between Observation Date(t-1) and Observation Date(t) closing prices, calculated as follows:</p> $LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right)$
FC_{t-1,t}	<p>means, the Funding Cost between Observation Date(t-1) (included) and Observation Date(t) (excluded) calculated as follows:</p> $FC_{t-1,t} = (\text{Leverage} - 1) \times \frac{\text{Rate}_{t-1} \times \text{ACT}(t - 1, t)}{\text{DayCountBasisRate}}$
RC_{t-1,t}	<p>means the Rebalancing Cost of the Leverage Strategy on Observation Date (t), calculated as follows:</p> $RC_{t-1,t} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right \right) \times \text{TC}$
TC	<p>means the Transaction Costs applicable (including Stamp Duty and any other applicable taxes, levies and costs which may be levied on the stock transactions on the Relevant Stock Exchange for the Underlying Stock by the applicable regulatory authorities from time to time) that are currently equal to:</p> <p>0.13%</p> <p>“Stamp Duty” refers to the applicable rate of stamp duty on the stock transactions in the jurisdiction of the Relevant Stock Exchange for the Underlying Stock, which may be changed by the applicable regulatory authorities from time to time.</p>
Leverage	5
S_t	<p>means, in respect of each Observation Date(t), the Closing Price of the Underlying Stock as of such Observation Date(t), subject to the adjustments and provisions of the Conditions.</p>

Rate_t means, in respect of each Observation Date(t), a rate calculated as of such day in accordance with the following formula:

$$\text{Rate}_t = \text{CashRate}_t + \% \text{SpreadLevel}_t$$

Rfactor_t means, in the event Observation Date (t) is an ex-dividend date of the Underlying Stock, an amount determined by the Calculation Agent, subject to the adjustments and provisions of the Conditions, according to the following formula:

$$Rfactor_t = 1 - \frac{Div_t}{S_{t-1}}$$

where

Div_t is the dividend to be paid out in respect of the Underlying Stock and the relevant ex-dividend date which shall be considered net of any applicable withholding taxes.

CashRate_t means, in respect of each Observation Date(t), the Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page, being the rate as of day (t), provided that if any of such rate is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

%SpreadLevel_t means, in respect of each Observation Date(t), a rate which shall be determined with respect to such Valuation Date(t) by the Calculation Agent as the difference between (1) the 12-month HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKD1YD= and (2) Overnight HKD Hong Kong Interbank Offered Rate (HIBOR) Fixing, as published on Reuters RIC H1HKDOND= or any successor page, each being the rate as of day (t), provided that if any of such rates is not available, then that rate shall be determined by reference to the latest available rate that was published on the relevant Reuters page. Upon the occurrence or likely occurrence, as determined by the Calculation Agent, of modification, the permanent or indefinite cancellation or cessation in the provision of HIBOR, or a regulator or other official sector entity prohibits the use of HIBOR, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.

Provided that if such difference is negative, **%SpreadLevel_t** should be 0%.

ACT(t-1,t)	ACT (t-1;t) means the number of calendar days between the Underlying Stock Business Day immediately preceding the Observation Date (which is "t-1") (included) and the Observation Date (which is "t") (excluded).
DayCountBasisRate	365
Benchmark Fallback	upon the occurrence or likely occurrence, as determined by the Calculation Agent, of a Reference Rate Event, the Calculation Agent may make adjustments as it may determine appropriate to account for the relevant event or circumstance, including but not limited to using any alternative rates from such date, with or without retroactive effect as the Calculation Agent may in its sole and absolute discretion determine.
Reference Rate Event	<p>means, in respect of the Reference Rate any of the following has occurred or will occur:</p> <ul style="list-style-type: none"> (i) a Reference Rate Cessation; (ii) an Administrator/Benchmark Event; or (iii) a Reference Rate is, with respect to over-the-counter derivatives transactions which reference such Reference Rate, the subject of any market-wide development formally agreed upon by the International Swaps and Derivative Association (ISDA) or the Asia Securities Industry & Financial Markets Association (ASIFMA), pursuant to which such Reference Rate is, on a specified date, replaced with a risk-free rate (or near risk-free rate) established in order to comply with the recommendations in the Financial Stability Board's paper titled "Reforming Major Interest Rate Benchmarks" dated 22 July 2014.
Reference Rate Cessation	<p>means, for a Reference Rate, the occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> (i) a public statement or publication of information by or on behalf of the administrator of the Reference Rate announcing that it has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Reference Rate, the central bank for the currency of the Reference Rate, an insolvency official with jurisdiction over the administrator for the Reference Rate, a resolution authority with jurisdiction over the administrator for the Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator for the Reference Rate, which states that the administrator of the Reference Rate has ceased or will cease to provide the Reference Rate permanently or indefinitely, provided that, at the time of the statement or publication, there is no successor administrator that will continue to provide the Reference Rate; or (iii) in respect of a Reference Rate, a public statement or publication of information by the regulatory supervisor for the administrator of such Reference Rate announcing that (a) the regulatory supervisor has determined that such Reference Rate is no longer, or as of a specified future date will no longer be, representative of the underlying market and economic reality that such Reference Rate is intended to measure and that representativeness will

not be restored and (b) it is being made in the awareness that the statement or publication will engage certain contractual triggers for fallbacks activated by pre-cessation announcements by such supervisor (howsoever described) in contracts;

**Administrator/
Benchmark Event**

means, for a Reference Rate, any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of the Reference Rate or the administrator or sponsor of the Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that either the Issuer, the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the Reference Rate to perform its or their respective obligations under the Certificates.

Reference Rate(s)

means the rate(s) used in the Leverage Strategy Formula, for example SORA, SOFR and US Federal Funds Effective Rate.

Extraordinary Strategy Adjustment for Performance Reasons (“Air Bag Mechanism”)

**Extraordinary Strategy
Adjustment for
Performance Reasons**

If the Calculation Agent determines that an Intraday Restrike Event has occurred during an Observation Date(t) (the **Intraday Restrike Date**, noted hereafter **IRD**), an adjustment (an **Extraordinary Strategy Adjustment for Performance Reasons**) shall take place during such Observation Date(t) in accordance with the following provisions.

(1) Provided the last Intraday Restrike Observation Period as of such Intraday Restrike Date does not end on the TimeReferenceClosing, the Leverage Strategy Closing Level on the Intraday Restrike Date (LSL_{IRD}) should be computed as follows:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)} \times (1 + ILR_{IR(n),IR(C)} - IRC_{IR(n),IR(C)}), 0]$$

(2) If the last Intraday Restrike Event Observation Period on the relevant Intraday Restrike Date ends on the TimeReferenceClosing:

$$LSL_{IRD} = \text{Max}[ILSL_{IR(n)}, 0]$$

$ILSL_{IR(k)}$

means, in respect of $IR(k)$, the Intraday Leverage Strategy Level in accordance with the following provisions:

(1) for $k = 1$:

$$ILSL_{IR(1)} = \text{Max}[LSL_{IRD-1} \times (1 + ILR_{IR(0),IR(1)} - FC_{IRD-1,IRD} - IRC_{IR(0),IR(1)}), 0]$$

(2) for $k > 1$:

$$ILSL_{IR(k)} = \text{Max}[ILSL_{IR(k-1)} \times (1 + ILR_{IR(k-1),IR(k)} - IRC_{IR(k-1),IR(k)}), 0]$$

$ILR_{IR(k-1),IR(k)}$

means the Intraday Leveraged Return between $IR(k-1)$ and $IR(k)$, calculated as follows:

$$ILR_{IR(k-1),IR(k)} = \text{Leverage} \times \left(\frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right)$$

IRC_{IR(k-1),IR(k)}	<p>means the Intraday Rebalancing Cost of the Leverage Strategy in respect of IR(k) on a given Intraday Restrike Date, calculated as follows:</p> $IRC_{IR(k-1),IR(k)} = \text{Leverage} \times (\text{Leverage} - 1) \times \left(\left \frac{IS_{IR(k)}}{IS_{IR(k-1)}} - 1 \right \right) \times TC$
IS_{IR(k)}	<p>means the Underlying Stock Price in respect of IR(k) computed as follows:</p> <p>(1) for k=0</p> $IS_{IR(0)} = S_{IRD-1} \times Rfactor_{IRD}$ <p>(2) for k=1 to n</p> <p>means in respect of IR(k), the lowest price of the Underlying Stock during the respective Intraday Restrike Observation Period</p> <p>(3) with respect to IR(C)</p> $IS_{IR(C)} = S_{IRD}$ <p>In each case, subject to the adjustments and provisions of the Conditions.</p>
IR(k)	<p>For k=0, means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the Observation Date immediately preceding the relevant Intraday Restrike Date;</p> <p>For k=1 to n, means the kth Intraday Restrike Event on the relevant Intraday Restrike Date.</p>
IR(C)	<p>means the scheduled close for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto) on the relevant Intraday Restrike Date.</p>
n	<p>means the number of Intraday Restrike Events that occurred on the relevant Intraday Restrike Date.</p>
Intraday Restrike Event	<p>means in respect of an Observation Date(t):</p> <p>(1) provided no Intraday Restrike Event has previously occurred on such Observation Date (t), the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price IS_{IR(0)} as of such Calculation Time.</p> <p>(2) if k Intraday Restrike Events have occurred on the relevant Intraday Restrike Date, the decrease at any Calculation Time of the Underlying Stock price by 15% or more compared with the relevant Underlying Stock Price IS_{IR(k)} as of such Calculation Time.</p>
Calculation Time	<p>means any time between the TimeReferenceOpening and the TimeReferenceClosing, provided that the relevant data is available to enable the Calculation Agent to determine the Leverage Strategy Level.</p>
TimeReferenceOpening	<p>means the scheduled opening time (including pre-opening session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).</p>

TimeReferenceClosing means the scheduled closing time (including closing auction session) for the Relevant Stock Exchange for the Underlying Stock (or any successor thereto).

Intraday Restrike Event Observation Period means in respect of an Intraday Restrike Event, the period starting on and excluding the Intraday Restrike Event Time and finishing on and including the sooner between (1) the time falling 15 minutes after the Intraday Restrike Event Time and (2) the TimeReferenceClosing.

Where, during such period, the Calculation Agent determines that (1) the trading in the Underlying Stock is disrupted or subject to suspension or limitation or (2) the Relevant Stock Exchange for the Underlying Stock is not open for continuous trading, the Intraday Restrike Event Observation Period will be extended to the extent necessary until (1) the trading in the Underlying Stock is no longer disrupted, suspended or limited and (2) the Relevant Stock Exchange for the Underlying Stock is open for continuous trading.

Intraday Restrike Event Time means in respect of an Intraday Restrike Event, the Calculation Time on which such event occurs.

The Conditions set out in the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” in the Base Listing Document are set out below. This section is qualified in its entirety by reference to the detailed information appearing elsewhere in this document which shall, to the extent so specified or to the extent inconsistent with the relevant Conditions set out below, replace or modify the relevant Conditions for the purpose of the Certificates.

TERMS AND CONDITIONS OF THE EUROPEAN STYLE CASH SETTLED LONG/SHORT CERTIFICATES ON SINGLE EQUITIES

1. Form, Status and Guarantee, Transfer and Title

- (a) *Form.* The Certificates (which expression shall, unless the context otherwise requires, include any further certificates issued pursuant to Condition 11) are issued subject to and with the benefit of: -
- (i) a master instrument by way of deed poll (the “**Master Instrument**”) dated 16 June 2023, made by SG Issuer (the “**Issuer**”) and Société Générale (the “**Guarantor**”); and
 - (ii) a warrant agent agreement (the “**Master Warrant Agent Agreement**” or “**Warrant Agent Agreement**”) dated any time before or on the Closing Date, made between the Issuer and the Warrant Agent for the Certificates.

Copies of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement are available for inspection at the specified office of the Warrant Agent.

The holders of the Certificates (the “**Certificate Holders**”) are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement.

- (b) *Status and Guarantee.* The Certificates constitute direct, general and unsecured obligations of the Issuer and rank, and will rank, equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer (save for statutorily preferred exceptions). The Certificates provide for cash settlement on exercise. The Certificates do not entitle Certificate Holders to the delivery of any Underlying Stock, are not secured by the Underlying Stock and do not entitle Certificate Holders to any interest in any Underlying Stock.

The due and punctual payment of any amounts due by the Issuer in respect of the Certificates issued by the Issuer is unconditionally and irrevocably guaranteed by the Guarantor as provided in the Guarantee (each such amount payable under the Guarantee, a “**Guarantee Obligation**”).

The Guarantee Obligations will constitute direct, unconditional, unsecured and unsubordinated obligations of the Guarantor ranking as senior preferred obligations as provided for in Article L. 613-30-3 I 3° of the French Code *Monétaire et Financier* (the “**Code**”).

Such Guarantee Obligations rank and will rank equally and rateably without any preference or priority among themselves and:

- (i) *pari passu* with all other direct, unconditional, unsecured and unsubordinated obligations of the Guarantor outstanding as of the date of the entry into force of the law no. 2016-1691 (the “**Law**”) on 11 December 2016;
- (ii) *pari passu* with all other present or future direct, unconditional, unsecured and senior preferred obligations (as provided for in Article L. 613-30-3 I 3° of the Code) of the Guarantor issued after the date of the entry into force of the Law on 11 December 2016;
- (iii) junior to all present or future claims of the Guarantor benefiting from the statutorily preferred exceptions; and
- (iv) senior to all present and future senior non-preferred obligations (as provided for in Article L.613-30-3 I 4° of the Code) of the Guarantor.

In the event of the failure of the Issuer to promptly perform its obligations to any Certificate Holder under the terms of the Certificates, such Certificate Holder may, but is not obliged to, give written notice to the Guarantor at Société Générale, Tour Société Générale, 75886 Paris Cedex 18, France marked for the attention of SEGL/JUR/OMF - Market Transactions & Financing.

- (c) **Transfer.** The Certificates are represented by a global warrant certificate (“**Global Warrant**”) which will be deposited with The Central Depository (Pte) Limited (“**CDP**”). Certificates in definitive form will not be issued. Transfers of Certificates may be effected only in Board Lots or integral multiples thereof. All transactions in (including transfers of) Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records maintained by CDP.
- (d) **Title.** Each person who is for the time being shown in the records maintained by CDP as entitled to a particular number of Certificates shall be treated by the Issuer, the Guarantor and the Warrant Agent as the holder and absolute owner of such number of Certificates, notwithstanding any notice to the contrary. The expression “**Certificate Holder**” shall be construed accordingly.
- (e) **Bail-In.** By the acquisition of Certificates, each Certificate Holder (which, for the purposes of this Condition, includes any current or future holder of a beneficial interest in the Certificates) acknowledges, accepts, consents and agrees:
 - (i) to be bound by the effect of the exercise of the Bail-In Power (as defined below) by the Relevant Resolution Authority (as defined below) on the Issuer’s liabilities under the Certificates, which may include and result in any of the following, or some combination thereof:
 - (A) the reduction of all, or a portion, of the Amounts Due (as defined below), on a permanent basis;
 - (B) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of the Issuer or the Guarantor or another person (and the issue to the Certificate Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the Conditions of the Certificates, in which case the Certificate Holder agrees to accept in lieu of its rights under the Certificates any such shares, other securities or other obligations of the Issuer or the Guarantor or another person;

- (C) the cancellation of the Certificates; and/or
- (D) the amendment or alteration of the expiration of the Certificates or amendment of the amounts payable on the Certificates, or the date on which the amounts become payable, including by suspending payment for a temporary period; and

that terms of the Certificates are subject to, and may be varied, if necessary, to give effect to the exercise of the Bail-In Power by the Relevant Resolution Authority or the regulator,

(the “**Statutory Bail-In**”);

(ii) if the Relevant Resolution Authority exercises its Bail-In Power on liabilities of the Guarantor, pursuant to Article L.613-30-3-I-3 of the French Monetary and Financial Code (the “**Code**”):

- (A) ranking:
 - (1) junior to liabilities of the Guarantor benefitting from statutorily preferred exceptions pursuant to Article L.613-30-3-I 1° and 2 of the Code;
 - (2) *pari passu* with liabilities of the Guarantor as defined in Article L.613-30-3-I-3 of the Code; and
 - (3) senior to liabilities of the Guarantor as defined in Article L.613-30-3-I-4 of the Code; and
- (B) which are not *titres non structurés* as defined under Article R.613-28 of the Code, and
- (C) which are not or are no longer eligible to be taken into account for the purposes of the MREL (as defined below) ratio of the Guarantor

and such exercise of the Bail-In Power results in the write-down or cancellation of all, or a portion of, the principal amount of, or the outstanding amount payable in respect of, and/or interest on, such liabilities, and/or the conversion of all, or a portion, of the principal amount of, or the outstanding amount payable in respect of, or interest on, such liabilities into shares or other securities or other obligations of the Guarantor or another person, including by means of variation to their terms and conditions in order to give effect to such exercise of Bail-In Power, then the Issuer’s obligations under the Certificates will be limited to (i) payment of the amount as reduced or cancelled that would be recoverable by the Certificate Holders and/or (ii) the delivery or the payment of value of the shares or other securities or other obligations of the Guarantor or another person that would be paid or delivered to the Certificate Holders as if, in either case, the Certificates had been directly issued by the Guarantor itself and any Amount Due under the Certificates had accordingly been directly subject to the exercise of the Bail-In Power (the “**Contractual Bail-in**”).

No repayment or payment of the Amounts Due will become due and payable or be paid after the exercise of the Statutory Bail-In with respect to the Issuer or the Guarantor unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by the Issuer or the Guarantor under the applicable laws and regulations in effect in France or Luxembourg

and the European Union applicable to the Issuer or the Guarantor or other members of its group.

No repayment or payment of the Amounts Due will become due and payable or be paid under the Certificates issued by SG Issuer after implementation of the Contractual Bail-in.

Upon the exercise of the Statutory Bail-in or upon implementation of the Contractual Bail-in with respect to the Certificates, the Issuer or the Guarantor will provide a written notice to the Certificate Holders in accordance with Condition 9 as soon as practicable regarding such exercise of the Statutory Bail-in or implementation of the Contractual Bail-in. Any delay or failure by the Issuer or the Guarantor to give notice shall not affect the validity and enforceability of the Statutory Bail-in or Contractual Bail-in nor the effects on the Certificates described above.

Neither a cancellation of the Certificates, a reduction, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or the Guarantor or another person, as a result of the exercise of the Statutory Bail-in or the implementation of the Contractual Bail-in with respect to the Certificates will be an event of default or otherwise constitute non-performance of a contractual obligation, or entitle the Certificate Holder to any remedies (including equitable remedies) which are hereby expressly waived.

The matters set forth in this Condition shall be exhaustive on the foregoing matters to the exclusion of any other agreements, arrangements or understandings between the Issuer, the Guarantor and each Certificate Holder. No expenses necessary for the procedures under this Condition, including, but not limited to, those incurred by the Issuer and the Guarantor, shall be borne by any Certificate Holder.

For the purposes of this Condition:

“Amounts Due” means any amounts due by the Issuer under the Certificates.

“Bail-In Power” means any statutory cancellation, write-down and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, or any other applicable laws or regulations, as amended, or otherwise, pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, varied or otherwise modified in any way and/or converted into shares or other securities or obligations of the obligor or any other person.

“MREL” means the Minimum Requirement for own funds and Eligible Liabilities as defined in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (as amended from time to time).

“Relevant Resolution Authority” means any authority with the ability to exercise the Bail-in Power on Societe Generale or SG Issuer as the case may be.

2. Certificate Rights and Exercise Expenses

- (a) *Certificate Rights.* Every Certificate entitles each Certificate Holder, upon due exercise and on compliance with Condition 4, to payment by the Issuer of the Cash Settlement Amount (as defined below) (if any) in the manner set out in Condition 4.

The “**Cash Settlement Amount**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The “**Closing Level**”, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to:

$$\left(\frac{\text{Final Reference Level} \times \text{Final Exchange Rate}}{\text{Initial Reference Level} \times \text{Initial Exchange Rate}} - \text{Strike Level} \right) \times \text{Hedging Fee Factor}$$

If the Issuer determines, in its sole discretion, that on the Valuation Date or any Observation Date a Market Disruption Event has occurred, then that Valuation Date or Observation Date shall be postponed until the first succeeding Exchange Business Day or Underlying Stock Business Day, as the case may be, on which there is no Market Disruption Event, unless there is a Market Disruption Event on each of the five Exchange Business Days or Underlying Stock Business Days, as the case may be, immediately following the original date that, but for the Market Disruption Event, would have been a Valuation Date or an Observation Date. In that case: -

- (i) that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, shall be deemed to be the Valuation Date or the Observation Date notwithstanding the Market Disruption Event; and
- (ii) the Issuer shall determine the Final Reference Level or the relevant closing level on the basis of its good faith estimate of the Final Reference Level or the relevant closing level that would have prevailed on that fifth Exchange Business Day or Underlying Stock Business Day, as the case may be, but for the Market Disruption Event.

“**Market Disruption Event**” means the occurrence or existence of (i) any suspension of trading on the Relevant Stock Exchange of the Underlying Stock requested by the Company if that suspension is, in the determination of the Issuer, material, (ii) any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the Relevant Stock Exchange or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) on the Relevant Stock Exchange in the Underlying Stock if that suspension or limitation is, in the determination of the Issuer, material, or (iii) the closing of the Relevant Stock Exchange or a disruption to trading on the Relevant Stock Exchange if that disruption is, in the determination of the Issuer, material as a result of the occurrence of any act of God, war, riot, public disorder, explosion or terrorism.

- (b) *Exercise Expenses.* Certificate Holders will be required to pay all charges which are incurred in respect of the exercise of the Certificates (the “**Exercise Expenses**”). An amount equivalent to the Exercise Expenses will be deducted by the Issuer from the Cash Settlement Amount in accordance with Condition 4. Notwithstanding the foregoing, the Certificate Holders shall account to the Issuer on demand for any Exercise Expenses to the extent that they were not or could not be deducted from the Cash Settlement Amount prior to the date of payment of the Cash Settlement Amount to the Certificate Holders in accordance with Condition 4.

- (c) No Rights. The purchase of Certificates does not confer on the Certificate Holders any right (whether in respect of voting, dividend or other distributions in respect of the Underlying Stock or otherwise) which the holder of an Underlying Stock may have.

3. Expiry Date

Unless automatically exercised in accordance with Condition 4(b), the Certificates shall be deemed to expire at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day (as defined below), the immediately preceding Business Day.

4. Exercise of Certificates

- (a) *Exercise.* Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in accordance with Condition 4(b).
- (b) *Automatic Exercise.* Certificate Holders shall not be required to deliver an exercise notice. Exercise of Certificates shall be determined by whether the Cash Settlement Amount (less any Exercise Expenses) is positive. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) below. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
- (c) *Settlement.* In respect of Certificates which are automatically exercised in accordance with Condition 4(b), the Issuer will pay to the relevant Certificate Holder the Cash Settlement Amount (if any) in the Settlement Currency. The aggregate Cash Settlement Amount (less any Exercise Expenses) shall be despatched as soon as practicable and no later than five Settlement Business Days (as defined in the relevant Supplemental Listing Document and subject to extension upon the occurrence of a Settlement Disruption Event (as defined below)) following the Expiry Date by way of crossed cheque or other payment in immediately available funds drawn in favour of the Certificate Holder only (or, in the case of joint Certificate Holders, the first-named Certificate Holder) appearing in the records maintained by CDP. Any payment made pursuant to this Condition 4(c) shall be delivered at the risk and expense of the Certificate Holder and posted to the Certificate Holder's address appearing in the records maintained by CDP (or, in the case of joint Certificate Holders, to the address of the first-named Certificate Holder appearing in the records maintained by CDP). If the Cash Settlement Amount is equal to or less than the determined Exercise Expenses, no amount is payable.

If the Issuer determines, in its sole discretion, that on any Settlement Business Day during the period of five Settlement Business Days following the Expiry Date a Settlement Disruption Event has occurred, such Settlement Business Day shall be postponed to the next Settlement Business Day on which the Issuer determines that the Settlement Disruption Event is no longer subsisting and such period shall be extended accordingly, provided that the Issuer and/or the Guarantor shall make their best endeavours to implement remedies as soon as reasonably practicable to eliminate

the impact of the Settlement Disruption Event on its/their payment obligations under the Certificates and/or the Guarantee.

“Settlement Disruption Event” means the occurrence or existence of any malicious action or attempt initiated to steal, expose, alter, disable or destroy information through unauthorised access to, or maintenance or use of, the Computer Systems of the Issuer, the Guarantor, the Calculation Agent, their respective affiliates (the “SG Group”), their IT service providers, by (and without limitation) the use of malware, ransomware, phishing, denial or disruption of service or cryptojacking or any unauthorized entry, removal, reproduction, transmission, deletion, disclosure or modification preventing the Issuer, the Guarantor and/or the Calculation Agent to perform their obligations under the Certificates, and notwithstanding the implementation of processes, required, as the case may be, by the laws and regulations applicable to the Issuer, the Guarantor, the Calculation Agent and their affiliates, or their IT service providers to improve their resilience to these actions and attempts.

“Computer System” means all the computer resources including, in particular: hardware, software packages, software, databases and peripherals, equipment, networks, electronic installations for storing computer data, including Data. The Computer System shall be understood to be that which (i) belongs to the SG Group and/or (ii) is rented, operated or legally held by the SG Group under a contract with the holder of the rights to the said system and/or (iii) is operated on behalf of the SG Group by a third party within the scope of a contractual relationship and/or (iv) is made available to the SG Group under a contract within the framework of a shared system (in particular cloud computing).

“Data” means any digital information, stored or used by the Computer System, including confidential data.

- (d) *CDP not liable.* CDP shall not be liable to any Certificate Holder with respect to any action taken or omitted to be taken by the Issuer or the Warrant Agent in connection with the exercise of the Certificates or otherwise pursuant to or in connection with these Conditions.
- (e) *Business Day.* In these Conditions, a **“Business Day”** shall be a day on which the SGX-ST is open for dealings in Singapore during its normal trading hours and banks are open for business in Singapore.

5. Warrant Agent

- (a) *Warrant Agent.* The Issuer reserves the right, subject to the appointment of a successor, at any time to vary or terminate the appointment of the Warrant Agent and to appoint another Warrant Agent provided that it will at all times maintain a Warrant Agent which, so long as the Certificates are listed on the SGX-ST, shall be in Singapore. Notice of any such termination or appointment and of any change in the specified office of the Warrant Agent will be given to the Certificate Holders in accordance with Condition 9.
- (b) *Agent of Issuer.* The Warrant Agent will be acting as agent of the Issuer and will not assume any obligation or duty to or any relationship of agency or trust for the Certificate Holders. All determinations and calculations by the Warrant Agent under these Conditions shall (save in the case of manifest error) be final and binding on the Issuer and the Certificate Holders.

6. Adjustments

- (a) *Potential Adjustment Event.* Following the declaration by a Company of the terms of any Potential Adjustment Event (as defined below), the Issuer will determine whether such Potential Adjustment Event has a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock and, if so, will (i) make the corresponding adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate to account for that dilutive or concentrative or other effect, and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an exchange on which options or futures contracts on the Underlying Stock are traded.
- (b) *Definitions.* “**Potential Adjustment Event**” means any of the following:
- (i) a subdivision, consolidation, reclassification or other restructuring of the Underlying Stock (excluding a Merger Event) or a free distribution or dividend of any such Underlying Stock to existing holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing holders of the Underlying Stock of (1) such Underlying Stock, or (2) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Company equally or proportionately with such payments to holders of such Underlying Stock, or (3) share capital or other securities of another issuer acquired by the Company as a result of a “spin-off” or other similar transaction, or (4) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Company in respect of the Underlying Stock that is not fully paid;
 - (v) a repurchase by the Company of the Underlying Stock whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) with respect to a Company an event that results in any shareholder rights pursuant to a shareholder rights agreement or other plan or arrangement of the type commonly referred to as a “poison pill” being distributed, or becoming separated from shares of common stock or other shares of the capital stock of such Company (provided that any adjustment effected as a result of such an event shall be readjusted upon any redemption of such rights); or
 - (vii) any other event that may have, in the opinion of the Issuer, a dilutive or concentrative or other effect on the theoretical value of the Underlying Stock.
- (c) *Merger Event, Tender Offer, Nationalisation and Insolvency.* If a Merger Event, Tender Offer, Nationalisation or Insolvency occurs in relation to the Underlying Stock, the Issuer may take any action described below:
- (i) determine the appropriate adjustment, if any, to be made to any one or more of the Conditions to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, and determine the effective

date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of the Merger Event, Tender Offer, Nationalisation or Insolvency made by an options exchange to options on the Underlying Stock traded on that options exchange;

- (ii) cancel the Certificates by giving notice to the Certificate Holders in accordance with Condition 9. If the Certificates are so cancelled, the Issuer will pay an amount to each Certificate Holder in respect of each Certificate held by such Certificate Holder which amount shall be the fair market value of a Certificate taking into account the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, less the cost to the Issuer and/or any of its affiliates of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its reasonable discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9; or
- (iii) following any adjustment to the settlement terms of options on the Underlying Stock on such exchange(s) or trading system(s) or quotation system(s) as the Issuer in its reasonable discretion shall select (the “**Option Reference Source**”) make a corresponding adjustment to any one or more of the Conditions, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Option Reference Source. If options on the Underlying Stock are not traded on the Option Reference Source, the Issuer will make such adjustment, if any, to any one or more of the Conditions as the Issuer determines appropriate, with reference to the rules and precedents (if any) set by the Option Reference Source, to account for the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the Option Reference Source if such options were so traded.

Once the Issuer determines that its proposed course of action in connection with a Merger Event, Tender Offer, Nationalisation or Insolvency, it shall give notice to the Certificate Holders in accordance with Condition 9 stating the occurrence of the Merger Event, Tender Offer, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto. Certificate Holders should be aware that due to the nature of such events, the Issuer will not make an immediate determination of its proposed course of action or adjustment upon the announcement or occurrence of a Merger Event, Tender Offer, Nationalisation or Insolvency.

- (d) *Definitions.* “**Insolvency**” means that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting a Company (i) all the Underlying Stock of that Company is required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Underlying Stock of that Company become legally prohibited from transferring them. “**Merger Date**” means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Issuer. “**Merger Event**” means, in respect of the Underlying Stock, any (i) reclassification or change of such Underlying Stock that results in a transfer of or an irrevocable commitment to transfer all of such Underlying Stock outstanding to another entity or person, (ii) consolidation, amalgamation, merger

or binding share exchange of a Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in reclassification or change of all of such Underlying Stock outstanding), (iii) takeover offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100 per cent. of the outstanding Underlying Stock of the Company that results in a transfer of or an irrevocable commitment to transfer all such Underlying Stock (other than such Underlying Stock owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of the Company or its subsidiaries with or into another entity in which the Company is the continuing entity and which does not result in a reclassification or change of all such Underlying Stock outstanding but results in the outstanding Underlying Stock (other than Underlying Stock owned or controlled by such other entity) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Underlying Stock immediately following such event, in each case if the Merger Date is on or before the Valuation Date. “**Nationalisation**” means that all the Underlying Stock or all or substantially all of the assets of a Company are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority, entity or instrumentality thereof. “**Tender Offer**” means a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10 per cent. and less than 100 per cent. of the outstanding voting shares of the Company, as determined by the Issuer, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Issuer deems relevant.

- (e) *Subdivision or Consolidation of the Certificates.* The Issuer reserves the right to subdivide or consolidate the Certificates, provided that such adjustment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction) and subject to the approval of the SGX-ST.
- (f) *Other Adjustments.* Except as provided in this Condition 6 and Conditions 10 and 12, adjustments will not be made in any other circumstances, subject to the right reserved by the Issuer (such right to be exercised in the Issuer's sole discretion and without any obligation whatsoever) to make such adjustments and amendments as it believes appropriate in circumstances where an event or events occur which it believes in its sole discretion (and notwithstanding any prior adjustment made pursuant to the above) should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such adjustment or, as the case may be, amendment provided that such adjustment or, as the case may be, amendment is considered by the Issuer not to be materially prejudicial to the Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such adjustment or amendment in any particular jurisdiction).
- (g) *Notice of Adjustments.* All determinations made by the Issuer pursuant hereto will be conclusive and binding on the Certificate Holders. The Issuer will give, or procure that there is given, notice as soon as practicable of any adjustment and of the date from which such adjustment is effective by publication in accordance with Condition 9. For

the avoidance of doubt, no notice will be given if the Issuer determines that adjustments will not be made.

7. Purchases

The Issuer, the Guarantor or any of their respective subsidiaries may at any time purchase Certificates at any price in the open market or by tender or by private treaty. Any Certificates so purchased may be held or resold or surrendered for cancellation.

8. Meetings of Certificate Holders; Modification

- (a) *Meetings of Certificate Holders.* The Master Warrant Agent Agreement or Warrant Agent Agreement contains provisions for convening meetings of the Certificate Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Master Warrant Agent Agreement or Warrant Agent Agreement) of a modification of the provisions of the Certificates or of the Master Warrant Agent Agreement or Warrant Agent Agreement.

At least 21 days' notice (exclusive of the day on which the notice is given and of the day on which the meeting is held) specifying the date, time and place of the meeting shall be given to the Certificate Holders.

Such a meeting may be convened by the Issuer or by Certificate Holders holding not less than ten per cent. of the Certificates for the time being remaining unexercised. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 25 per cent. of the Certificates for the time being remaining unexercised, or at any adjourned meeting, two or more persons being or representing Certificate Holders whatever the number of Certificates so held or represented.

A resolution will be an Extraordinary Resolution when it has been passed at a duly convened meeting by not less than three-quarters of the votes cast by such Certificate Holders who, being entitled to do so, vote in person or by proxy.

An Extraordinary Resolution passed at any meeting of the Certificate Holders shall be binding on all the Certificate Holders whether or not they are present at the meeting. Resolutions can be passed in writing if passed unanimously.

- (b) *Modification.* The Issuer may, without the consent of the Certificate Holders, effect (i) any modification of the provisions of the Certificates or the Master Instrument which is not materially prejudicial to the interests of the Certificate Holders or (ii) any modification of the provisions of the Certificates or the Master Instrument which is of a formal, minor or technical nature, which is made to correct an obvious error or which is necessary in order to comply with mandatory provisions of Singapore law. Any such modification shall be binding on the Certificate Holders and shall be notified to them by the Warrant Agent before the date such modification becomes effective or as soon as practicable thereafter in accordance with Condition 9.

9. Notices

- (a) *Documents.* All cheques and other documents required or permitted by these Conditions to be sent to a Certificate Holder or to which a Certificate Holder is entitled or which the Issuer shall have agreed to deliver to a Certificate Holder may be delivered by hand or sent by post addressed to the Certificate Holder at his address appearing in the records maintained by CDP or, in the case of joint Certificate Holders, addressed to the joint holder first named at his address appearing in the records maintained by CDP, and airmail post shall be used if that address is not in Singapore. All documents

delivered or sent in accordance with this paragraph shall be delivered or sent at the risk of the relevant Certificate Holder.

- (b) *Notices.* All notices to Certificate Holders will be validly given if published in English on the web-site of the SGX-ST. Such notices shall be deemed to have been given on the date of the first such publication. If publication on the web-site of the SGX-ST is not practicable, notice will be given in such other manner as the Issuer may determine. The Issuer shall, at least one month prior to the expiry of any Certificate, give notice of the date of expiry of such Certificate in the manner prescribed above.

10. Liquidation

In the event of a liquidation or dissolution of the Company or the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, all unexercised Certificates will lapse and shall cease to be valid for any purpose, in the case of voluntary liquidation, on the effective date of the relevant resolution and, in the case of an involuntary liquidation or dissolution, on the date of the relevant court order or, in the case of the appointment of a liquidator (including a provisional liquidator) or receiver or judicial manager or trustee or administrator or analogous person under Singapore or other applicable law in respect of the whole or substantially the whole of its undertaking, property or assets, on the date when such appointment is effective but subject (in any such case) to any contrary mandatory requirement of law. In the event of the voluntary liquidation of the Company, the Issuer shall make such adjustments or amendments as it reasonably believes are appropriate in the circumstances.

11. Further Issues

The Issuer shall be at liberty from time to time, without the consent of the Certificate Holders, to create and issue further certificates so as to form a single series with the Certificates, subject to the approval of the SGX-ST.

12. Delisting

- (a) *Delisting.* If at any time, the Underlying Stock ceases to be listed on the Relevant Stock Exchange, the Issuer shall give effect to these Conditions in such manner and make such adjustments and amendments to the rights attaching to the Certificates as it shall, in its absolute discretion, consider appropriate to ensure, so far as it is reasonably able to do so, that the interests of the Certificate Holders generally are not materially prejudiced as a consequence of such delisting (without considering the individual circumstances of any Certificate Holder or the tax or other consequences that may result in any particular jurisdiction).
- (b) *Issuer's Determination.* The Issuer shall determine, in its absolute discretion, any adjustment or amendment and its determination shall be conclusive and binding on the Certificate Holders save in the case of manifest error. Notice of any adjustments or amendments shall be given to the Certificate Holders in accordance with Condition 9 as soon as practicable after they are determined.

13. Early Termination

- (a) *Early Termination for Illegality and Force Majeure, etc.* If the Issuer determines that a Regulatory Event (as defined below) has occurred and, for reasons beyond its control, the performance of its obligations under the Certificates has become illegal or impractical in whole or in part for any reason, or the Issuer determines that, for reasons beyond its control, it is no longer legal or practical for it to maintain its hedging

arrangements with respect to the Certificates for any reason, the Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d).

Should any one or more of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

For the purposes of this Condition:

“Regulatory Event” means, following the occurrence of a Change in Law (as defined below) with respect to the Issuer and/or Société Générale as Guarantor or in any other capacity (including without limitation as hedging counterparty of the Issuer, market maker of the Certificates or direct or indirect shareholder or sponsor of the Issuer) or any of its affiliates involved in the issuer of the Certificates (hereafter the **“Relevant Affiliates”** and each of the Issuer, Société Générale and the Relevant Affiliates, a **“Relevant Entity”**) that, after the Certificates have been issued, (i) any Relevant Entity would incur a materially increased (as compared with circumstances existing prior to such event) amount of tax, duty, liability, penalty, expense, fee, cost or regulatory capital charge however defined or collateral requirements for performing its obligations under the Certificates or hedging the Issuer’s obligations under the Certificates, including, without limitation, due to clearing requirements of, or the absence of, clearing of the transactions entered into in connection with the issue of, or hedging the Issuer’s obligation under, the Certificates, (ii) it is or will become for any Relevant Entity impracticable, impossible (in each case, after using commercially reasonable efforts), unlawful, illegal or otherwise prohibited or contrary, in whole or in part, under any law, regulation, rule, judgement, order or directive of any governmental, administrative or judicial authority, or power, applicable to such Relevant Entity (a) to hold, acquire, issue, reissue, substitute, maintain, settle, or as the case may be, guarantee, the Certificates, (b) to acquire, hold, sponsor or dispose of any asset(s) (or any interest thereof) of any other transaction(s) such Relevant Entity may use in connection with the issue of the Certificates or to hedge the Issuer’s obligations under the Certificates, (c) to perform obligations in connection with, the Certificates or any contractual arrangement entered into between the Issuer and Société Générale or any Relevant Affiliate (including without limitation to hedge the Issuer’s obligations under the Certificates) or (d) to hold, acquire, maintain, increase, substitute or redeem all or a substantial part of its direct or indirect shareholding in the Issuer’s capital or the capital of any Relevant Affiliate or to directly or indirectly sponsor the Issuer or any Relevant Affiliate, or (iii) there is or may be a material adverse effect on a Relevant Entity in connection with the issue of the Certificates.

“Change in law” means (i) the adoption, enactment, promulgation, execution or ratification of any applicable new law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) after the Certificates have been issued, (ii) the implementation or application of any applicable law, regulation or rule (including, without limitation, any applicable tax law, regulation or rule) already in force when the Certificates have been issued but in respect of which the manner of its implementation or application was not known or unclear at the time, or (iii) the change of any applicable law, regulation or rule existing when the Certificates are issued, or the change in the interpretation or application or practice relating thereto, existing when the Certificates are issued of any applicable law, regulation or rule, by any competent court, tribunal, regulatory authority or any other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government

(including any additional or alternative court, tribunal, authority or entity, to that existing when the Certificates are issued).

- (b) *Early Termination for Holding Limit Event.* The Issuer may in its discretion and without obligation terminate the Certificates early in accordance with Condition 13(d) where a Holding Limit Event (as defined below) occurs.

For the purposes of this Condition:

“**Holding Limit Event**” means, assuming the investor is the Issuer and/or any of its affiliates, the Issuer together with its affiliates, in aggregate hold, an interest in the Underlying Stock, constituting or likely to constitute (directly or indirectly) ownership, control or the power to vote a percentage of any class of voting securities of the Underlying Stock, of the Underlying Stock in excess of a percentage permitted or advisable, as determined by the Issuer, for the purpose of its compliance with the Bank Holding Company Act of 1956 as amended by Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule), including any requests, regulations, rules, guidelines or directives made by the relevant governmental authority under, or issued by the relevant governmental authority in connection with, such statutes.

- (c) *Early Termination for other reasons.* The Issuer reserves the right (such right to be exercised in the Issuer’s sole and unfettered discretion and without any obligation whatsoever) to terminate the Certificates in accordance with Condition 13(d) where an event or events occur which it believes in its sole discretion should, in the context of the issue of the Certificates and the obligations of the Issuer, give rise to such termination provided that such termination (i) is considered by the Issuer not to be materially prejudicial to the interests of Certificate Holders generally (without considering the circumstances of any individual Certificate Holder or the tax or other consequences of such termination in any particular jurisdiction); or (ii) is otherwise considered by the Issuer to be appropriate and such termination is approved by the SGX-ST.
- (d) *Termination.* If the Issuer terminates the Certificates early, then the Issuer will give notice to the Certificate Holders in accordance with Condition 9. The Issuer will, if and to the extent permitted by applicable law, pay an amount to each Certificate Holder in respect of each Certificate held by such holder equal to the fair market value of a Certificate notwithstanding such illegality, impracticality or the relevant event less the cost to the Issuer of unwinding any underlying related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Certificate Holders in accordance with Condition 9.

14. Substitution of the Issuer

The Issuer may be replaced by the Guarantor or any subsidiary of the Guarantor as principal obligor in respect of the Certificates without the consent of the relevant Certificate Holders. If the Issuer determines that it shall be replaced by the Guarantor or any subsidiary of the Guarantor (the “**Substituted Obligor**”), it shall give at least 90 days’ notice (exclusive of the day on which the notice is given and of the day on which the substitution is effected) specifying the date of the substitution, in accordance with Condition 9, to the Certificate Holders of such event and, immediately on the expiry of such notice, the Substituted Obligor shall become the principal obligor in place of the Issuer and the Certificate Holders shall thereupon cease to have any rights or claims whatsoever against the Issuer.

Upon any such substitution, all references to the Issuer in the Conditions and all agreements relating to the Certificates will be to the Substituted Obligor and the Certificates will be modified as required, and the Certificate Holders will be notified of the modified terms and conditions of such Certificates in accordance with Condition 9.

For the purposes of this Condition, it is expressly agreed that by subscribing to, acquiring or otherwise purchasing or holding the Certificates, the Certificate Holders are expressly deemed to have consented to the substitution of the Issuer by the Substituted Obligor and to the release of the Issuer from any and all obligations in respect of the Certificates and all agreements relating thereto and are expressly deemed to have accepted such substitution and the consequences thereof.

15. Governing Law

The Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement will be governed by and construed in accordance with Singapore law. The Issuer and the Guarantor and each Certificate Holder (by its purchase of the Certificates) shall be deemed to have submitted for all purposes in connection with the Certificates, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement to the non-exclusive jurisdiction of the courts of Singapore. The Guarantee shall be governed by and construed in accordance with Singapore law.

16. Prescription

Claims against the Issuer for payment of any amount in respect of the Certificates will become void unless made within six years of the Expiry Date and, thereafter, any sums payable in respect of such Certificates shall be forfeited and shall revert to the Issuer.

17. Contracts (Rights of Third Parties) Act 2001 of Singapore

Unless otherwise provided in the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement, a person who is not a party to any contracts made pursuant to the Global Warrant, the Master Instrument and the Master Warrant Agent Agreement or Warrant Agent Agreement has no rights under the Contracts (Rights of Third Parties) Act 2001 of Singapore to enforce any terms of such contracts. Except as expressly provided herein, the consent of any third party is not required for any subsequent agreement by the parties hereto to amend or vary (including any release or compromise of any liability) or terminate such contracts.

SUMMARY OF THE ISSUE

The following is a summary of the issue and should be read in conjunction with, and is qualified by reference to, the other information set out in this document and the Base Listing Document. Terms used in this Summary are defined in the Conditions.

Issuer:	SG Issuer
Company:	Sands China Ltd.
The Certificates:	European Style Cash Settled Long Certificates relating to the Underlying Stock
Number:	20,000,000 Certificates
Form:	The Certificates will be issued subject to, and with the benefit of, a master instrument by way of deed poll dated 16 June 2023 (the “ Master Instrument ”) and executed by the Issuer and the Guarantor and a master warrant agent agreement dated 29 May 2017 (the “ Master Warrant Agent Agreement ”) and made between the Issuer, the Guarantor and the Warrant Agent.
Cash Settlement Amount:	In respect of each Certificate, is the amount (if positive) equal to: Notional Amount per Certificate x Closing Level
Denominations:	Certificates are represented by a global warrant in respect of all the Certificates.
Exercise:	The Certificates may only be exercised on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, in a Board Lot or integral multiples thereof. Certificate Holders will not be required to deliver an exercise notice. If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates will be deemed to have been automatically exercised at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day. The Cash Settlement Amount less the Exercise Expenses in respect of the Certificates shall be paid in the manner set out in Condition 4(c) of the Conditions. In the event the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired at 10:00 a.m. (Singapore time) on the Expiry Date or if the Expiry Date is not a Business Day, the immediately preceding Business Day, and Certificate Holders shall not be entitled to receive any payment from the Issuer in respect of the Certificates.
Exercise and Trading Currency:	SGD
Board Lot:	100 Certificates

- Transfers of Certificates: Certificates may only be transferred in Board Lots (or integral multiples thereof). All transfers in Certificates, in the open market or otherwise, must be effected through a securities account with CDP. Title will pass upon registration of the transfer in the records of CDP.
- Listing: Application has been made to the SGX-ST for permission to deal in and for quotation of the Certificates and the SGX-ST has agreed in principle to grant permission to deal in and for quotation of the Certificates. Issue of the Certificates is conditional on such listing being granted. It is expected that dealings in the Certificates on the SGX-ST will commence on or about 28 June 2023.
- Governing Law: The laws of Singapore
- Warrant Agent: The Central Depository (Pte) Limited
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589
- Further Issues: Further issues which will form a single series with the Certificates will be permitted, subject to the approval of the SGX-ST.

The above summary is qualified in its entirety by reference to the detailed information appearing elsewhere in this document and the Base Listing Document.

INFORMATION RELATING TO THE EUROPEAN STYLE CASH SETTLED LONG CERTIFICATES ON SINGLE EQUITIES

What are European Style Cash Settled Long Certificates on Single Equities?

European style cash settled long certificates on single equities (the “**Certificates**”) are structured products relating to the Underlying Stock and the return on a Certificate is linked to the performance of the Leverage Strategy.

A) Cash Settlement Amount Payable upon the Exercise of the Certificates at Expiry

Upon the exercise of the Certificates at expiry, the Certificate Holders would be paid a Cash Settlement Amount in respect of each Certificate.

The Cash Settlement Amount, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to the Closing Level multiplied by the Notional Amount per Certificate.

The Closing Level, in respect of each Certificate, shall be an amount payable in the Settlement Currency equal to (1) divided by (2) less (3) subject to any adjustments such as (4), where:

- (1) is the Final Reference Level multiplied by the Final Exchange Rate;
- (2) is the Initial Reference Level multiplied by the Initial Exchange Rate;
- (3) is the Strike Level; and
- (4) is the Hedging Fee Factor.

If the Cash Settlement Amount (less any Exercise Expenses) is positive, all Certificates shall be deemed to have been automatically exercised and investors will receive a Cash Settlement Amount. If the Cash Settlement Amount (less any Exercise Expenses) is zero, all Certificates shall be deemed to have expired. Please refer to the section headed “Terms and Conditions of the European Style Cash Settled Long/Short Certificates on Single Equities” for further details on the calculation of the Cash Settlement Amount.

The Certificates are only suitable for investors who believe that the price of the Underlying Stock will increase and are seeking short-term leveraged exposure to the Underlying Stock.

B) Trading the Certificates before Expiry

If the Certificate Holders want to cash out their investments in the Certificates before the expiry of the Certificates, they may sell the Certificates in the secondary market during the life of the Certificates, and would be subject to the following fees and charges:

- (i) For Certificate Holders who trade the Certificates intraday: shall pay normal transaction and brokerage fees for the trading of the Certificates on the SGX-ST, and may be required to pay stamp taxes or other documentary charges in accordance with the laws and practices of the country where the Certificates are transferred; and
- (ii) For Certificate Holders who hold the Certificates overnight: in addition to the normal transaction and brokerage fees and applicable stamp taxes, would also be required to bear the Management Fee and Gap Premium as well as certain costs embedded within the Leverage Strategy including the Funding Cost and Rebalancing Cost.

Illustration of the Calculation of Hedging Fee Factor

Hedging Fee Factor	=	Product of the Daily Fees
--------------------	---	---------------------------

Daily Fees	=	Daily Management Fee Adjustment
		$1 - \text{Management Fee} \times \text{ACT} (t-1;t) / 360$
		x
		Daily Gap Premium Adjustment
		$1 - \text{Gap Premium} (t-1) \times \text{ACT} (t-1;t) / 360$

Illustration of the Calculation of Cash Settlement Amount

Cash Settlement Amount = Final Value of Certificates – Strike Level (zero)

Value of Certificates	=	t'=0	x	t=1	x	t=2	x ...	t=i
		Notional Amount		Leverage Strategy daily performance ⁸ x Daily Fees		Leverage Strategy daily performance x Daily Fees		Leverage Strategy Daily performance x Daily Fees

Value of Certificates	=	t=0	x	Product of the daily Leverage Strategy Performance	x	Product of the Daily Fees (Hedging Fee Factor)
		Notional Amount		Leverage Strategy daily performance x Leverage Strategy daily performance		Daily Fees x Daily Fees

Final Value of Certificates	=	t=0	x	Final Reference Level x Final Exchange Rate	÷	Initial Reference Level x Initial Exchange Rate	x	Hedging Fee Factor
		Notional Amount						

Illustration of the applicable fees and charges for an intraday trading scenario

Hedging Fee is implemented overnight in the price of the Certificate. As a consequence, when trading intraday, investors will not bear any Hedging Fee.

Investors will only support bid/ask costs, which are the difference between the price at which the Designated Market Maker purchases (bid) and sells (ask) the Certificate at any point of time.

⁷ "t" refers to "Observation Date" which means each Underlying Stock Business Day (subject to Market Disruption Event) from (and including) the Underlying Stock Business Day immediately preceding the Expected Listing Date to the Valuation Date.

⁸ Leverage Strategy daily performance is computed as the Leverage Strategy Closing Level on Business Day (t) divided by the Leverage Strategy Closing Level on Business Day (t-1).

Example of Calculation of Hedging Fee Factor and Cash Settlement Amount

The example is purely hypothetical. We include the example to illustrate how the Certificates work, and you MUST NOT rely on them as any indication of the actual return or what the payout on the Certificates might actually be. The example also assumes a product which expires 16 days after listing date, to illustrate the daily calculation of price, costs and fees from listing date to expiry date.

Assuming an investor purchases the following Certificates at the Issue Price:

Underlying Stock:	Ordinary shares of Sands China Ltd.
Expected Listing Date:	03/07/2018
Expiry Date:	18/07/2018
Initial Reference Level:	1,000
Initial Exchange Rate:	1
Final Reference Level:	1,200
Final Exchange Rate:	1
Issue Price:	0.50 SGD
Notional Amount per Certificate:	0.50 SGD
Management Fee (p.a.):	0.40%
Gap Premium (p.a.):	8.00%
Strike Level:	Zero

Hedging Fee Factor

Hedging Fee Factor on the n^{th} Underlying Stock Business Day after issuance of Certificate ("HFF (n)") is calculated as follows:

$$\text{HFF}(0) = 100\%$$

On Next Calendar Day (assuming it is an Underlying Stock Business Day):

$$\text{HFF}(1) = \text{HFF}(0) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF}(1) = 100\% \times \left(1 - 0.40\% \times \frac{1}{360}\right) \times \left(1 - 8.00\% \times \frac{1}{360}\right)$$

$$\text{HFF}(1) = 100\% \times 99.9989\% \times 99.9778\% \approx 99.9767\%$$

Assuming 2nd Underlying Stock Business Day falls 3 Calendar Days after 1st Underlying Stock Business Day:

$$\text{HFF}(2) = \text{HFF}(1) \times \left(1 - \text{Management Fee} \times \frac{\text{ACT}(t-1; t)}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT}(t-1; t)}{360}\right)$$

$$\text{HFF (2)} = 99.9767\% \times \left(1 - 0.40\% \times \frac{3}{360}\right) \times \left(1 - 8.00\% \times \frac{3}{360}\right)$$

$$\text{HFF (2)} = 99.9767\% \times 99.9967\% \times 99.9333\% \approx 99.9067\%$$

The same principle applies to the following Underlying Stock Business Days:

$$\text{HFF (n)} = \text{HFF (n - 1)} \times \left(1 - \text{Management Fee} \times \frac{\text{ACT (t - 1; t)}}{360}\right) \times \left(1 - \text{Gap Premium} \times \frac{\text{ACT (t - 1; t)}}{360}\right)$$

In this example, the Hedging Fee Factor as of the Valuation Date would be equal to 99.6505% as illustrated below:

Date	HFF
3/7/2018	100.0000%
4/7/2018	99.9767%
5/7/2018	99.9533%
6/7/2018	99.9300%
9/7/2018	99.8601%
10/7/2018	99.8368%
11/7/2018	99.8135%
12/7/2018	99.7902%
13/7/2018	99.7669%
16/7/2018	99.6971%
17/7/2018	99.6738%
18/7/2018	99.6505%

Cash Settlement Amount

In this example, the Closing Level and the Cash Settlement Amount would be computed as follows:

$$\begin{aligned} \text{Closing Level} &= [(\text{Final Reference Level} \times \text{Final Exchange Rate}) / (\text{Initial Reference Level} \times \text{Initial Exchange Rate}) - \text{Strike Level}] \times \text{Hedging Fee Factor} \\ &= [(1200 \times 1) / (1000 \times 1) - 0] \times 99.6505\% \\ &= 119.58\% \end{aligned}$$

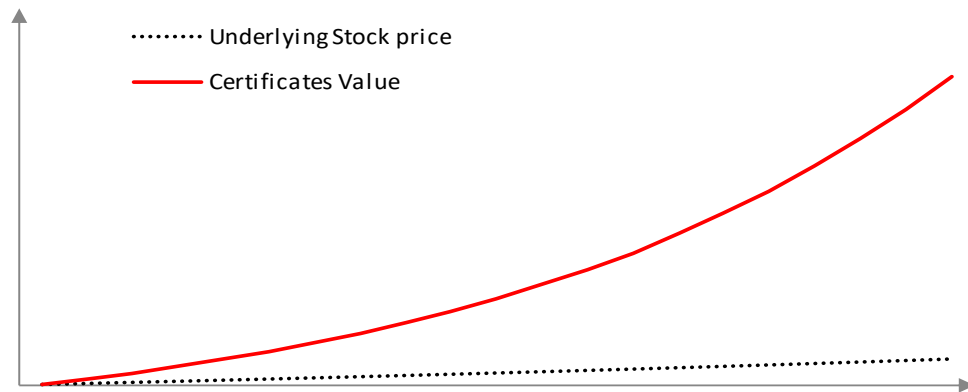
$$\begin{aligned} \text{Cash Settlement Amount} &= \text{Closing Level} \times \text{Notional Amount per Certificate} \\ &= 119.58\% \times 0.50 \text{ SGD} \\ &= \mathbf{0.598 \text{ SGD}} \end{aligned}$$

Illustration on how returns and losses can occur under different scenarios

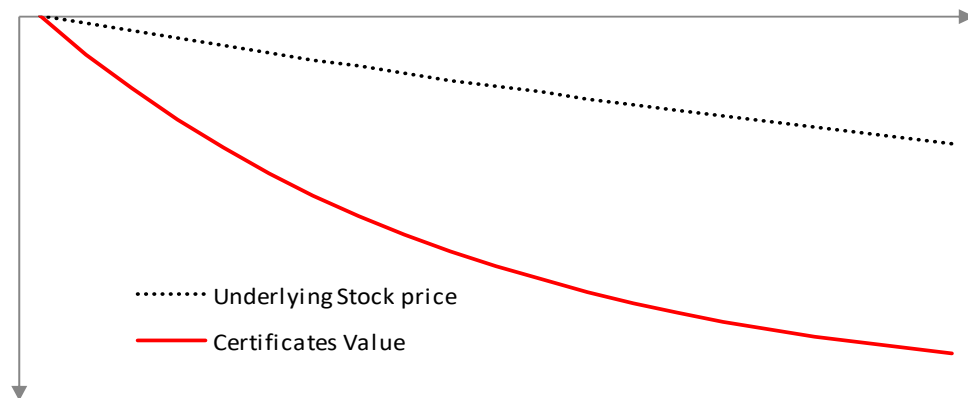
The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of the Underlying Stock performance on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, dividends, or any other market parameters.

1. Illustrative examples

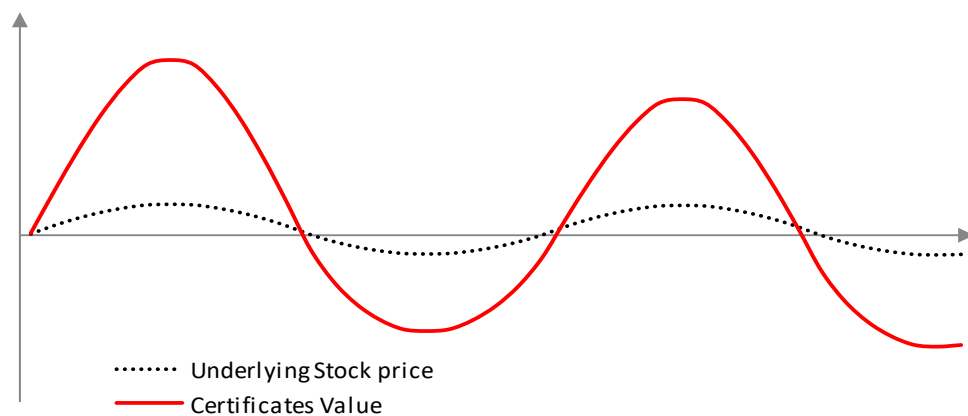
Scenario 1 – Upward Trend



Scenario 2 – Downward Trend



Scenario 3 – Volatile Market



2. Numerical Examples

Scenario 1 – Upward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	2.0%	2.0%	2.0%	2.0%
Value at end of day	10,000.0	10,200.0	10,404.0	10,612.1	10,824.3	11,040.8
Accumulated Return		2.00%	4.04%	6.12%	8.24%	10.41%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	10.0%	10.0%	10.0%	10.0%
Price at end of day	0.50	0.55	0.61	0.67	0.73	0.81
Accumulated Return		10.00%	21.00%	33.10%	46.41%	61.05%

Scenario 2 – Downward Trend

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-2.0%	-2.0%	-2.0%	-2.0%	-2.0%
Value at end of day	10,000.0	9,800.0	9,604.0	9,411.9	9,223.7	9,039.2
Accumulated Return		-2.00%	-3.96%	-5.88%	-7.76%	-9.61%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Price at end of day	0.50	0.45	0.41	0.36	0.33	0.30
Accumulated Return		-10.00%	-19.00%	-27.10%	-34.39%	-40.95%

Scenario 3 – Volatile Market

Underlying Stock						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		2.0%	-2.0%	2.0%	-2.0%	2.0%
Value at end of day	10,000.0	10,200.0	9,996.0	10,195.9	9,992.0	10,191.8
Accumulated Return		2.00%	-0.04%	1.96%	-0.08%	1.92%

Value of the Certificates						
	Day 0	Day 1	Day 2	Day 3	Day 4	Day 5
Daily return		10.0%	-10.0%	10.0%	-10.0%	10.0%
Price at end of day	0.50	0.55	0.50	0.54	0.49	0.54
Accumulated Return		10.00%	-1.00%	8.90%	-1.99%	7.81%

Description of Air Bag Mechanism

The Certificates integrate an “Air Bag Mechanism” which is designed to reduce exposure to the Underlying Stock during extreme market conditions.

When the Air Bag triggers, a 30-minute period starts. This period is divided into two sub-periods:

- Observation Period: during 15 minutes after the Air Bag trigger, the price of the Underlying Stock is observed and its minimum price is recorded; and
- Reset Period: after 15 minutes, the Leverage Strategy is reset using the minimum price of the Underlying Stock during the Observation Period as the New Observed Price. The New Observed Price replaces the last closing price of the Underlying Stock in order to compute the performance of the Leverage Strategy, 30 minutes after the Air Bag trigger.

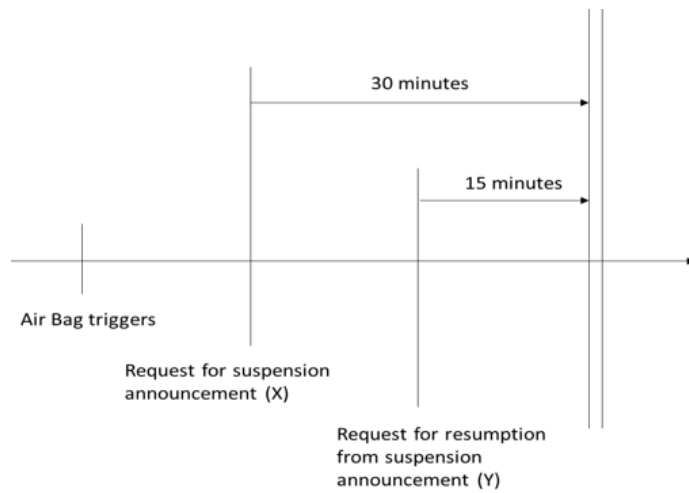
Trading of Certificates is suspended for at least 30 minutes after the Air Bag is triggered and does not take into account the mid-day break. Investors cannot sell or purchase any Certificates during this period.

Air Bag Mechanism timeline

Air Bag Trigger	Observation Period	Resumption of Trading
More than 45 minutes before Market Close	First 15 minutes after Air Bag Trigger	Trading resumes the same day between 30 and 45 minutes after Air Bag Trigger
Less than 45 minutes before Market Close and more than 15 minutes before Market Close		Next trading day at Market Open
15 minutes or less than 15 minutes before Market Close	From Air Bag Trigger to Market Close	Next trading day at Market Open

With **Market Close** defined as:

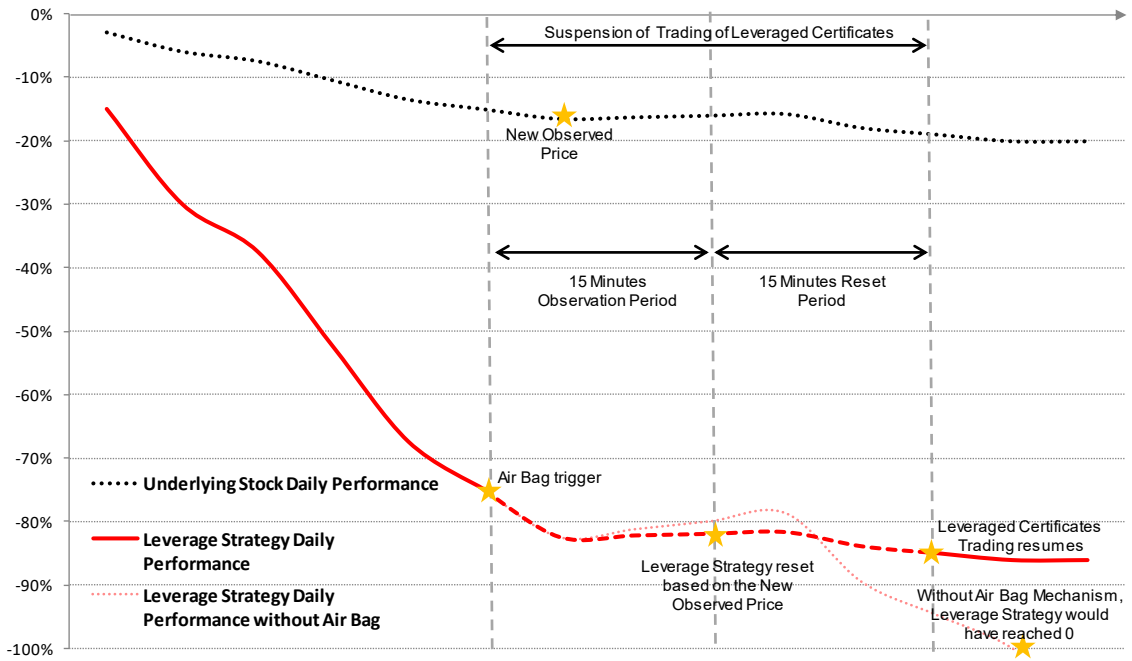
- Underlying Stock closing time with respect to the Observation Period
- The sooner between Underlying Stock closing time and SGX closing time with respect to the Resumption of Trading



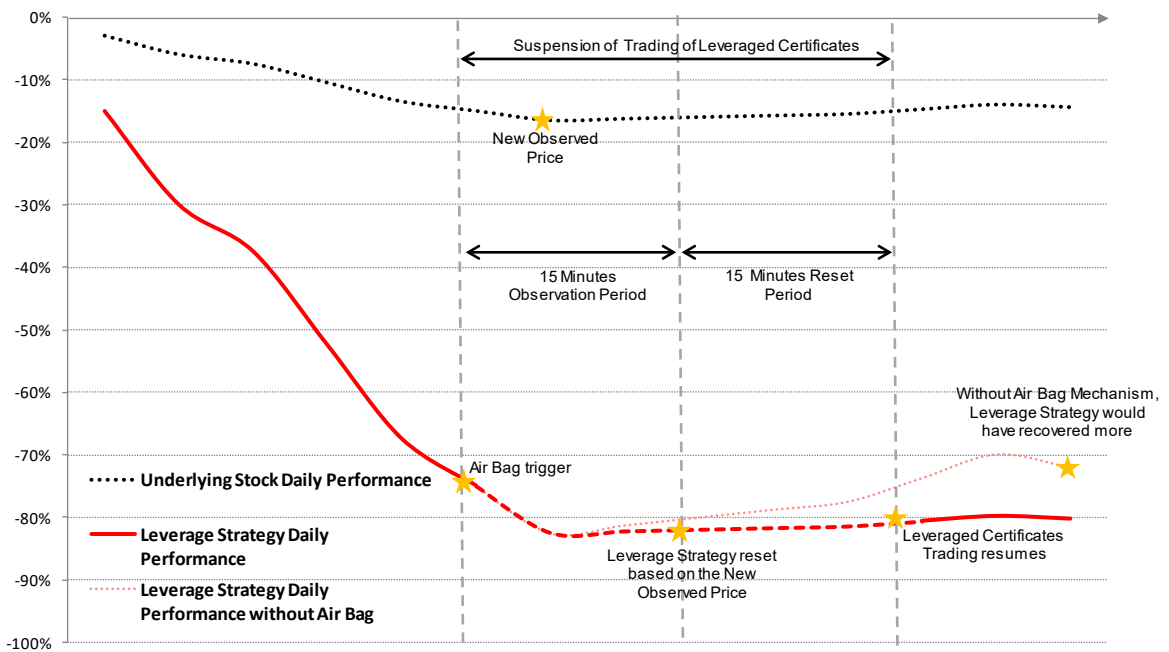
- The later between X+30 minutes or Y+15 minutes will be the earliest time the Certificates can be resumed, the next quarter-of-an-hour of which will be the scheduled resumption time of the Certificates
- If the scheduled resumption time of the Certificates is at or later than the scheduled closing time of the underlying asset, the Certificates will resume at 9 a.m. on the next SGX-ST trading day

Illustrative examples of the Air Bag Mechanism⁹

Scenario 1 – Downward Trend after Air Bag trigger



Scenario 2 – Upward Trend after Air Bag trigger



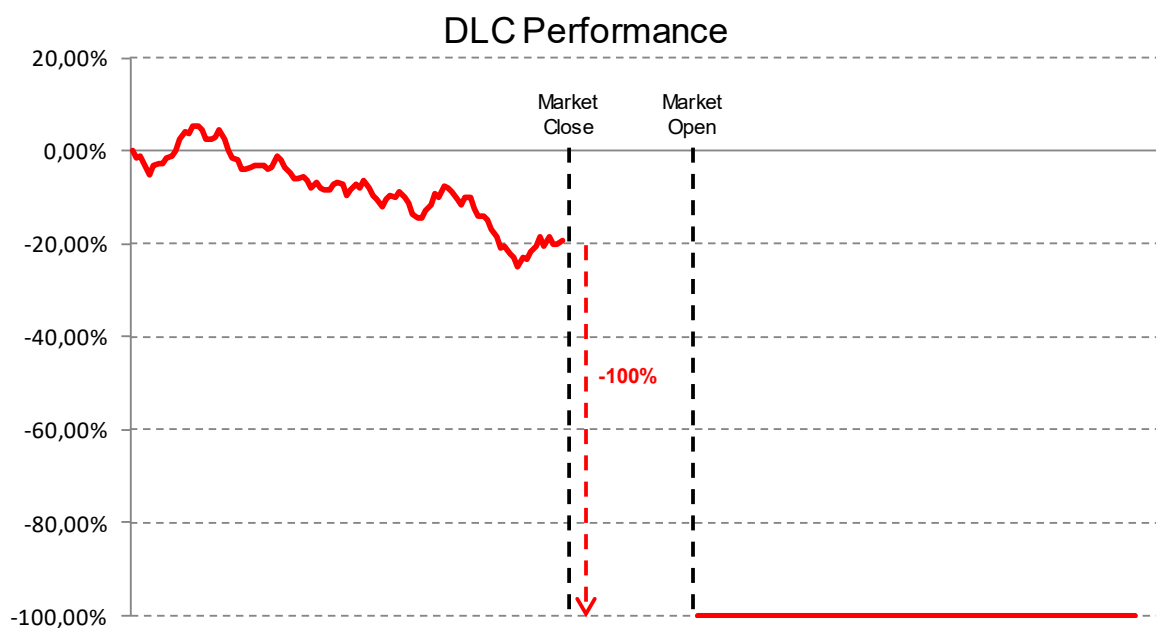
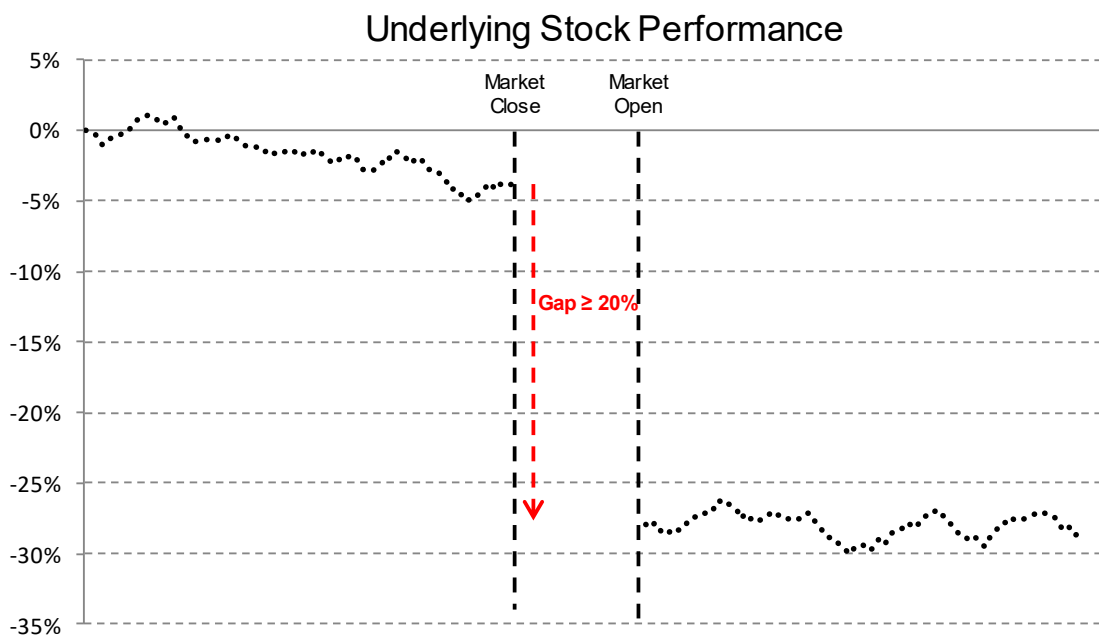
⁹ The illustrative examples are not exhaustive.

Scenarios where the investor may lose the entire value of the investment

The scenarios below are purely hypothetical and do not take fees and charges payable by investors into consideration. The scenarios highlight cases where the Certificates may lose 100% of their value.

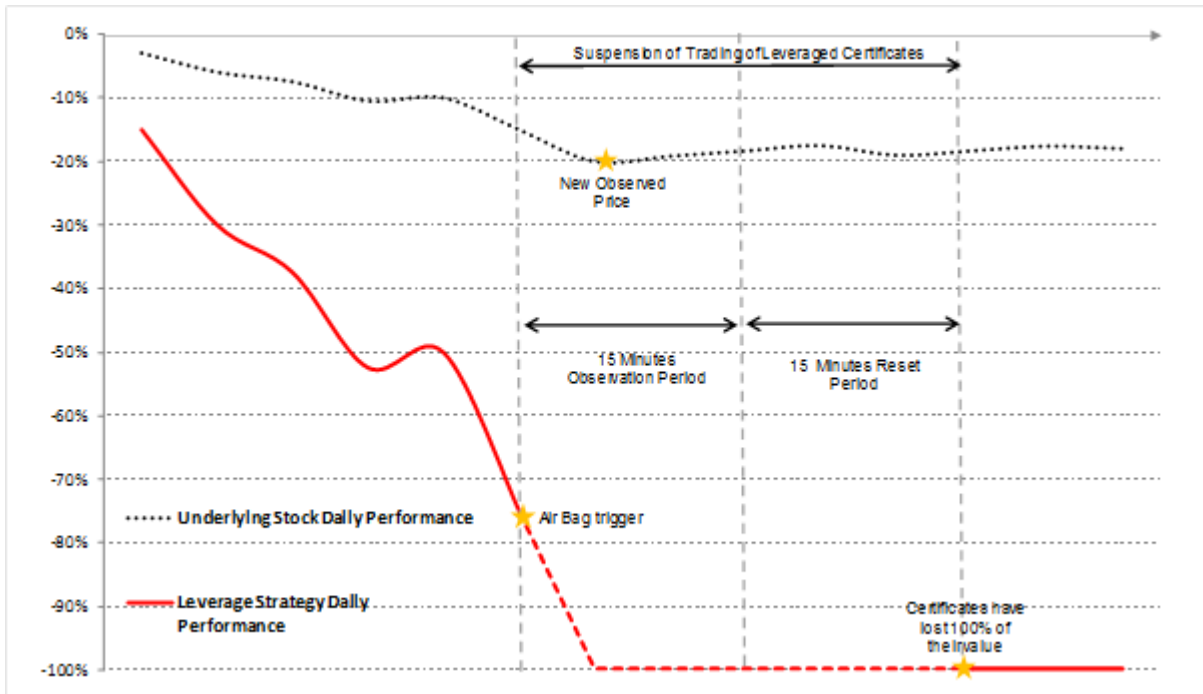
Scenario 1 – Overnight fall of the Underlying Stock

On any business day, the opening price of the Underlying Stock may be higher or lower than the closing price on the previous day. The difference between the previous closing price and the opening price of the Underlying Stock is termed a “gap”. If the opening price of the Underlying Stock is 20% or more below the previous day closing price, the Air Bag Mechanism would only be triggered when the market opens (including the pre-opening session) the following day, and the Certificates would lose their entire value in such event.



Scenario 2 – Sharp intraday fall of the Underlying Stock

Although the Air Bag Mechanism is designed to reduce the exposure to the Underlying Stock during extreme market conditions, the Certificate can lose 100% of its value in the event the price of the Underlying Stock falls by 20% or more within the 15 minutes Observation Period compared to the reference price, being: (i) if air bag has not been previously triggered on the same day, the previous closing price of the Underlying Stock, or (ii) if one or more air bag have been previously triggered on the same day, the latest New Observed Price. The Certificates would lose their entire value in such event.



Examples and illustrations of adjustments due to certain corporate actions

The examples are purely hypothetical and do not take fees and charges payable by investors into consideration. The examples highlight the effect of corporate actions on the value of the Certificates and do not take into account the possible influence of fees, exchange rates, or any other market parameters.

In the case of any corporate action on the Underlying Stock, the Calculation Agent will, as soon as reasonably practical after it becomes aware of such event, determine whether such corporate action has a dilutive or concentrative effect on the theoretical value of the Underlying Stock, and if so, will (a) calculate the corresponding adjustment, if any, to be made to the elements relating to the Underlying Stock which are used to determine any settlement or payment terms under the Certificates and/or adjust at its discretion any other terms of the Certificates as it determines appropriate to preserve the economic equivalent of the obligations of the Issuer under the Certificates and (b) determine the effective date of such adjustment.

Notwithstanding the foregoing, in the event Observation Date (t) is an ex-date with respect to a corporate action related to the Underlying Stock, the Calculation Agent may, in its sole and absolute discretion, replace the $Rfactor_t$ with respect to such Observation Date (t) by an amount computed according to the following generic formula:

$$Rfactor_t = \left[1 - \frac{Div_t + DivExc_t - M \times R}{S_{t-1}} \right] \times \frac{1}{1 + M}$$

This formula is provided for indicative purposes and the Calculation Agent may determine that this formula is not appropriate for certain corporate actions and may apply a different formula instead.

Such adjustment of $Rfactor_t$ would affect the Leveraged Return, the Rebalancing Cost, and the Underlying Reference Price used to determine the Intraday Restrike Event. The Air Bag mechanism would not be triggered if the stock price falls by 15% exclusively because of the dilutive effect of a corporate action.

Where:

$DivExc_t$ is the amount received as an Extraordinary Dividend by a holder of existing Shares for each Share held prior to the Extraordinary Dividend, net of any applicable withholding taxes.

M is the number of new Share(s) (whether a whole or a fraction) per existing Share each holder thereof is entitled to subscribe or to receive (positive amount) or the number of existing Shares redeemed or canceled per existing Share (negative amount), as the case may be, resulting from the corporate action.

R is the subscription price per Share (positive amount) or the redemption price per Share (negative amount) including any dividends or other benefits forgone to be subscribe to or to receive (as applicable), or to redeem a Share.

1. Stock split

Assuming the Underlying Stock is subject to a 1 to 2 stock split (i.e. 1 new Share for every 1 existing share):

$$S_{t-1} = \$100$$

$$S_t = \$51$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = 1 (i.e. 1 new Shares for 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 2 \times 0}{100} \right] \times \frac{1}{1 + 1} = 50\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{51}{100 \times 50\%} - 1 \right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	50	51	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.55	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$42.5, which is 15% below \$50, the Underlying Stock Reference Price.

2. Share Consolidation

Assuming the Underlying Stock is subject to a 2 to 1 share consolidation (i.e. 1 Share canceled for every 2 existing Shares):

$$S_{t-1} = \$100$$

$$S_t = \$202$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

M = -0.5 (i.e. 0.5 Shares canceled for each 1 existing Share)

R = \$0 (no subscription price / redemption price)

$$Rfactor_t = \left[1 - \frac{0 + 0 - (-0.5) \times 0}{100} \right] \times \frac{1}{1 + (-0.5)} = 200\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{202}{100 \times 200\%} - 1 \right) = 5\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	200	202	1%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.525	5%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$170, which is 15% below \$200, the Underlying Stock Reference Price.

3. Rights Issues

Assuming there is a rights issue with respect to the Underlying Stock, with a right to receive 1 new Share for every 2 existing Shares, for a subscription price of \$40.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$Div_t = \$0$$

$$DivExc_t = \$0$$

$$R = \$40 \text{ (i.e. subscription price of \$40)}$$

$$M = 0.5 \text{ (i.e. 1 new share for every 2 existing shares)}$$

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.5 \times 40}{100} \right] \times \frac{1}{1 + 0.5} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.625	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

4. Bonus Issues

Assuming there is a bonus issue with respect to the Underlying Stock, where shareholders receive 1 bonus share for 5 existing shares:

$$S_{t-1} = \$100$$

$$S_t = \$85$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$0$$

$$R = \$0$$

M = 0.2 (i.e. 1 new share for 5 existing shares)

$$Rfactor_t = \left[1 - \frac{0 + 0 - 0.2 \times 0}{100} \right] \times \frac{1}{1 + 0.2} = 83.33\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{85}{100 \times 83.33\%} - 1 \right) = 10\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	83.33	85	2%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.55	10%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$70.83, which is 15% below \$83.33, the Underlying Stock Reference Price.

5. Extraordinary Dividend

Assuming there is an extraordinary dividend of \$20 (net of taxes) paid in respect of each stock.

$$S_{t-1} = \$100$$

$$S_t = \$84$$

$$\text{Div}_t = \$0$$

$$\text{DivExc}_t = \$20$$

$$R = \$0$$

$$M = 0$$

$$Rfactor_t = \left[1 - \frac{0 + 20 - 0 \times 0}{100} \right] \times \frac{1}{1 + 0} = 80\%$$

As a consequence:

$$LR_{t-1,t} = \text{Leverage} \times \left(\frac{S_t}{S_{t-1} \times Rfactor_t} - 1 \right) = 5 \times \left(\frac{84}{100 \times 80\%} - 1 \right) = 25\%$$

S_{t-1}	$S_{t-1} \times Rfactor_t$	S_t	Adjusted Underlying Stock Performance
100	80	84	5%

Value of the Certificate (t-1)	Value of the Certificate (t)	Certificates' performance (excluding any cost and fees)
0.50	0.625	25%

In such case an Intraday Restrike Event would occur if the Underlying Stock price falls to \$68, which is 15% below \$80, the Underlying Stock Reference Price.

INFORMATION RELATING TO THE COMPANY

All information contained in this document regarding the Company, including, without limitation, its financial information, is derived from publicly available information which appears on the web-site of Hong Kong Exchanges and Clearing Limited (the “HKExCL”) at <http://www.hkex.com.hk> and/or the Company’s web-site at <https://www.sandschina.com/>. The Issuer has not independently verified any of such information.

Sands China Ltd. (the “**Company**”) (SEHK stock code: 1928) is the leading developer, owner and operator of multi-use integrated resorts and casinos in Macao. Macao is the largest gaming market in the world as measured by casino gaming revenue and is the only location in China offering legalised casino gaming. Venetian Macau Limited, the Company’s subsidiary, holds one of six concessions or subconcessions permitted by the Macao government to operate casinos or gaming areas in Macao.

The Company owns Sands® Macao, The Venetian® Macao, The Plaza™ Macao, The Parisian Macao, and The Londoner® Macao. The Company also owns Cotai Expo, one of the largest convention and exhibition halls in Asia; Macao's largest entertainment venue, the Cotai Arena; the 1,800-seat luxury Venetian Theatre; the 1,200-seat Parisian Theatre; the 1,700-seat Londoner Theatre; the upcoming 6,000-seat Londoner Arena and Cotai Water Jet, one of two major high-speed ferry companies operating between Hong Kong and Macao. The Company’s luxury and mid-market retail malls feature over 750 shops with well-known retail brands. The Company’s combined properties feature approximately 12,400 hotel rooms and suites and approximately 150 different restaurants and food outlets.

The Company’s business strategy is to develop Cotai and to leverage the Company’s integrated resort business model to create Asia’s premier business, leisure, convention and gaming destination. With the addition of The Parisian Macao in September 2016, the Company’s Cotai footprint now comprises four interconnected integrated resorts, which leverage a wide range of branded hotel and resort offerings to attract different segments of the market.

The Company is a subsidiary of Las Vegas Sands Corp. (NYSE: LVS), the parent company of The Venetian® Resort-Hotel-Casino and The Palazzo® Resort-Hotel-Casino, Sands® Expo and Convention Center in Las Vegas, Marina Bay Sands in Singapore and Sands® Casino Resort Bethlehem, Pennsylvania’s first gaming resort destination in the United States.

The information set out in Appendix to this document relates to the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 and has been extracted and reproduced from an announcement by the Company released on 30 March 2023 in relation to the same. Further information relating to the Company may be located on the web-site of the HKExCL at <http://www.hkex.com.hk>.

INFORMATION RELATING TO THE DESIGNATED MARKET MAKER

Société Générale has been appointed the designated market maker (“**DMM**”) for the Certificates. The DMM will provide competitive buy and sell quotes for the Certificates continuously during the trading hours of the SGX-ST on the following basis:

- (a) Maximum bid and offer spread : (i) when the best bid price of the Certificate is S\$10 and below: 10 ticks or S\$0.20 whichever is greater; and
(ii) when the best bid price of the Certificate is above S\$10: 5% of the best bid price of the Certificate.
- (b) Minimum quantity subject to bid and offer spread : 10,000 Certificates
- (c) Last Trading Day for Market Making : The date falling 5 Exchange Business Days immediately preceding the Expiry Date

In addition, the DMM may not provide a quotation in the following circumstances:

- (i) during the pre-market opening and five minutes following the opening of the SGX-ST on any trading day;
- (ii) if the Certificates are valueless (where the Issuer’s bid price is below the minimum bid size for such securities as prescribed by the SGX-ST);
- (iii) before the Relevant Stock Exchange for the Underlying Stock has opened and after the Relevant Stock Exchange for the Underlying Stock has closed on any trading day;
- (iv) when trading in the Underlying Stock is suspended or limited in a material way for any reason, for the avoidance of doubt, the DMM is not obliged to provide quotations for the Certificates at any time when the Underlying Stock is not negotiated/traded for any reason;
- (v) where the Certificates are suspended from trading for any reason;
- (vi) market disruption events, including, without limitation, any suspension of or limitation imposed on trading (including but not limited to unforeseen circumstances such as by reason of movements in price exceeding limits permitted by the SGX-ST or any act of God, war, riot, public disorder, explosion, terrorism or otherwise) in the Underlying Stock;
- (vii) where the Issuer or the DMM faces technical problems affecting the ability of the DMM to provide bids and offer quotations;
- (viii) where the ability of the Issuer to source a hedge or unwind an existing hedge, as determined by the Issuer in good faith, is materially affected by the prevailing market conditions, and the Issuer informs the SGX-ST of its inability to do so as soon as practicable;
- (ix) in cases where the Issuer has no Certificates to sell, then the DMM will only provide the bid price;
- (x) if the stock market experiences exceptional price movement and volatility;

- (xi) when it is a public holiday in Singapore and/or Hong Kong and/or the SGX-ST and/or the HKEX are not open for dealings; and
- (xii) during the suspension of trading of Certificates after an Air Bag Mechanism has been triggered.

The last trading day on which the DMM will provide competitive quotations for the Certificates would be the fifth Exchange Business Day immediately preceding the Expiry Date.

SUPPLEMENTAL GENERAL INFORMATION

The information set out herein is supplemental to, and should be read in conjunction with, the information set out on page 108 of the Base Listing Document.

1. Save as disclosed in this document and the Base Listing Document, neither the Issuer nor the Guarantor is involved in any legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) which may have or have had in the previous 12 months a significant effect on the financial position of the Issuer or the Guarantor in the context of the issuance of the Certificates.
2. Settlement of trades done on a normal “ready basis” on the SGX-ST generally take place on the second Business Day following the transaction. Dealing in the Certificates will take place in Board Lots in Singapore dollars. For further details on the transfer of Certificates and their exercise, please refer to the section headed “Summary of the Issue” above.
3. It is not the current intention of the Issuer to apply for a listing of the Certificates on any stock exchange other than the SGX-ST.
4. Save as disclosed in the Base Listing Document and herein, there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2022 or the Guarantor since 31 March 2023, in the context of the issuance of Certificates hereunder.
5. The following contracts, relating to the issue of the Certificates, have been or will be entered into by the Issuer and/or the Guarantor and may be material to the issue of the Certificates:
 - (a) the Guarantee;
 - (b) the Master Instrument; and
 - (c) the Master Warrant Agent Agreement.

None of the directors of the Issuer and the Guarantor has any direct or indirect interest in any of the above contracts.

6. The reports of the Auditors of the Issuer and the Guarantor were not prepared exclusively for incorporation into this document.

The Auditors of the Issuer and the Guarantor have no shareholding in the Issuer or the Guarantor or any of its subsidiaries, nor do they have the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities of the Issuer or the Guarantor or any of its subsidiaries.
7. The Certificates are not fully covered by the Underlying Stock held by Issuer or a trustee for and on behalf of the Issuer. The Issuer has appropriate risk management capabilities to manage the issue of the Certificates.
8. Société Générale, Singapore Branch, currently of 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, has been authorised to accept, on behalf of the Issuer and the Guarantor, service of process and any other notices required to be served on the Issuer or the Guarantor. Any notices required to be served on the Issuer or the Guarantor should be sent to Société Générale at the above address for the attention of Société Générale Legal Department.
9. Copies of the following documents may be inspected during usual business hours on any weekday (Saturdays, Sundays and holidays excepted) at the offices of Société Générale,

Singapore Branch at 8 Marina Boulevard, #12-01 Marina Bay Financial Centre Tower 1, Singapore 018981, during the period of 14 days from the date of this document:

- (a) the Memorandum and Articles of Association of the Issuer and the Constitutional Documents of the Guarantor;
- (b) the latest financial reports (including the notes thereto) of the Issuer;
- (c) the latest financial reports (including the notes thereto) of the Guarantor;
- (d) the Base Listing Document;
- (e) this document; and
- (f) the Guarantee.

PLACING AND SALE

General

No action has been or will be taken by the Issuer that would permit a public offering of the Certificates or possession or distribution of any offering material in relation to the Certificates in any jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Certificates, or distribution of any offering material relating to the Certificates may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws or regulations and will not impose any obligation on the Issuer. In the event that the Issuer contemplates a placing, placing fees may be payable in connection with the issue and the Issuer may at its discretion allow discounts to places.

Each Certificate Holder undertakes that it will inform any subsequent purchaser of the terms and conditions of the Certificates and all such subsequent purchasers as may purchase such securities from time to time shall be deemed to be a Certificate Holder for the purposes of the Certificates and shall be bound by the terms and conditions of the Certificates.

Singapore

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Certificates may not be circulated or distributed, nor may Certificates be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with the conditions of, any applicable provision of the Securities and Futures Act 2001 of Singapore.

Hong Kong

Each dealer has represented and agreed, and each further dealer appointed in respect of the Certificates and each other purchaser will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates (except for Certificates which are a "structured product" as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong ("SFO")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus", as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong ("CWUMPO") or which do not constitute an offer to the public within the meaning of the CWUMPO; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

European Economic Area

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made

available and will not offer, sell, or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
 - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended and superseded, the Prospectus Regulation); and
- (b) the expression “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

United Kingdom

Each dealer represents and agrees, and each further dealer appointed in respect of the Certificates will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering as contemplated by this document to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “**retail investor**” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or
 - (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA; and
- (b) the expression an “**offer**” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Each dealer further represents and agrees, and each further dealer appointed in respect of the Certificates will be required to further represent and agree, that:

- (a) in respect to Certificates having a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of

investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Certificates in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Certificates in, from or otherwise involving the United Kingdom.

United States

The Certificates and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or any state securities law, and trading in the Certificates has not been approved by the United States Commodity Futures Trading Commission (the “**CFTC**”) under the United States Commodity Exchange Act of 1936, as amended (the “**Commodity Exchange Act**”) and the Issuer has not been and will not be registered as an investment company under the United States Investment Company Act of 1940, as amended, and the rules and regulations thereunder. None of the Securities and Exchange Commission, any state securities commission or regulatory authority or any other United States, French or other regulatory authority has approved or disapproved of the Certificates or the Guarantee or passed upon the accuracy or adequacy of this document. Accordingly, Certificates, or interests therein, may not at any time be offered, sold, resold, traded, pledged, exercised, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, nor may any U.S. person at any time trade, own, hold or maintain a position in the Certificates or any interests therein. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades, pledges, exercises, redemptions, transfers or deliveries of Certificates, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading and commodity pools. Consequently, any offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised.

Each dealer has represented and agreed, and each further dealer will be required to represent and agree, that it has not and will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redeem, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Certificates of any tranches must agree with the relevant dealer or the seller of such Certificates that (i) it is not a U.S. Person, (ii) it will not at any time offer, sell, resell, trade, pledge, exercise, redeem, transfer or deliver, directly or indirectly, any Certificates in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale, trade, pledge, exercise, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, and (iii) it is not purchasing any Certificates, directly or indirectly, in the United States or for the account or benefit of any U.S. person.

Exercise or otherwise redemption of Certificates will be conditional upon certification that each person exercising or otherwise redeeming a Certificate is not a U.S. person or in the United States and that the Certificate is not being exercised or otherwise redeemed on behalf of a U.S. person. No payment will be made to accounts of holders of the Certificates located in the United States.

As used in the preceding paragraphs, the term “**United States**” includes the territories, the possessions and all other areas subject to the jurisdiction of the United States of America, and the term “**U.S. person**” means any person who is (i) a U.S. person as defined under Regulation S under the Securities Act, (ii) a U.S. person as defined in paragraph 7701(a)(30) of the Internal Revenue Code of 1986, or (iii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the “**CEA**”) or any rules thereunder of the CFTC (the “**CFTC Rules**”), guidance or order proposed or issued under the CEA (for the avoidance of doubt, any person who is not a “Non-United States person” defined under CFTC Rule 4.7(a)(1)(iv), but excluding, for purposes of subsection (D) thereof, the exception for qualified eligible persons who are not “Non-United States persons”, shall be considered a U.S. person).

APPENDIX

REPRODUCTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 OF SANDS CHINA LTD. AND ITS SUBSIDIARIES

The information set out below is a reproduction of the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2022 and has been extracted and reproduced from an announcement by the Company released on 30 March 2023 in relation to the same.

4.1 INDEPENDENT AUDITOR'S REPORT

Deloitte.

德勤

TO THE SHAREHOLDERS OF SANDS CHINA LTD.

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sands China Ltd. (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 133 to 215, which comprise the consolidated balance sheet as at December 31, 2022, and the consolidated income statement and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

4.1 INDEPENDENT AUDITOR'S REPORT

Key audit matter

Provision of Expected Credit Losses for Casino Receivables

As disclosed in note 16(a) to the consolidated financial statements, the Group had net amount of casino receivables before provision for expected credit losses of approximately US\$142 million as at December 31, 2022 and out of which an aggregate gross carrying amount of approximately US\$139 million were past due. The Group maintained a provision for credit losses based on the amount of expected credit losses on casino receivables and regularly evaluated the balances.

As further disclosed in note 16(a) to the consolidated financial statements, the Group specifically analyzed the collectability of each casino receivables account with a significant balance, based upon the aging of the account, the customer's financial condition, collection history and any other known information. The Group also monitored regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded provisions. For the remaining debtors which consist of a large number of small customers with common risk characteristics, the Group applied expected loss rates to past due account balances, and the expected loss rates were estimated based on the historical observed default rates over the expected life of the receivable balance and forward-looking information.

Auditing the valuation of the casino receivables involved evaluation of management's judgment pertaining to the collectability of casino receivables, especially as it relates to the evaluation of the customer's ability to repay amounts owed.

How our audit addressed the key audit matter

Our procedures in relation to the provision of expected credit losses of casino receivables included:

- Obtaining an understanding and testing the operating effectiveness of controls over granting of casino credit, collection processes and management's review controls over the assessment of the collectability of casino receivables and appropriateness of the estimated allowance, including the information used by management in those controls; and
- Developing expectations of current year loss allowance based on repayment history of debtors and forward looking information and examining their subsequent settlement, on a sample basis, to assess the reasonableness of the amount of expected credit losses made for casino receivables by the Group.

4.1 INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

4.1 INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Stephen David Smart.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

March 17, 2023

4.2 FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Notes	Year ended December 31,	
		2022	2021
		US\$ in millions, except per share data	
Net revenues	4	1,605	2,874
Gaming tax		(515)	(1,017)
Employee benefit expenses	5	(1,032)	(1,049)
Depreciation and amortization	4	(750)	(733)
Inventories consumed		(26)	(34)
Other expenses, gains and losses	6	(445)	(578)
Operating loss		(1,163)	(537)
Interest income		19	2
Finance costs, net of amounts capitalized	7	(444)	(373)
Loss on early retirement of debt	22	—	(137)
Loss before income tax		(1,588)	(1,045)
Income tax benefit/(expense)	8	6	(3)
Loss for the year attributable to equity holders of the Company		(1,582)	(1,048)
Loss per share for loss attributable to equity holders of the Company			
— Basic	9	(US19.55 cents)	(US12.95 cents)
— Diluted	9	(US19.55 cents)	(US12.95 cents)

The notes on pages 139 to 215 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Loss for the year attributable to equity holders of the Company	(1,582)	(1,048)
Other comprehensive expense		
<i>Item that will be reclassified subsequently to profit or loss:</i>		
Cash flow hedge fair value adjustment	(2)	(4)
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Currency translation differences	(9)	(6)
Total comprehensive expense for the year attributable to equity holders of the Company	(1,593)	(1,058)

The notes on pages 139 to 215 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2022 US\$ in millions	2021
ASSETS			
Non-current assets			
Investment properties, net	11	598	637
Property and equipment, net	12	7,904	8,477
Intangible assets, net	14	31	38
Other assets, net		13	26
Other receivables and prepayments, net	16	24	24
Restricted bank deposit	17	125	—
Total non-current assets		8,695	9,202
Current assets			
Inventories		19	15
Other asset		1	—
Trade and other receivables and prepayments, net	16	145	183
Restricted cash and cash equivalents	17	912	16
Cash and cash equivalents	18	790	678
Total current assets		1,867	892
Total assets		10,562	10,094

4.2 FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

	Notes	December 31, 2022	2021
		US\$ in millions	
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	19	81	81
Reserves	20	(781)	807
Total (deficit)/equity		(700)	888
LIABILITIES			
Non-current liabilities			
Trade and other payables	21	128	112
Borrowings	22	8,218	7,946
Deferred income tax liabilities	15	45	54
Total non-current liabilities		8,391	8,112
Current liabilities			
Trade and other payables	21	908	1,071
Current income tax liabilities		—	5
Borrowings	22	1,963	18
Total current liabilities		2,871	1,094
Total liabilities		11,262	9,206
Total equity and liabilities		10,562	10,094
Net current liabilities		(1,004)	(202)
Total assets less current liabilities		7,691	9,000

Approved by the Board of Directors on March 17, 2023 and signed on behalf of the Board by

Robert Glen Goldstein
Chairman of the Board and Chief Executive Officer
Director

Wong Ying Wai
President
Director

The notes on pages 139 to 215 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital reserve (Note 20(a))	Share premium	Statutory reserve (Note 20(b))	Share-based compensation reserve US\$ in millions	Currency translation reserve	Hedge reserve	Retained earnings/ (accumulated losses)	Total
Balance at January 1, 2021	81	87	1,498	6	97	4	—	156	1,929
Loss for the year	—	—	—	—	—	—	—	(1,048)	(1,048)
Fair value adjustment on cash flow hedge	—	—	—	—	—	—	(4)	—	(4)
Other comprehensive expense for the year	—	—	—	—	—	(6)	—	—	(6)
Total comprehensive expense	—	—	—	—	—	(6)	(4)	(1,048)	(1,058)
Exercise of share options	—	—	12	—	—	—	—	—	12
Transfer to share premium upon exercise of share options	—	—	5	—	(5)	—	—	—	—
Forfeiture of share options	—	—	—	—	(2)	—	—	2	—
Share-based compensation of the Company	—	—	—	—	4	—	—	—	4
Share-based compensation charged by LVS	—	—	—	—	1	—	—	—	1
Balance at December 31, 2021	81	87	1,515	6	95	(2)	(4)	(890)	888
Loss for the year	—	—	—	—	—	—	—	(1,582)	(1,582)
Fair value adjustment on cash flow hedge	—	—	—	—	—	—	(2)	—	(2)
Other comprehensive expense for the year	—	—	—	—	—	(9)	—	—	(9)
Total comprehensive expense	—	—	—	—	—	(9)	(2)	(1,582)	(1,593)
Forfeiture of share options	—	—	—	—	(3)	—	—	3	—
Share-based compensation of the Company	—	—	—	—	3	—	—	—	3
Share-based compensation charged by LVS	—	—	—	—	2	—	—	—	2
Balance at December 31, 2022	81	87	1,515	6	97	(11)	(6)	(2,469)	(700)

The notes on pages 139 to 215 are an integral part of these consolidated financial statements.

4.2 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	Year ended December 31,	
		2022	2021
		US\$ in millions	
Cash flows (used in)/generated from operating activities			
Cash (used in)/generated from operations	24	(466)	93
Income tax paid		(7)	(5)
Net cash (used in)/generated from operating activities		(473)	88
Cash flows used in investing activities			
Placement of restricted bank deposit		(125)	—
Withdrawal from restricted cash and cash equivalents		16	—
Purchases of property and equipment		(203)	(564)
Additions to investment properties		(18)	(60)
Purchases of intangible assets		(20)	(16)
Proceeds from disposal of property and equipment, investment properties and intangible assets		9	3
Interest received		16	3
Net cash used in investing activities		(325)	(634)
Cash flows from financing activities			
Proceeds from exercise of share options		—	12
Proceeds from bank loans	22	1,200	756
Proceeds from LVS Term Loan	22	1,000	—
Proceeds from Senior Notes	22	—	1,946
Repayment of 2023 Notes	22	—	(1,800)
Repayments of other long-term borrowings	22	(1)	—
Repayments of lease liabilities	22	(9)	(12)
Payments of financing costs	22	(2)	(27)
Make-whole premium on early retirement of debt	22	—	(131)
Interest paid	22	(367)	(378)
Net cash from financing activities		1,821	366
Net increase/(decrease) in cash and cash equivalents		1,023	(180)
Cash and cash equivalents at beginning of year		678	861
Effect of exchange rate on cash and cash equivalents		1	(3)
Cash and cash equivalents at end of year		1,702	678

Cash and cash equivalents of US\$1.70 billion as at December 31, 2022 includes restricted cash and cash equivalents of US\$912 million that became unrestricted in early January 2023.

The notes on pages 139 to 215 are an integral part of these consolidated financial statements.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Principal activities

The Group is principally engaged in the operation of casino games of chance and the development and operation of destination properties and other ancillary services in Macao. The Group's immediate holding company is Venetian Venture Development Intermediate II. Las Vegas Sands Corp. ("LVS"), a company incorporated in Nevada, U.S.A., indirectly holds 69.91% ownership interest in the Group as at December 31, 2022, and is the Group's ultimate holding company.

The Company was incorporated in the Cayman Islands on July 15, 2009 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands. The address of the Company's registered office in the Cayman Islands is Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands. The Company's principal place of business in Hong Kong is 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong.

The Group owns and operates The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao, and Sands Macao. The Group's properties collectively feature some of the world's largest casinos, luxury suites and hotel rooms, different restaurants and food outlets, spas and theaters for live performances and multiple levels of shopping experiences, as well as other integrated resort amenities.

During 2022, the Group achieved milestones in advancing several strategic objectives. The Group was awarded a new 10-year gaming concession for the operation of casino games of chance in Macao. The Group completed the Londoner Arena and the expansion of Shoppes at Londoner during the first half of 2022, which marks the completion of the conversion of Sands Cotai Central into The Londoner Macao.

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

The consolidated financial statements are presented in millions of United States dollars ("US\$ in millions"), unless otherwise stated.

The consolidated financial statements were approved for issue by the Board of Directors on March 17, 2023.

COVID-19 Pandemic Update

While visitation to Macao remains substantially below pre-COVID-19 pandemic levels, the Macao government's policy regarding the management of COVID-19 and general travel restrictions has adjusted in line with changes in policy in mainland China in late December 2022 and early January 2023. Currently, visitors from mainland China, Hong Kong and Taiwan may enter Macao, subject to them holding the appropriate travel documents, without having to present any proof of COVID-19 testing. Arrivals from foreign countries must provide proof of a negative COVID-19 nucleic acid test or antigen test completed within 48 hours prior to arrival. The Group's operations will continue to be impacted and subject to changes in the government policies of Macao, mainland China, Hong Kong and other jurisdictions in Asia addressing travel and public health measures associated with COVID-19.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

COVID-19 Pandemic Update (continued)

Throughout the year ended December 31, 2022, various outbreaks occurred in the region, particularly in Hong Kong in late January and early February, the Guangdong province in March, Macao in mid-June and Zhuhai in early October, all of which resulted in various travel, border and/or operational restrictions. Specifically, on July 9, 2022, the Macao government ordered casinos and all non-essential businesses to close from July 11, 2022 to July 18, 2022 in an attempt to control the outbreak in Macao, which was extended through July 22, 2022. On July 20, 2022, the Macao government announced a consolidation period, which started on July 23, 2022 and ended on July 30, 2022, whereby certain business activities were allowed to resume limited operations; however, casino operations resumed, but with a maximum capacity of 50% of casino staff working at any point. Throughout August, these preventative measures were gradually reduced, as well as various restrictions on movement between Macao and Zhuhai were progressively lifted by both the Macao and mainland China governments.

Various travel restrictions, such as border closures, mandatory quarantines and proof of negative COVID-19 testing on arrival in Macao, among others, were in effect at various times during the year ended December 31, 2022, resulting in fluctuations in guest travel and visitation.

The Hong Kong/Macao Express bus service and the ferry services between the Taipa Ferry Terminal and Hong Kong International Airport recommenced on December 24, 2022 and December 30, 2022, respectively. The Group's ferry operations between Macao and Hong Kong were suspended throughout 2022 and resumed operation on a limited basis on January 8, 2023.

The Group's gaming operations remained open during most of the year ended December 31, 2022. While guest visitation has begun to recover with the gradual relaxation of travel and quarantine restrictions, the timing and manner in which the Group's casinos, restaurants and shopping malls will operate at full capacity will progressively be assessed against business volumes.

As with prior periods, in support of the Macao government's initiatives to fight the COVID-19 Pandemic, at various times throughout the year ended December 31, 2022, the Group provided both towers of the Sheraton Grand Macao hotel and also The Parisian Macao hotel to the Macao government to house individuals for quarantine and medical observation purposes.

The Group's operations have been significantly impacted by the reduced visitation to Macao. The Macao government announced total visitation from mainland China to Macao decreased approximately 27.5% and 81.7%, during the year ended December 31, 2022, as compared to the same period in 2021 and 2019 (pre-pandemic), respectively. The Macao government also announced gross gaming revenue decreased approximately 51.4% and 85.6%, during the year ended December 31, 2022, as compared to the same period in 2021 and 2019, respectively.

At the Group's properties, all social distancing requirements, including those requiring reduced seating at table games and a decreased number of active slot machines on the casino floor compared to pre-COVID-19 levels have ceased in early January 2023.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

COVID-19 Pandemic Update (continued)

The disruptions arising from the COVID-19 Pandemic continued to have a significant adverse impact on the Group's financial condition and operations during the year ended December 31, 2022. The duration and intensity of this global health situation and related disruptions are uncertain and given the dynamic nature of these circumstances, the potential future impact on the Company's consolidated results of operations, cash flows and financial condition is uncertain.

While the Group's properties were open with some operating at reduced levels due to lower visitation and required safety measures in place during the year ended December 31, 2022, the current economic and regulatory environment on a global basis and in Macao continues to evolve. The Group cannot predict the manner in which governments will react as the global and regional impact of the COVID-19 Pandemic changes over time, which could significantly alter the Group's current operations.

The Group has adequate liquidity to fund its operations and meet its contractual obligations, including its obligations under the Concession Contract, for at least twelve months after the end of the reporting period. The Group had US\$790 million in cash and cash equivalents (excluding restricted cash and cash equivalents) and US\$541 million in available borrowing capacity under the 2018 SCL Revolving Facility as at December 31, 2022, and formerly restricted cash and cash equivalents totaling US\$912 million became available to the Group in January 2023. In addition, COVID-19-related travel restrictions were lifted in January 2023, and the number of tourists visiting Macao has increased significantly, with Macao's gross gaming revenue for the two months ended February 28, 2023 recovering to 43.5% of 2019 levels.

The maturity day of the 2018 SCL Revolving Facility is currently July 31, 2023. The Company intends to extend it beyond that date and we are optimistic that this extension will be granted. However, there is no assurance that it will be approved, which could have an adverse effect on our liquidity.

Macao Concession

Until December 31, 2022, the Macao government administered gaming through concession contracts awarded to three different Concessionaires and three Subconcessionaires, including VML. On June 23, 2022, the Macao government approved and authorized an extension between VML and Galaxy, thereby extending the Subconcession from June 26, 2022 to December 31, 2022. VML paid the Macao government 47 million patacas (approximately US\$6 million at exchange rates in effect at the time of the transaction) and provided a bank guarantee to the Macao government on September 20, 2022, in the amount of 2.31 billion patacas (approximately US\$289 million at exchange rates as defined in the bank guarantee contract) to secure the fulfillment of VML's payment obligations towards its employees if VML were unsuccessful in tendering for a new concession contract after its Subconcession expired.

On November 26, 2022, the Macao government provisionally awarded six concessions to six of the bidders, including VML, subject to satisfaction of certain conditions, including the provision of a bank guarantee of 1.0 billion patacas (approximately US\$125 million) to secure the fulfillment of VML's legal, contractual and other obligations, including labor obligations. By December 9, 2022, VML had complied with all of these conditions.

On December 16, 2022, the Macao government granted VML, SCL's wholly owned subsidiary, one of six concessions to operate casinos in Macao. VML entered into a ten-year concession agreement with the Macao government, beginning on January 1, 2023. On December 19, 2022, VML requested the release of all the bank guarantees provided to the Macao government under its Subconcession, and in January 2023 such bank guarantees were released, including the 2.31 billion patacas bank guarantee.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION (CONTINUED)

Macao Concession (continued)

On December 30, 2022, in accordance with the requirements of the Gaming Law and their obligations under the Undertakings, the Company's subsidiaries VML, VCL, VOL and CSL2, entered into deeds of reversion, pursuant to which they confirmed and agreed to revert to the Macao government the Gaming Assets without compensation and free of any liens or charges upon the expiry of the term of the Subconcession extension period. A total area of approximately 136,000 square meters of casinos, gaming areas and gaming support areas located in the Group's properties (representing approximately 4.7% of the total property area) and gaming equipment (collectively referred to as the "Gaming Assets") with a total net book value of US\$753 million, reverted to, and are now owned by the Macao government on December 31, 2022. VML will continue to recognize these Gaming Assets as property and equipment and depreciate over their remaining estimated useful lives as VML will continue to operate the Gaming Assets in the same manner as under the previous Subconcession, obtain substantially all of the economic benefits and bear all of the risks arising from the use of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession.

On the same day, VML entered into a handover record the Handover Record which granted VML the right to operate the Gaming Assets for the duration of the Concession in exchange for annual payments of 750 patacas per square meter for the first three years and 2,500 patacas per square meter for the following seven years (approximately US\$93 and US\$311, respectively). In years two and three, the annual payment of 750 patacas per square meter will be adjusted based on Macao's average price index for the previous year. In years five through ten, the annual payment of 2,500 patacas per square meter will be adjusted based on Macao's average price index for the prior year.

VML Capital Change

Following the June 23, 2022 amendment to Law No. 16/2001, Macao's Gaming Law now requires, among other things, that gaming concessionaires have a minimum share capital of 5.0 billion patacas and a managing director who is a Macao permanent resident and who must hold at least 15% of the concessionaire's share capital. As such, on December 7, 2022, VML completed a change in its share capital structure that increased VML's registered share capital from 200 million patacas to 5.0 billion patacas and increased Mr. Sun MinQi's (Dave), our Senior Vice President and Chief Financial Officer, shareholding in VML from 10% to 15%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The preparation of the consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

The consolidated financial statements have been prepared on the historical cost basis except for financial liabilities for cash-settled share-based awards and derivative financial instruments that are measured at fair value.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Changes in accounting policies and disclosures

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

The Group has not early adopted the new or amendments to standards that have been issued, but are not effective for the year ended December 31, 2022. The Group has commenced the assessment of the impact of the new or amendments to standards to the Group, but is not yet in a position to state whether their adoption would have a significant impact on the results of operations and financial position of the Group.

(c) Subsidiaries

Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

The particulars of the Group's principal subsidiaries as at December 31, 2022 are set out in Note 30.

(d) Foreign currency translation

Items included in the financial statements of each of the Group's companies are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is Macao patacas ("MOP"). The consolidated financial statements are presented in US\$, which is the presentation currency of LVS.

Companies within the Group that have a functional currency different from the presentation currency translate their results of operations and financial position into the presentation currency based on the following:

- Assets and liabilities are translated at the closing rate at balance sheet date;
- Income and expenses are translated at average exchange rates during the year; and
- Translation adjustments arising from this process are recognized in other comprehensive income/(expense) (currency translation differences) and will not be reclassified subsequently to profit or loss.

Gains or losses from foreign currency remeasurements that arise from exchange rate fluctuations on transactions denominated in a currency other than the functional currency are included in "other expenses, gains and losses".

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investment properties

Investment properties, principally comprising buildings and building improvements relating to mall operations, are held for long-term rental yields or capital appreciation or both, and are not occupied by the Group. Investment properties currently being constructed or developed are classified as investment properties and stated at cost, less accumulated impairment losses, if any. Investment properties are initially measured at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Investment properties are depreciated on a straight-line basis, at rates sufficient to write off their costs over their estimated useful lives of 3 to 50 years. The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate at each balance sheet date. The effects of any revision are included in the consolidated income statement when the changes arise.

(f) Property and equipment

Property and equipment, except construction-in-progress, are stated at historical cost less accumulated depreciation and amortization and accumulated impairment losses, if any. Leasehold interests in land are classified as leases and commence amortization from the time when the land interest becomes available for its intended use. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets which do not exceed the lease term for leasehold improvements, as follows:

Leasehold interests in land classified as leases	50 years
Leasehold improvements	Shorter of lease term or 3 years
Land improvements, buildings and building improvements	10–50 years
Leased buildings and equipment	Lease term
Ferries	20 years
Furniture, fittings and equipment	3–20 years
Vehicles	5–6 years

The estimated useful lives are based on the nature of the assets as well as current operating strategy and legal considerations, such as contractual life, and are periodically reviewed. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Company uses certain assets requiring a change in the estimated useful lives of such assets.

Maintenance and repairs that neither materially add to the value of the asset nor appreciably prolong its life are charged to expense as incurred. Gains or losses on disposition of property and equipment are included in the consolidated income statement.

Construction-in-progress represents property and equipment under construction and is stated at cost, less accumulated impairment losses, if any. This includes the direct costs of purchase, construction and capitalized borrowing costs. Construction-in-progress is not depreciated until such time as the relevant assets are completed and ready for their intended use, at which time they are transferred to the relevant asset category.

The residual values and useful lives of the assets are reviewed, and adjusted as appropriate at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property and equipment (continued)

For assets to be disposed of, the Group recognizes the asset to be sold at the lower of carrying value or fair value less costs of disposal. Fair value for assets to be disposed of is estimated based on comparable asset sales, solicited offers or a discounted cash flow model.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within "Other expenses, gains and losses" in the consolidated income statement.

(g) Intangible assets

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on a straight-line basis over their estimated useful lives of 4 years.

(h) Impairment of non-financial assets

Fixed assets are reviewed for impairment whenever indicators of impairment exist. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash generating units or "CGU").

(i) Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a. the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income:

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- b. the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss.

The Group's financial assets primarily consist of cash and cash equivalents, restricted cash and cash equivalents, trade and other receivables and derivative financial instruments.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Interest income is recognized by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (“ECL”) on trade and other receivables which are subject to impairment under IFRS 9 *Financial Instruments*. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

a. Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

b. Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence of a financial asset that is credit-impaired includes observable data about the following events:

- i. Significant financial difficulty of the issuer or the borrower;
- ii. A breach of contract, such as a default or past due event;
- iii. The Group, for economic or legal reasons relating to the borrower’s financial difficulty, grants to the borrower a concession the lender would not otherwise consider;
- iv. It becomes probable the borrower will enter bankruptcy or other financial reorganization; or
- v. Observable data indicating there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
 - (i) adverse changes in the payment status of borrowers in the portfolio; or
 - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Financial assets (continued)

Impairment of financial assets (continued)

c. *Write-off policy*

The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

d. *Measurement and recognition of ECL*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

Generally, the ECL is the difference between all contractual cash flows due to the Group in accordance with the contract and the cash flows the Group expects to receive.

Where ECL is measured on a collective basis or for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped based on shared credit risk characteristics and days past due.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognizes an impairment gain or loss in profit or loss for trade and other receivables by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognizes a financial asset when the consideration was received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(j) Cash and cash equivalents, restricted cash and cash equivalents and bank deposits

Cash and cash equivalents include cash and short-term deposits with original maturities of three months or less. Such investments are carried at cost, which is a reasonable estimate of their fair value. Cash equivalents are placed with high credit quality financial institutions. Cash and cash equivalents are considered restricted when withdrawal or general use is legally restricted. The Group determines current or non-current classification based on the expected duration of the restriction. The Group's restricted cash and cash equivalents includes amounts held in a separate cash deposit account as collateral for bank guarantees and other contractually reserved amounts.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of equity instruments are shown in equity as a deduction, net of tax, from the proceeds.

(l) Financial liabilities

The Group's financial liabilities consist of primarily borrowings and trade and other payables, are initially measured at fair value and subsequently measured at amortized cost, using the effective interest method. The Group's financial liabilities also may include derivative financial instruments (if any) which are measured at fair value.

Derecognition/substantial modification of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

When the contractual terms of financial liability are modified such that the revised terms would result in a substantial modification from the original terms, after taking into account all relevant facts and circumstances including qualitative factors, such modification is accounted for as derecognition of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognized and the fair value of consideration paid or payable, including any liabilities assumed and derivative components, is recognized in profit or loss.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortized over the remaining term. Any adjustment to the carrying amount of the financial liability is recognized in profit or loss at the date of modification.

(m) Trade payables

Trade payables are obligations to pay for goods or services acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowings and financing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent it is probable some or all of the facilities will be drawn. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence it is probable some or all of the facilities will be drawn, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Financing costs incurred for the construction of any qualifying asset which takes a substantial period of time to get ready for its intended use, less any investment income on the temporary investment of related borrowings, are capitalized during the period that is required to complete and prepare the asset for its intended use. Other financing costs, net of interest income, are expensed.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(o) Current and deferred income tax and gaming tax

Income tax

Income tax expense is comprised of current and deferred tax.

(i) Current income tax

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. Deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent it is probable future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax is provided for temporary differences arising from investments in subsidiaries, except when the timing of the reversal of the temporary difference can be controlled by the Group and it is probable the temporary difference will not reverse in the foreseeable future.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred income tax and gaming tax (continued)

Income tax (continued)

(iii) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Gaming tax

According to the gaming subconcession granted by the Macao government and the relevant legislation, the Group is required to pay 35% gaming tax on gross gaming revenue, which represents net wins from casino operations. The Group is also required to pay an additional 4% of gross gaming revenue as public development and social related contributions. Effective January 1, 2023, this special levy was increased to 5% pursuant to the Concession and Gaming Law, which may be reduced or exempted by the Chief Executive when the concessionaire has successfully expanded to foreign tourist source markets in accordance with the Gaming Law.

On a monthly basis, the Group also makes certain variable and fixed payments to the Macao government based on the number of slot machines and table games in its possession. These expenses are reported as "Gaming tax" in the consolidated income statement.

(p) Employee benefits

(i) Pension obligations

The Group operates the Private Provident Fund Scheme and Non-Mandatory Central Provident Fund Scheme (collectively, the "Schemes") through its subsidiaries in Macao. The Schemes are managed by fund management entities and are defined contribution plans. The Group has no further payment obligations once the contributions have been paid to the Schemes managed by fund management entities. The contributions are recognized as employee benefit expenses when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to the contributions being fully vested. Prepaid contributions are recognized as an asset to the extent a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

Equity-settled share-based payment transactions

Share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized over the employee's requisite service period (generally the vesting period of the equity grant). When the options of the 2009 Equity Award Plan and 2019 Equity Award Plan are exercised, the Company issues new shares. The cash subscribed for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs. At the time when the options are exercised, the amount previously recognized in share-based compensation reserve will be transferred to share premium. When the options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share-based compensation reserve will be transferred to retained earnings/(accumulated losses).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (continued)

(ii) Share-based compensation (continued)

Equity-settled share-based payment transactions (continued)

The Group recognizes the impact of revisions to the original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

Share-based compensation expense arising from the granting of share options and restricted share units by LVS to the employees of the Group, to the extent of services rendered to the Group, is deemed to have been allocated to the Group as an expense with the corresponding increase in the share-based compensation reserve under equity in the relevant companies comprising the Group.

Cash-settled share-based payment transactions of the Company

For cash-settled share-based payments, a financial liability is recognized for the employee services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss for the year.

(iii) Annual leave and other paid leave

Employee entitlement to annual leave is recognized when it accrues to employees. A provision is made for the estimated liability for annual leave available and not utilized as a result of services rendered by employees during the year. Employee entitlement to maternity leave is not recognized until the time of leave. Unused sick leave is accrued on a monthly basis.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of when the Group can no longer withdraw the offer of the termination benefits and when it recognizes any related restructuring costs. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the balance sheet date are discounted to their present value.

(v) Bonus plans

The Group recognizes a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

(q) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable an outflow of economic resources will be required or the amount of the obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of resources embodying economic benefits is remote. When a change in the probability of an outflow occurs so the outflow is probable, it will then be recognized as a provision.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition

Revenue from contracts with customers primarily consists of casino wagers, room sales, food and beverage transactions, rental income from the Company's mall tenants, convention sales and entertainment and ferry ticket sales. These contracts can be written, oral or implied by customary business practices.

Gross casino revenue is the aggregate of gaming wins and losses. The commissions rebated to gaming promoters and premium players for rolling play, cash discounts and other cash incentives to patrons related to gaming play are recorded as a reduction to gross casino revenue. Gaming contracts include a performance obligation to honor the patron's wager and typically include a performance obligation to provide a product or service to the patron on a complimentary basis to incentivize gaming or in exchange for points earned under the Group's loyalty programs.

For wagering contracts that include complimentary products and services provided by the Group to incentivize gaming, the Group allocates the relative stand-alone selling price of each product and service to the respective revenue type. Complimentary products or services provided under the Group's control and discretion, which are supplied by third parties, are recorded as an operating expense.

For wagering contracts that include products and services provided to a patron in exchange for points earned under the Group's loyalty programs, the Group allocates the estimated fair value of the points earned to the loyalty program liability. The loyalty program liability is a deferral of revenue until redemption occurs. Upon redemption of loyalty program points for Group-owned products and services, the stand-alone selling price of each product or service is allocated to the respective revenue type. For redemptions of points with third parties, the redemption amount is deducted from the loyalty program liability and paid directly to the third party. Any discounts received by the Group from the third party in connection with this transaction are recorded to other revenue.

After allocation to the other revenue types for products and services provided to patrons as part of a wagering contract, the residual amount is recorded to casino revenue as soon as the wager is settled. As all wagers have similar characteristics, the Group accounts for its gaming contracts collectively on a portfolio basis versus an individual basis.

Hotel revenue recognition criteria are met at the time of occupancy. Food and beverage revenue recognition criteria are met at the time of service. Convention revenues are recognized when the related service is rendered or the event is held. Deposits for future hotel occupancy, convention space or food and beverage services contracts are recorded as deferred revenue until the revenue recognition criteria are met. Cancellation fees for convention contracts are recognized upon cancellation by the customer and are included in other revenues. Ferry and entertainment revenue recognition criteria are met at the completion of the ferry trip or event, respectively. Revenue from contracts with a combination of these services is allocated pro rata based on each service's relative stand-alone selling price.

The Group's accounting policy for recognition of revenue from mall tenant operating leases is described in the accounting policy for leases/right-of-use below.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Pre-opening expenses

Pre-opening expenses represent personnel and other costs incurred prior to the opening of new properties and are expensed as incurred.

(t) Leases/right-of-use

As the lessee for leases

The Group leases various land, real estate, vehicles, and equipment. The Group determines if a contract is or contains a lease at the inception or modification of a contract. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control over the use of the identified asset means the lessee has both (a) the right to obtain substantially all of the economic benefits from the use of the asset and (b) the right to direct the use of the asset.

The Group's lease arrangements have lease and non-lease components. The Group applies the practical expedient to account for the lease components and any associated non-lease components as a single lease component for all classes of underlying assets.

The Group applies the recognition exemption for leases with an expected term of 12 months or less and leases of low-value assets. These leases are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The lease liability is initially measured at the present value of fixed lease payments over the expected lease term at commencement date. As the implicit rate is not determinable in most of the Group's leases, management uses the incremental borrowing rate based on the information available at commencement date in determining the present value of future payments. The expected lease terms include options to extend the lease when it is reasonably certain the Group will exercise such extension option or to terminate the lease when it is reasonably certain the Group will not exercise such termination option.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of lease liability with adjustments, if any, at commencement date, any lease payments made at or before the commencement date less any lease incentives received, any initial indirect costs, and restoration costs. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. It is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liabilities.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Leases/right-of-use (continued)

As the lessee for leases (continued)

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

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

As the lessor/grantor for leases/right-of-use

The Group leases space at several of its integrated resorts to various third parties as part of its mall operations, as well as retail and office space.

Leases for which the Group is a lessor are classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Leases, in which the Group is the lessor, are substantially all accounted for as operating leases and the lease components and non-lease components are accounted for separately.

When assets are leased/granted out under an agreement for the right-of-use, the asset is included in the consolidated balance sheet based on the nature of the asset. Lease rental/income from right-of-use (net of any incentives given to tenants or to retailers) is recognized over the terms of the lease/right-of-use on a straight-line basis. As such, deferred rent is recognized as a result of a timing difference of revenue recognition over the lease term compared to the billing amount. Turnover fees arising under operating leases/right-of-use are recognized as income in the period in which they are earned.

When the legal system in which the Group operates contains a legal provision governing the change in circumstances which adversely impacts the performance of the lessee or the lessor due to a force majeure event, or a lease contract contains a specific clause that provides for rent reduction or suspension of rent in the event that the underlying assets (or any part thereof) are affected by adverse events beyond the control of the Group and the lessee so as to render the underlying assets unfit or not available for use, the relevant rent reduction or suspension of rent resulting from the relevant legal provision or the specific clause is accounted for as part of the original lease and not as a lease modification. The Group recognizes such rent reduction or suspension of rent in profit or loss in the period in which the event or condition that triggers those payments to occur.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Provisions

Provisions are recognized when (i) the Group has a present legal or constructive obligation as a result of past events; it is probable an outflow of resources will be required to settle the obligation; and (ii) the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure to be required to settle the present obligation at the reporting date. The pre-tax discount rate used to determine the present value reflects current market assessments of the value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(v) Fair Value Measurements

Under IFRS 13 *Fair value measurement* ("IFRS 13"), fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. IFRS 13 also establishes a valuation hierarchy for inputs in measuring fair value that maximizes the use of observable inputs (inputs market participants would use based on market data obtained from sources independent of the Group) and minimizes the use of unobservable inputs (inputs that reflect the Group's assumptions based upon the best information available in the circumstances) by requiring the most observable inputs be used when available. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the assets or liabilities, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liabilities. Categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of potentially causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision of expected credit loss for trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses, using a lifetime expected loss allowance for all trade and other receivables. The Group determines the allowance based on specific customer information, historical write-off experience, current industry and economic data, which includes the impact of the COVID-19 Pandemic, and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions. A provision of expected credit loss for trade receivables is recorded when the Group believes it is probable the recoverable amount of the receivables will be less than their carrying amounts. Account balances are written off against the allowance when the Group considers the receivables to be uncollectible.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Provision of expected credit loss for trade receivables (continued)

Management believes there are no concentrations of credit risk for which an allowance has not been established. Although management believes the allowance is adequate, it is possible the estimated amount of cash collections with respect to trade receivables could change.

(b) Useful lives of investment properties and property and equipment

The Group depreciates investment properties and property and equipment on a straight-line basis over their estimated useful lives with no residual value assumed. The estimated useful lives are based on the nature of the assets, as well as current operating strategy and legal considerations, such as contractual life. Future events, such as property expansions, property developments, new competition or new regulations, could result in a change in the manner in which the Group uses certain assets and could have an impact on the estimated useful lives of such assets.

(c) Impairment of non-financial assets

The Group follows the guidance of IAS 36 *Impairment of Assets* to determine when assets are impaired, which requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the recoverable amount of assets is less than their carrying balance, including factors such as the industry performance and changes in operational cash flows. When required, the recoverable amount of the CGU would be determined based on value-in-use calculations. These calculations require the use of estimates, including operating results, income and expenses of the business, successful renewal of gaming concession, long-term growth rates, macroeconomic factors, regulatory environments, future returns and discount rate. Changes in the key assumptions on which the recoverable amount of the assets is based could significantly affect the Group's financial position and results of operations.

During the year ended December 31, 2022, the Group's cash flow generation continued to be impacted by the COVID-19 Pandemic. As such, the Group performed an impairment assessment and no impairment resulted in 2022 (2021: same).

(d) Litigation provisions

The Group is subject to various claims and legal actions. The accruals for these claims and legal actions are estimated in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*. Based on consultations with legal counsel, management estimated no significant loss would be incurred beyond the amounts provided. Actual results could differ from these estimates.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION

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

The Group's principal operating and developmental activities occur in Macao, which is the sole geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its key operating segments, which are also the reportable segments: The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao. The Group has included ferry and other operations (comprised primarily of the Group's ferry operations and various other operations that are ancillary to its properties) to reconcile to consolidated income statement and consolidated balance sheet.

The Venetian Macao, The Londoner Macao, The Parisian Macao, The Plaza Macao and Sands Macao derive their revenues primarily from casino wagers, room sales, rental income from the Group's mall tenants, food and beverage transactions, convention sales and entertainment. Ferry and other operations mainly derive their revenues from the sale of transportation services.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

Revenue disaggregated by type of revenue and property is as follows:

	Casino	Rooms	Mall ^{(ii),(iii)}	Food and beverage	Convention, ferry, retail and other	Total net revenues
	US\$ in millions					
Year ended December 31, 2022						
The Venetian Macao	438	55	155	17	17	682
The Londoner Macao	194	61	47	26	22	350
The Parisian Macao	116	33	25	10	4	188
The Plaza Macao	146	29	127	10	1	313
Sands Macao	53	6	1	4	1	65
Ferry and other operations	—	—	—	—	21	21
Inter-segment revenues ⁽ⁱ⁾	—	—	(1)	—	(13)	(14)
	947	184	354	67	53	1,605
Year ended December 31, 2021						
The Venetian Macao	944	77	195	24	16	1,256
The Londoner Macao	396	90	56	30	16	588
The Parisian Macao	244	54	39	17	3	357
The Plaza Macao	298	45	184	17	2	546
Sands Macao	105	10	1	5	1	122
Ferry and other operations	—	—	—	—	20	20
Inter-segment revenues ⁽ⁱ⁾	—	—	(2)	—	(13)	(15)
	1,987	276	473	93	45	2,874

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

(ii) Of this amount, US\$296 million and US\$58 million (2021: US\$410 million and US\$63 million) were related to income from right-of-use and management fee and other, respectively. Income from right-of-use is recognized in accordance with IFRS 16 *Leases* and all other revenues are recognized in accordance with IFRS 15 *Revenue from contracts with customers*.

(iii) For the year ended December 31, 2022, rent concessions of US\$70 million (2021: US\$41 million) were provided to tenants as a result of the COVID-19 Pandemic and the impact on mall operations.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

The following is a reconciliation of adjusted property EBITDA to loss for the year attributable to equity holders of the Company:

	Notes	Year ended December 31,	
		2022	2021
		US\$ in millions	
Adjusted property EBITDA (Unaudited)⁽ⁱ⁾			
The Venetian Macao		(25)	297
The Londoner Macao		(189)	(84)
The Parisian Macao		(103)	(17)
The Plaza Macao		81	219
Sands Macao		(81)	(69)
Ferry and other operations		(6)	(5)
Total adjusted property EBITDA		(323)	341
Share-based compensation, net of amount capitalized ⁽ⁱⁱ⁾		(35)	(10)
Corporate expense ⁽ⁱⁱⁱ⁾	(a)	(55)	(68)
Pre-opening expense	(b)	1	(11)
Depreciation and amortization		(750)	(733)
Net foreign exchange gains/(losses)		4	(38)
Fair value (loss)/gain on derivative financial instruments		(1)	1
Loss on disposal of property and equipment, investment properties and intangible assets		(4)	(19)
Operating loss		(1,163)	(537)
Interest income		19	2
Finance costs, net of amounts capitalized		(444)	(373)
Loss on early retirement of debt		—	(137)
Loss before income tax		(1,588)	(1,045)
Income tax benefit/(expense)		6	(3)
Loss for the year attributable to equity holders of the Company		(1,582)	(1,048)

- (i) Adjusted property EBITDA, which is a non-IFRS financial measure, is profit or loss attributable to equity holders of the Company before share-based compensation, corporate expense, pre-opening expense, depreciation and amortization, net foreign exchange gains or losses, impairment loss on property and equipment, gain or loss on disposal of property and equipment, investment properties and intangible assets, interest, gain or loss on modification or early retirement of debt, fair value gain or loss on derivative financial instruments and income tax benefit or expense. Management utilizes adjusted property EBITDA to compare the operating profitability of its operations with those of its competitors, as well as a basis for determining certain incentive compensation. Integrated resort companies have historically reported adjusted property EBITDA as a supplemental performance measure to IFRS financial measures. In order to view the operations of their properties on a more stand-alone basis, integrated resort companies, including the Group, have historically excluded certain expenses that do not relate to the management of specific properties, such as pre-opening expense and corporate expense, from their adjusted property EBITDA calculations. Adjusted property EBITDA should not be interpreted as an alternative to profit or operating profit (as an indicator of operating performance) or to cash flows from operations (as a measure of liquidity), in each case, as determined in accordance with IFRS. The Group has significant uses of cash flow, including capital expenditures, dividend payments, interest payments, debt principal repayments and income taxes, which are not reflected in adjusted property EBITDA. Not all companies calculate adjusted property EBITDA in the same manner. As a result, adjusted property EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.
- (ii) Includes equity-settled share-based payment expense, net of amount capitalized of US\$5 million and cash-settled share-based payment expense, net of amount capitalized of US\$30 million (2021: US\$5 million and US\$5 million).
- (iii) The amount excludes share-based payment expense of US\$5 million (2021: US\$1 million).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

(a) Corporate expense

	Note	Year ended December 31,	
		2022	2021
		US\$ in millions	
Royalty fees	26(a)(v)	22	42
Management fees		9	4
Employee benefit expenses		8	11
Other support services		10	4
Other expenses		6	7
		55	68

(b) Pre-opening expense

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Employee benefit expenses	—	5
Advertising and promotions	(1)	2
Contract labor and services	—	1
Utilities and operating supplies	—	1
Other expenses	—	2
	(1)	11

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. SEGMENT INFORMATION (CONTINUED)

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Depreciation and amortization		
The Venetian Macao	180	191
The Londoner Macao	322	273
The Parisian Macao	128	145
The Plaza Macao	86	84
Sands Macao	21	24
Ferry and other operations	13	16
	750	733

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Capital expenditures		
The Venetian Macao	52	71
The Londoner Macao	173	538
The Parisian Macao	3	4
The Plaza Macao	9	19
Sands Macao	4	7
Ferry and other operations	—	1
	241	640

	December 31,	
	2022	2021
	US\$ in millions	
Total assets		
The Venetian Macao	2,127	2,079
The Londoner Macao	4,512	4,519
The Parisian Macao	1,846	1,981
The Plaza Macao	1,035	1,161
Sands Macao	207	252
Ferry and other operations	835	102
	10,562	10,094

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

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Wages, salaries, bonus and termination costs	895	930
Staff meals	39	45
Pension costs — defined contribution plan	35	36
Share-based compensation, net of amount capitalized ⁽ⁱ⁾	35	10
Other employee benefit expenses	28	28
	1,032	1,049

(i) Share-based compensation capitalized during the year ended December 31, 2022 was US\$1 million (2021: less than US\$1 million). For further information related to the Company's equity award plan and LVS' equity award plan, see Note 27 to the consolidated financial statements.

(a) Directors' emoluments

Year ended December 31, 2022	Fees	Salaries and other allowances	Discretionary bonuses ⁽ⁱ⁾	Pension costs	Estimated monetary value of other benefits ⁽ⁱⁱ⁾	Total
Executive Directors						
Robert Glen Goldstein ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—
Wong Ying Wai	—	3,001	1,501	150	4,577	9,229
Chum Kwan Lock, Grant ^(iv)	—	3,124	1,801	90	3,871	8,886
Non-Executive Director						
Charles Daniel Forman	200	—	—	—	—	200
Independent Non-Executive Directors						
Chiang Yun	230	—	—	—	—	230
Victor Patrick Hoog Antink	230	—	—	—	—	230
Steven Zygmunt Strasser	230	—	—	—	—	230
Kenneth Patrick Chung	200	—	—	—	—	200
	1,090	6,125	3,302	240	8,448	19,205

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)
(CONTINUED)

(a) Directors' emoluments (continued)

	Fees	Salaries and other allowances	Discretionary bonuses ⁽ⁱ⁾	Pension costs	Estimated monetary value of other benefits ⁽ⁱⁱ⁾	Total
	US\$ in thousands					
Year ended December 31, 2021						
Executive Directors						
Sheldon Gary Adelson ^(iv)	—	—	—	—	—	—
Robert Glen Goldstein ⁽ⁱⁱⁱ⁾	—	—	—	—	—	—
Wong Ying Wai	—	3,000	750	150	1,020	4,920
Chum Kwan Lock, Grant ^(iv)	—	2,732	885	87	1,163	4,867
Non-Executive Director						
Charles Daniel Forman	200	—	—	—	—	200
Independent Non-Executive Directors						
Chiang Yun	221	—	—	—	—	221
Victor Patrick Hoog Antink	230	—	—	—	—	230
Steven Zygmunt Strasser	230	—	—	—	—	230
Kenneth Patrick Chung	200	—	—	—	—	200
	1,081	5,732	1,635	237	2,183	10,868

- (i) The discretionary bonuses for the years ended December 31, 2022 and 2021 were in relation to services in the respective years, and were determined by reference to the individual performance of the Directors and the Chief Executives and the Group's performance, and approved by the Remuneration Committee.
- (ii) Other benefits mainly include the share options and restricted share units under the Equity Award Plan, accommodation, meals, home visit travel costs and medical insurance. The value of the share options and restricted share units granted to the Directors represents the amount recognized as an expense during the year in accordance with IFRS 2 *Share-based payment*.
- (iii) Robert Glen Goldstein was appointed as the Acting Chairman, Acting Chief Executive Officer, the Acting Chairman of the Nomination Committee, and was re-designated as an Executive Director of the Company, in each case, with effect from January 7, 2021. Subsequently he was appointed as the Executive Director of the Company, as the Chairman of the Board, the Chief Executive Officer and the Chairman of the Nomination Committee of the Company, in each case, with effect from January 27, 2021.
- (iv) Chum Kwan Lock, Grant was appointed as the Executive Director of the Company with effect from January 7, 2021.
- (v) Sheldon Gary Adelson took a medical leave of absence from his positions as the Chairman, Chief Executive Officer and the Chairman of the Nomination Committee of the Company and was re-designated as a Non-Executive Director of the Company, in each case, with effect from January 7, 2021. Mr. Adelson passed away in the United States on January 11, 2021.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(a) Directors' emoluments (continued)

The Executive Directors' emoluments were for their services in connection with the management of the affairs of the Group. The Non-Executive Directors' and Independent Non-Executive Directors' emoluments were for their services as directors of the Company.

In addition to the Directors' emoluments disclosed above, Robert Glen Goldstein received compensation (inclusive of share-based compensation) from LVS in respect of his services to LVS and its subsidiaries (including the Group). During the year ended December 31, 2022, US\$3 million (2021: US\$1 million) was charged by LVS to the Group in respect of such management and administrative services of Robert Glen Goldstein provided to the Group.

No emoluments were paid to any Directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year (2021: nil).

With the exception of the continuing connected transactions disclosed in the 2022 Annual Report of the Company, none of the Directors has any material interests in transactions, arrangements or contracts entered into by the Company or the LVS Group.

None of the Directors waived or has agreed to waive any emoluments during the year (2021: nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include two Directors (2021: two) whose emoluments were reflected in the analysis presented above. The emoluments of the remaining three individuals (2021: three) during the year were as follows:

	Year ended December 31,	
	2022	2021
	US\$ in thousands	
Basic salaries, allowances and benefits in kind	4,737	4,874
Discretionary bonus ⁽ⁱ⁾	3,602	1,347
Share-based compensation ⁽ⁱⁱ⁾	5,485	1,415
Pension costs	148	132
	13,972	7,768

(i) The discretionary bonuses for the years ended December 31, 2022 and 2021 were in relation to services in the respective years.

(ii) The value of share options and restricted share units granted to the individuals represents the amount recognized as an expense during the year in accordance with IFRS 2 *Share-based payment*.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

(b) Five highest paid individuals (continued)

The emoluments of the above mentioned individuals fall within the following bands:

Range in HK\$	Range in US\$ equivalent	Year ended December 31,	
		2022	2021
		Number of individuals	
18,500,001–19,000,000	2,373,000–2,437,000	—	1
19,500,001–20,000,000	2,501,000–2,565,000	—	1
22,000,001–22,500,000	2,822,000–2,886,000	—	1
27,000,001–27,500,000	3,463,000–3,527,000	1	—
40,500,001–41,000,000	5,195,000–5,259,000	2	—
		3	3

No emoluments were paid to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office for the year ended December 31, 2022 (2021: nil).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. OTHER EXPENSES, GAINS AND LOSSES

	Notes	Year ended December 31,	
		2022	2021
		US\$ in millions	
Utilities and operating supplies		134	144
Repairs and maintenance		60	64
Contract labor and services		59	70
Advertising and promotions		24	42
Royalty fees ⁽ⁱ⁾		23	43
Management fees ⁽ⁱⁱ⁾		19	19
Provision for expected credit losses, net		4	3
Auditor's remuneration		2	2
Lease payments exempted from recognition	13(c)	2	1
Net foreign exchange (gains)/losses		(4)	38
Loss on disposal of property and equipment, investment properties and intangible assets ⁽ⁱⁱⁱ⁾		4	19
Fair value loss/(gain) on derivative financial instruments	23	1	(1)
Other support services		64	62
Other operating expenses		53	72
		445	578

(i) Total royalty fee for the year ended December 31, 2022 includes US\$1 million charged by third parties and US\$22 million charged by a related party (2021: US\$1 million and US\$42 million, respectively). Refer to Note 26(a)(v) for further information related to the royalty charged by a related party.

(ii) Total management fees for the year ended December 31, 2022 includes US\$2 million charged by third parties and US\$17 million charged by related parties, net of amounts capitalized (2021: US\$3 million and US\$16 million respectively). Refer to Note 26(a)(ii) for further information.

(iii) Loss on disposal of property and equipment, investment properties and intangible assets for the year ended December 31, 2022 includes demolition cost of US\$2 million (2021: US\$11 million).

7. FINANCE COSTS, NET OF AMOUNTS CAPITALIZED

	Note	Year ended December 31,	
		2022	2021
		US\$ in millions	
Interest costs			
Senior Notes		326	331
Bank borrowings		51	12
LVS Term Loan	26(a)(iii)	28	—
Lease liabilities		8	8
Amortization of deferred financing costs		24	23
Standby fee and other financing costs		9	13
		446	387
Less: interest capitalized		(2)	(14)
		444	373

A capitalization rate of 4.4% to 5.6% (2021: 4.5% to 5.1%) was used, representing the effective finance costs of the loans to finance the assets under construction.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX (BENEFIT)/EXPENSE

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Current income tax		
Lump sum in lieu of Macao complementary tax on dividends	2	5
Other overseas taxes	1	—
Deferred income tax benefit	(9)	(2)
	(6)	3

Deferred income tax benefit was US\$9 million for the year ended December 31, 2022, compared to deferred income tax benefit of US\$2 million for the year ended December 31, 2021. The deferred income tax benefit in 2022 was primarily due to the reversal of deferred tax liabilities related to accelerated tax depreciation allowance (2021: same).

(a) Macao complementary tax

Macao complementary tax is levied at progressive rates ranging from 3% to 9% on the taxable income above 32,000 patacas (equivalent to US\$4,000) but below 300,000 patacas (equivalent to US\$37,500), and thereafter at a fixed rate of 12%. For the year ended December 31, 2022, a special complementary tax incentive was provided to the effect that the tax free income threshold was increased from 32,000 patacas to 600,000 patacas (equivalent to US\$4,000 to US\$75,000) with the profit above 600,000 patacas (equivalent to US\$75,000) being taxed at a fixed rate of 12% (2021: same).

Pursuant to the Dispatch No. 194/2018 issued by the Chief Executive of Macao on August 20, 2018, VML was granted an extension of the tax exemption regarding Macao complementary tax on its gaming activities effective from the tax year 2019 through June 26, 2022. In July 2022, VML requested an additional extension of the tax exemption through December 31, 2022, to correspond to the extended term of its gaming Subconcession. Pursuant to the Dispatch No. 178/2022 issued by the Chief Executive of Macao on September 1, 2022, VML was granted an additional extension of the tax exemption effective from June 27, 2022 to December 31, 2022.

Additionally, subsequent to being awarded the new gaming concession, in December 2022, VML submitted an application for the tax exemption regarding Macao complementary tax on its gaming activities for the new gaming concession period effective from the tax year 2023 to the tax year 2032, or for a period of tax exemption that the Chief Executive of Macao may deem more appropriate. However, there is no assurance VML will receive the tax exemption.

(b) Lump sum in lieu of Macao complementary tax on dividends

In April 2019, VML entered into a renewed Shareholder Dividend Tax Agreement with the Macao government, effective through June 26, 2022. The agreement provided for payments in lieu of Macao complementary tax otherwise due by VML's shareholders on dividend distributions to them from gaming profits; namely an annual payment of 38 million patacas (equivalent to US\$5 million) for 2021 and 2020, each payment made on or before January 31 of the following year, and a payment of 18 million patacas (equivalent to US\$2 million) for the period between January 1, 2022 through June 26, 2022, paid on or before July 26, 2022. The Group is evaluating the timing of an application of a new shareholder dividend tax agreement.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INCOME TAX (BENEFIT)/EXPENSE (CONTINUED)

(c) Hong Kong profits tax

The Company's subsidiaries that carry on business in Hong Kong are subject to the Hong Kong profits tax at the maximum rate of 16.5% for the year ended December 31, 2022 (2021: same).

(d) Reconciliation between income tax expense and accounting loss at applicable tax rates

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the domestic tax rates applicable to the consolidated entities in the respective jurisdictions as follows:

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Loss before income tax	(1,588)	(1,045)
Tax calculated at domestic rates applicable in the respective jurisdictions	(189)	(121)
Tax effects of:		
Income not subject to tax ⁽ⁱ⁾	(231)	(365)
Expenses not deductible for tax purposes ^{(i), (ii)}	265	332
Amortization of pre-opening expenses previously not recognized	(1)	(2)
Origination and reversal of temporary difference, net	(1)	—
Tax losses for which no deferred income tax assets were recognized	149	154
Lump sum in lieu of Macao complementary tax of dividends	2	5
Income tax (benefit)/expense	(6)	3

- (i) During the year ended December 31, 2022, VML was exempt from Macao complementary tax on its gaming activities (see also Note 8(a)). In addition, lease/right-of-use income recorded in VML, VCL and VOL were subject to property tax (Note (ii)), and should, therefore, also be excluded from Macao complementary tax calculations. Accordingly, casino revenues and lease/right-of-use income and their corresponding expenses incurred were presented as "Income not subject to tax" and "Expenses not deductible for tax purposes", respectively, in the calculations above (2021: same).
- (ii) Lease/right-of-use income recorded in VML, VCL and VOL are exempt from property tax for the first four and six years for the newly constructed buildings in Macao and on Cotai, respectively, pursuant to Article 9(1)(a) of Lei no. 19/78/M. If the buildings in Macao and on Cotai also qualify for Tourism Utility Status, the property tax exemption can be extended by another four and six years, respectively, pursuant to Article 15(a) of Lei no. 81/89/M. The exemption for Sands Macao expired in August 2012, for The Venetian Macao in August 2019, with exception of its casino area which expired in August 2013, and for The Plaza Macao in August 2020. The exemptions for The Londoner Macao, The Parisian Macao and The Grand Suites at Four Seasons will be expiring in December 2027, September 2028 and October 2032, respectively.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. LOSS PER SHARE

The calculation of basic and diluted loss per share are set out in the following:

	Year ended December 31,	
	2022	2021
Loss attributable to equity holders of the Company (US\$ in millions)	(1,582)	(1,048)
Weighted average number of shares for basic loss per share (thousand shares)	8,093,189	8,092,597
Adjustment for share options (thousand shares) ⁽ⁱ⁾	—	—
Weighted average number of shares for diluted loss per share (thousand shares)	8,093,189	8,092,597
Loss per share, basic ⁽ⁱⁱ⁾	(US19.55 cents)	(US12.95 cents)
	(HK152.42 cents)	(HK101.00 cents)
Loss per share, diluted ⁽ⁱⁱ⁾	(US19.55 cents)	(US12.95 cents)
	(HK152.42 cents)	(HK101.00 cents)

(i) The computation of the diluted loss per share for the years ended December 31, 2022 and 2021 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

(ii) The translation of US\$ amounts into HK\$ amounts has been made at the exchange rate on December 31, 2022 of US\$1.00 to HK\$7.7962 (2021: US\$1.00 to HK\$7.7994).

10. DIVIDENDS

The Board did not recommend the payment of a final dividend in respect of the year ended December 31, 2021.

The Board did not recommend the payment of an interim dividend in respect of the six months ended June 30, 2022.

The Board does not recommend the payment of a final dividend in respect of the year ended December 31, 2022.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES, NET

	2022	2021
	US\$ in millions	
Cost		
At January 1	1,130	990
Additions	11	20
Disposals	(1)	(3)
Transfers from property and equipment	3	129
Exchange difference	1	(6)
At December 31	1,144	1,130
Accumulated depreciation		
At January 1	(493)	(447)
Depreciation	(53)	(52)
Disposals	1	3
Exchange difference	(1)	3
At December 31	(546)	(493)
Carrying amount		
At December 31	598	637

(a) Measuring investment property at fair value

The Group engaged an independent professional valuer, Knight Frank Petty Limited, to perform the valuation of the Group's investment properties, which are located in Macao, on an annual basis. Knight Frank Petty Limited is a professionally qualified independent external valuer, and had appropriate recent experience in the relevant location and category of the properties being valued. In determining the fair value of the investment properties, the valuer uses assumptions and estimates that reflect, amongst other factors, comparable market transactions in an active market, lease/right-of-use income from current leases/right-of-use and assumptions about lease/right-of-use income from future leases/rights-of-use in light of current market conditions, capitalization rates, terminal yield and reversionary income potential. Valuations were based on income and an open market value approach for all completed properties as follows:

	December 31, 2022	2021
	US\$ in millions	
Fair value of the investment properties	7,980	7,999

In estimating the fair value of the properties, the highest and best use of the properties is their current use. The fair value estimate of the Group's investment properties is a Level 3 input.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENT PROPERTIES, NET (CONTINUED)

(b) Amounts recognized in profit or loss for investment properties

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Mall income	354	473
Direct operating expenses arising from investment properties that generate right-of-use income	35	34
Direct operating expenses that did not generate right-of-use income	11	11

During the year ended December 31, 2022, mall income in the table above included turnover fees, representing variable lease income of US\$27 million (2021: US\$90 million) and rent concessions of US\$70 million granted to mall tenants (2021: US\$41 million) as a result of the COVID-19 Pandemic.

(c) Leasing arrangements

The investment properties are leased to mall tenants under operating leases with rentals payable on a monthly basis. Lease payments in the mall leasing contracts include variable lease payments that depend on turnover of the retail store. Where necessary to reduce credit risk, the Group may obtain bank guarantees for the term of a lease or cash security deposit at the commencement of a lease. There is no residual value guarantee for our current mall leases.

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

	December 31,	
	2022	2021
	US\$ in millions	
No later than 1 year	295	300
1 to 2 years	262	229
2 to 3 years	196	174
3 to 4 years	161	117
4 to 5 years	145	105
Later than 5 years	319	308
	1,378	1,233

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT, NET

The movements of property and equipment for the year are as follows:

	Leasehold interests in land	Land improvements	Buildings and building improvements	Leasehold improvements	Vehicles	Ferries	Furniture, fittings & equipment	Construction- in-progress	Total
	US\$ in millions								
Cost									
At January 1, 2021	674	372	9,890	7	66	252	2,235	774	14,270
Additions	—	—	2	—	2	—	27	485	516
Adjustments to project costs	—	—	(9)	—	(2)	—	(8)	—	(19)
Disposals	—	—	(44)	—	—	—	(35)	(4)	(83)
Transfers ⁽ⁱ⁾	—	—	859	—	—	—	128	(1,116)	(129)
Exchange difference	—	(2)	(64)	—	—	—	(13)	(1)	(80)
At December 31, 2021	674	370	10,634	7	66	252	2,334	138	14,475
Accumulated depreciation and impairment									
At January 1, 2021	(148)	(141)	(3,365)	(5)	(26)	(212)	(1,541)	—	(5,438)
Depreciation	(13)	(4)	(439)	(1)	(11)	(5)	(189)	—	(662)
Disposals	—	—	38	—	—	—	34	—	72
Exchange difference	—	—	21	—	—	—	9	—	30
At December 31, 2021	(161)	(145)	(3,745)	(6)	(37)	(217)	(1,687)	—	(5,998)
Carrying amount									
At December 31, 2021	513	225	6,889	1	29	35	647	138	8,477
Cost									
At January 1, 2022	674	370	10,634	7	66	252	2,334	138	14,475
Additions	—	—	1	—	1	—	9	109	120
Adjustments to project costs	—	—	(7)	—	(1)	—	—	—	(8)
Disposals	—	—	(14)	—	(1)	(57)	(106)	—	(178)
Transfers ⁽ⁱ⁾	—	—	98	—	—	—	91	(192)	(3)
Exchange difference	—	—	6	—	—	—	—	(2)	4
At December 31, 2022	674	370	10,718	7	65	195	2,328	53	14,410
Accumulated depreciation and impairment									
At January 1, 2022	(161)	(145)	(3,745)	(6)	(37)	(217)	(1,687)	—	(5,998)
Depreciation	(14)	(5)	(464)	(1)	(9)	(4)	(174)	—	(671)
Disposals	—	—	13	—	1	49	104	—	167
Exchange difference	—	—	(2)	—	(1)	—	(1)	—	(4)
At December 31, 2022	(175)	(150)	(4,198)	(7)	(46)	(172)	(1,758)	—	(6,506)
Carrying amount									
At December 31, 2022	499	220	6,520	—	19	23	570	53	7,904

(i) During the year ended December 31, 2022, the net transfers to investment properties was US\$3 million (2021: US\$129 million).

Interest expense of US\$2 million in Note 7 (2021: US\$14 million) and other direct costs of US\$15 million (2021: US\$20 million) were capitalized for the year ended December 31, 2022.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. PROPERTY AND EQUIPMENT, NET (CONTINUED)

With the expiry of VML's subconcession on December 31, 2022, as described in Note 1, all of the Gaming Assets, including the casinos, gaming areas and respective supporting areas located in Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao, with a total area of approximately 136,000 square meters (representing approximately 4.7% of the total property area) and gaming equipment, reverted to, and are now owned by the Macao government. Effective as of January 1, 2023, the Gaming Assets were temporarily transferred to VML for the duration of the Concession, in return for annual payments for the right to operate the Gaming Assets pursuant to the Handover Record.

The Gaming Assets that reverted to the Macao government on December 31, 2022, and included in the above table, consisted of the following:

	December 31, 2022
	US\$ in millions
Building and building improvements	1,264
Furniture, fixtures and equipment	419
	1,683
Less — accumulated depreciation	(930)
	753

As the Group will continue to operate the Gaming Assets in the same manner as under the previous Subconcession, obtain substantially all of the economic benefits and bear all of the risks arising from the use of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Group will continue to recognize these Gaming Assets as property and equipment over their remaining estimated useful lives.

As at December 31, 2022, the Group's property and equipment were not pledged as securities for any liabilities (2021: same).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. LEASES

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see Notes 11(b) and 11(c).

(a) Right-of-use assets

The movements of right-of-use assets included within "Property and equipment, net" and "Investment properties, net" for the year are as follows:

	Property and equipment, net — Leasehold interests in land	Investment properties, net — Leasehold interests in land	Property and equipment, net — Other	Total Right-of-use assets
	US\$ millions			
Cost				
At January 1, 2021	674	56	40	770
Additions	—	—	9	9
Disposals	—	—	(7)	(7)
At December 31, 2021	674	56	42	772
Accumulated depreciation				
At January 1, 2021	(148)	(14)	(21)	(183)
Depreciation	(13)	(1)	(11)	(25)
Disposals	—	—	7	7
At December 31, 2021	(161)	(15)	(25)	(201)
Carrying amount				
At December 31, 2021	513	41	17	571
Cost				
At January 1, 2022	674	56	42	772
Adjustments to costs	—	—	(2)	(2)
Disposals	—	—	(2)	(2)
At December 31, 2022	674	56	38	768
Accumulated depreciation				
At January 1, 2022	(161)	(15)	(25)	(201)
Depreciation	(14)	(1)	(6)	(21)
Disposals	—	—	2	2
At December 31, 2022	(175)	(16)	(29)	(220)
Carrying amount				
At December 31, 2022	499	40	9	548

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. LEASES (CONTINUED)

(a) Right-of-use assets (continued)

The Group received land concessions from the Macao government to build on the sites on which Sands Macao, The Venetian Macao, The Plaza Macao, The Londoner Macao and The Parisian Macao are located. The Group does not own these land sites; however, the land concessions, which have an initial term of 25 years and are renewable at the Group's option, in accordance with Macao laws, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay premiums for each parcel as well as annual rent for the term of the land concessions, which may be revised every five years by the Macao government. The initial land lease premiums for all parcels have been fully paid for. The Group anticipates a useful life of 50 years related to these land concessions.

(b) Lease liabilities

The lease liabilities included within borrowings are as follows:

	December 31,	
	2022	2021
	US\$ in millions	
Current liabilities — Borrowings	14	17
Non-current liabilities — Borrowings	118	124
	132	141

The weighted average effective interest rate of lease liabilities as at December 31, 2022 was 5.0% (2021: 4.8%). The maturity analysis of the lease liabilities is presented in Note 28(a)(iii).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. LEASES (CONTINUED)

(c) Amounts recognized in the consolidated income statement

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Depreciation charge of right-of-use assets:		
Property and equipment, net — Leasehold interests in land	14	13
Property and equipment, net — Other	6	11
Investment properties, net — Leasehold interests in land	1	1
	21	25
Interest expense on lease liabilities	8	8
Expense relating to short-term leases exempted from recognition	2	1
	31	34

The total cash outflow for leases including interest payments for the year ended December 31, 2022 was US\$12 million (2021: US\$14 million), which includes short-term lease payments of US\$2 million in total (2021: US\$1 million).

(d) Extension and termination options and residual value guarantee

The Group has leases for various real estate (including leasehold interest in land), vehicles and equipment. The Group's leases include options to extend the lease term by one month to 10 years. Land concessions in Macao generally have an initial term of 25 years with automatic extensions of 10 years thereafter in accordance with Macao law. The Group anticipates a useful life of 50 years related to the land concessions in Macao. Termination options are included in property and equipment leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. The majority of the termination options held are exercisable only by the Group and not by the respective lessor.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS, NET

	Computer software	
	2022	2021
	US\$ in millions	
Cost		
At January 1	157	141
Additions	14	16
Disposals	(1)	—
At December 31	170	157
Accumulated amortization		
At January 1	(119)	(100)
Amortization	(20)	(19)
Disposals	1	—
Exchange difference	(1)	—
At December 31	(139)	(119)
Carrying amount		
At December 31	31	38
		Gaming license
		2022
		US\$ in millions
Cost		
At January 1		—
Additions		6
At December 31		6
Accumulated amortization		
At January 1		—
Amortization		(6)
At December 31		(6)
Carrying amount		
At December 31		—

On June 23, 2022, an extension to the Subconcession was approved and authorized by the Macao government and executed between VML and Galaxy, pursuant to which the Subconcession was extended from June 26, 2022 to December 31, 2022. 47 million patacas (approximately US\$6 million at exchange rates in effect on date of transaction) was paid to the Macao government for the extension which was recognized as an intangible asset and amortized over the remaining extended term of the Subconcession during the year ended December 31, 2022.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. DEFERRED INCOME TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The movements of the deferred tax liabilities are as follows:

	Accelerated depreciation allowance
	US\$ in millions
At January 1, 2021	(56)
Credit for the year	2
At December 31, 2021	(54)
Credit for the year	9
At December 31, 2022	(45)

Deferred tax assets are recognized for tax loss carryforwards to the extent realization of the related tax benefit through future taxable profits is probable. The unrecognized deferred income tax assets in respect of losses that can be carried forward against future taxable income and pre-opening expenses are as follows:

	December 31,	2021
	2022	
	US\$ in millions	
Arising from unused tax losses	481	421
Arising from pre-opening expenses	—	1
	481	422

As at December 31, 2022, subject to the agreement by tax authorities, out of the total unrecognized tax losses of approximately US\$3,956 million (2021: US\$3,457 million), an amount of approximately US\$146 million (2021: US\$140 million) can be carried forward indefinitely. The remaining amount of approximately US\$3,810 million (2021: US\$3,317 million), will expire in one to three years (2021: same).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET

	Note	December 31, 2022	2021
		US\$ in millions	
Trade receivables		204	241
Less: provision for expected credit losses		(123)	(125)
Trade receivables, net	16(a)	81	116
Deferred rent		64	73
Less: amortization of deferred rent		(33)	(42)
provision for doubtful deferred rent		—	(2)
Prepayments		45	49
Other receivables	16(b)	12	13
Trade and other receivables and prepayments, net		169	207
Less: non-current portion:			
deferred rent		(19)	(17)
prepayments and other receivables		(5)	(7)
		(24)	(24)
Current portion		145	183

(a) Trade receivables, net

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

	December 31, 2022	2021
		US\$ in millions
0–30 days	34	90
31–60 days	6	7
61–90 days	6	2
Over 90 days	35	17
	81	116

Trade receivables are measured at amortized cost and their carrying value is approximately equivalent to their fair value on each balance sheet date. The maximum exposure to credit risk is the fair value of trade receivables on each balance sheet date.

As at January 1, 2021, trade receivables from contracts with customers amounted to US\$120 million.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

Trade receivables primarily consist of casino, mall and hotel receivables. The Group extends credit to approved patrons and gaming promoters following background checks and investigations of creditworthiness. Business or economic conditions, the legal enforceability of gaming debts, or other significant events in foreign countries could affect the collectability of receivables from patrons and gaming promoters residing in these countries.

Credit is granted on a revolving basis based on the performance and financial background of the gaming promoter and, if applicable, the gaming promoter's guarantor(s). All gaming promoter credit lines are generally subject to regular review and settlement procedures to evaluate the current status of liquidity and financial health of these 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 receivable is typically repayable within one month following the granting of the credit, subject to terms of the relevant credit agreement. The Group generally does not charge interest for credit granted, but requires a personal check or other acceptable forms of security.

There is a concentration of credit risk related to net casino receivables as 76.1% (2021: 47.6%) of the casino receivables as at December 31, 2022 were from the top five customers. Other than casino receivables, there are no other concentrations of credit risk with respect to trade receivables. The Group believes the concentration of its credit risk in casino receivables is mitigated substantially by its credit evaluation process, credit policies, credit control and collection procedures, and also believes that there are no concentrations of credit risk for which a provision has not been established as at December 31, 2022 and 2021. Although management believes the provision is adequate, it is possible the estimated amount of cash collections with respect to casino receivables could change.

The Group maintains a provision for expected credit losses on casino, mall and hotel receivables and regularly evaluates the balances. The Group specifically analyzes the collectability of each account with a significant balance, based upon the aging of the account, the customer's financial condition, collection history and any other known information, and the Group makes an allowance for trade receivables. The Group also monitors regional and global economic conditions and forecasts in its evaluation of the adequacy of the recorded provisions. Table games play is primarily cash play, as credit play represented approximately 9.8% of total table games play for the year ended December 31, 2022 (2021: 14.5%). The credit extended to gaming promoters and premium players can be offset by the commissions payable to and front money deposited by these gaming promoters, which is considered in the establishment of the provision for expected credit losses.

As at December 31, 2022, a gross amount of casino receivables of US\$146 million (2021: US\$160 million), was offset by commissions payable and front money deposits in an aggregate amount of US\$4 million (2021: US\$8 million), resulting in net amounts of casino receivables before provision for expected credit losses of US\$142 million (2021: US\$152 million). There were no outstanding receivables from gaming promoters as at December 31, 2022 and 2021.

As at December 31, 2022, included in the Group's trade receivables balance were debtors with aggregate gross carrying amount of US\$176 million (2021: US\$159 million) which were past due as at the reporting date, of which US\$139 million (2021: US\$141 million) related to casino receivables.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS, NET (CONTINUED)

(a) Trade receivables, net (continued)

As at December 31, 2022, except for credit impaired balances and outstanding significant balances with gross amount of US\$71 million (2021: US\$135 million) that have been assessed individually, as part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these remaining customers consist of a large number of small customers with common risk characteristics representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2022 and 2021 within lifetime ECL.

Provision's matrix — debtor's aging	Expected loss rate	December 31,	
		2022	2021
		US\$ in millions	
Current (not past due)	—	12	17
1–90 days past due	2%–10%	10	10
91–360 days past due	15%–25%	28	4
More than 360 days past due	50%–100%	83	75
		133	106

The expected loss rates are estimated based on historical observed default rates over the expected life of the receivable balance and forward-looking information available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognized for trade receivables under the simplified approach.

	December 31,	
	2022	2021
US\$ in millions		
At beginning of year	125	137
Provision for expected credit losses, net	3	1
Amounts written-off	(5)	(13)
At end of year	123	125

(b) Other receivables

Other receivables are measured at amortized cost and their carrying value is approximately equivalent to their fair value on each balance sheet date, which also represent the Group's maximum exposure to credit risk as at December 31, 2022. As at December 31, 2022, the provision for expected credit losses for other receivables was US\$2 million (2021: US\$2 million). Amounts are charged to the provision account and generally written off when the recoverability is remote.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. RESTRICTED CASH AND CASH EQUIVALENTS AND BANK DEPOSIT

As at December 31, 2022, the effective interest rate on restricted bank deposits is 3.9% to 5% per annum. These deposits have maturities ranging from 28 to 90 days.

Bank guarantee requirement per the Concession Contract

As required by the Concession Contract, on December 7, 2022 VML provided a bank guarantee of 1.0 billion patacas (approximately US\$125 million at exchange rates as defined in the bank guarantee contract) in favor of the Macao government to secure the fulfillment of VML's performance of its statutory and contractual obligations under the Concession Contract. As stipulated in the bank guarantee contract, and in order to secure the bank guarantee, a minimum amount of 1.0 billion patacas, or US\$125 million, was required to be held within the cash deposit account of VCL until January 3, 2023 which was replaced by the deposit account of VML from then onwards as collateral. Any amount in excess of the minimum amount can be withdrawn from the cash deposit. The bank guarantee will remain in effect until 180 days after the end of the term of the Concession Contract or the rescission of the Concession Contract and was classified as non-current restricted bank deposit in the consolidated balance sheet as at December 31, 2022.

Bank guarantee requirement for the Subconcession Extension Contract

As required by the Subconcession Extension Contract, on September 20, 2022 VML provided a bank guarantee of 2.31 billion patacas (approximately US\$289 million at exchange rates as defined in the bank guarantee contract) in favor of the Macao government to secure the fulfillment of VML's payment obligations towards its employees after the expiration of its Subconcession should VML be unsuccessful in tendering for a new concession before such expiry. A minimum amount of 2.31 billion patacas or US\$289 million was required to be held within SCL's cash deposit account as collateral in order to secure the bank guarantee.

On December 19, 2022, VML requested the release of all the bank guarantees it provided to the Macao government under its Subconcession Contract, and in January 2023 such bank guarantees were released, including the 2.31 billion patacas bank guarantee. The cash collateral equivalent of US\$289 million remained in restriction on December 31, 2022 and was classified as current restricted cash and cash equivalents as at December 31, 2022.

Restriction on use of share capital of VML

As required by the Concession Contract and the Gaming Law, the minimum share capital of the concessionaire of 5 billion patacas (approximately US\$623 million) may not be used or cancelled prior to the start of its business on January 1, 2023. As such, 5 billion patacas (approximately US\$623 million) was classified as current restricted cash and cash equivalents as at December 31, 2022 and was available to VML to deploy from January 1, 2023.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. CASH AND CASH EQUIVALENTS

	December 31, 2022	2021
	US\$ in millions	
Cash on hand	108	114
Cash at bank	130	202
Short-term bank deposits	552	362
	790	678

As at December 31, 2022, the effective interest rates on short-term bank deposits ranged from 2.3% to 4.6% (2021: 0.1% to 1.0%) per annum. These deposits have maturities ranging from 6 to 32 days (2021: 5 to 28 days).

Cash and cash equivalents are measured at amortized cost and the carrying value of cash equivalents is approximately equivalent to their fair value as at December 31, 2022 (2021: same). The estimated fair value of the Group's cash and cash equivalents was based on level 1 inputs (quoted market prices in active markets) (2021: same). The maximum credit exposure of cash and cash equivalents of the Group as at December 31, 2022 amounted to US\$682 million (2021: US\$564 million).

19. SHARE CAPITAL

	Ordinary shares of US\$0.01 each	US\$ in millions
Authorized		
At January 1, 2021, December 31, 2021 and December 31, 2022	16,000,000,000	160
Issued and fully paid:		
At January 1, 2021	8,090,118,766	81
Shares issued upon exercise of share options	3,070,100	—
At December 31, 2021	8,093,188,866	81
At January 1, 2022	8,093,188,866	81
Shares issued upon exercise of share options	—	—
At December 31, 2022	8,093,188,866	81

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. RESERVES

The amount of the Group's reserves and the movements therein for the current and prior years are set out in the consolidated statement of changes in equity.

(a) Capital reserve

The capital reserve represents the combined share premium of Venetian Venture Development Intermediate Limited ("VVDIL") and Cotai Services (HK) Limited.

(b) Statutory reserve

The statutory reserve represents amounts set aside from the income statement that are not distributable to Shareholders/quotaholders of the group companies incorporated.

The Macao Commercial Code #432 requires that companies incorporated in Macao that are limited by shares should set aside a minimum of 10% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 25% of the company's capital.

For companies incorporated in Macao that are limited by quotas, the Macao Commercial Code #377 requires that a company should set aside a minimum of 25% of the company's profit after taxation to the statutory reserve until the balance of the reserve reaches a level equivalent to 50% of the company's capital.

21. TRADE AND OTHER PAYABLES

	Notes	December 31,	
		2022	2021
		US\$ in millions	
Trade payables	21(a)	23	31
Customer deposits and other deferred revenue	21(b)	350	401
Interest payables		167	141
Accrued employee benefit expenses		162	134
Construction payables and accruals		86	188
Other tax payables		69	115
Outstanding chip liability	21(b)	49	65
Interest payable related to LVS Term Loan	26(a)(iii)	28	—
Loyalty program liability	21(b)	25	26
Casino liabilities		15	21
Payables to related companies	26(b)	8	5
Other payables and accruals		54	56
		1,036	1,183
Less: non-current portion		(128)	(112)
Current portion		908	1,071

Trade and other payables are measured at amortized cost and the carrying amount is approximately equivalent to their fair value on each balance sheet date.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

The aging analysis of trade payables based on invoice date is as follows:

	December 31, 2022	2021
	US\$ in millions	
0–30 days	18	22
31–60 days	4	7
61–90 days	1	1
Over 90 days	—	1
	23	31

(b) Contract and contract related liabilities

The Group provides numerous products and services to its customers. There is often a timing difference between the cash payment by the customers and recognition of revenue for each of the associated performance obligations. The Group has the following main types of liabilities associated with contracts with customers: (1) outstanding chip liability, (2) loyalty program liability, and (3) customer deposits and other deferred revenue for gaming and non-gaming products and services yet to be provided.

The outstanding chip liability represents the collective amounts owed to gaming promoters and patrons in exchange for gaming chips in their possession. Outstanding chips are expected to be recognized as revenue or redeemed for cash within one year of being purchased. The loyalty program liability represents a deferral of revenue until patron redemption of points earned. The loyalty program points are expected to be redeemed and recognized as revenue within one year of being earned. Due to travel restrictions resulting from the COVID-19 Pandemic, the Group temporarily extended the redemption period of these points. The required redemption period was reinstated progressively in December 2022 and expected to be fully implemented during 2023. Customer deposits and other deferred revenue represent cash deposits made by customers for future services provided by the Group. With the exception of mall deposits, which typically extend beyond a year based on the terms of the lease, the majority of these customer deposits and other deferred revenue are expected to be recognized as revenue or refunded to the customer within one year of the date the deposit was recorded.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Contract and Contract Related Liabilities (continued)

The following table summarizes the liability activity related to contracts with customers:

	Outstanding chip liability		Loyalty program liability		Customer deposits and other deferred revenue ⁽ⁱ⁾	
	2022	2021	2022	2021	2022	2021
	US\$ in millions					
Balance at January 1	65	189	26	28	401	412
Balance at December 31	49	65	25	26	350	401
Decrease ⁽ⁱⁱ⁾	(16)	(124)	(1)	(2)	(51)	(11)

(i) Of this amount, US\$122 million, US\$118 million and US\$125 million as at December 31, 2022, December 31, 2021, and January 1, 2021, respectively, relates to mall deposits that are accounted for based on lease terms usually greater than one year.

(ii) The decrease noted in outstanding chip liability in 2021 primarily resulted from the closure of the fixed room junket operations in December 2021.

22. BORROWINGS

	Note	December 31, 2022	2021
		US\$ in millions	
Non-current portion			
Senior Notes		7,150	7,150
LVS Term Loan	26(a)(iii)	1,000	—
Bank loans		—	753
Lease liabilities		118	124
Other borrowings		1	2
		8,269	8,029
Less: deferred financing costs		(51)	(83)
		8,218	7,946
Current portion			
Bank loans		1,958	—
Lease liabilities		14	17
Other borrowings		1	1
		1,973	18
Less: deferred financing costs		(10)	—
		1,963	18
Total borrowings		10,181	7,964

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

Borrowings are measured at amortized cost.

Senior Notes

On August 9, 2018, the Company issued, in a private offering, three series of senior unsecured notes in an aggregate principal amount of US\$5.50 billion, consisting of US\$1.80 billion of 4.600% Senior Notes due August 8, 2023 (the "2023 Senior Notes"), US\$1.80 billion of 5.125% Senior Notes due August 8, 2025 (the "2025 Senior Notes") and US\$1.90 billion of 5.400% Senior Notes due August 8, 2028 (the "2028 Senior Notes"). A portion of the net proceeds from the offering was used to repay in full the outstanding borrowings under the 2016 VML Credit Facility. There are no interim principal payments on the 2023, 2025 or 2028 Senior Notes and interest is payable semi-annually in arrears on each February 8 and August 8, commencing on February 8, 2019.

On June 4, 2020, the Company issued, in a private offering, two series of senior unsecured notes in an aggregate principal amount of US\$1.50 billion, consisting of US\$800 million of 3.800% Senior Notes due January 8, 2026 (the "2026 Senior Notes") and US\$700 million of 4.375% Senior Notes due June 18, 2030 (the "2030 Senior Notes"). The net proceeds from the offering were used for incremental liquidity and general corporate purposes. There are no interim principal payments on the 2026 or 2030 Senior Notes and interest is payable semi-annually in arrears on January 8 and July 8, commencing on January 8, 2021, with respect to the 2026 Senior Notes, and on June 18 and December 18, commencing on December 18, 2020, with respect to the 2030 Senior Notes.

On September 23, 2021, the Company issued in a private offering three series of senior unsecured notes in an aggregate principal amount of US\$1.95 billion, consisting of US\$700 million of 2.300% Senior Notes due March 8, 2027 (the "2027 Senior Notes"), US\$650 million of 2.850% Senior Notes due March 8, 2029 (the "2029 Senior Notes") and US\$600 million of 3.250% Senior Notes due August 8, 2031 (the "2031 Senior Notes" and, together with the 2023 Senior Notes, 2025 Senior Notes, 2026 Senior Notes, 2027 Senior Notes, 2028 Senior Notes, 2029 Senior Notes, 2030 Senior Notes, the "Senior Notes"). The Company used the net proceeds from the offering and cash on hand to redeem in full the outstanding principal amount of its US\$1.80 billion 4.600% Senior Notes due 2023, any accrued interest and the associated make-whole premium as determined under the related senior notes indenture dated as of August 9, 2018.

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

The 2023, 2025 and 2028 Senior Notes were issued pursuant to an indenture, dated August 9, 2018 (the "2018 Indenture"), the 2026 and 2030 Senior Notes were issued pursuant to an indenture, dated June 4, 2020 (the "2020 Indenture") and the 2027, 2029 and 2031 Senior Notes were issued pursuant to an indenture, dated September 23, 2021 (the "2021 Indenture"), between the Company and U.S. Bank National Association, as trustee. Upon the occurrence of certain events described in these indentures, the interest rate on the senior notes may be adjusted. The indentures contain covenants, subject to customary exceptions and qualifications, that limit the ability of the Company and its subsidiaries to, among other things, incur liens, enter into sale and leaseback transactions and consolidate, merge, sell or otherwise dispose of all or substantially all of the Company's assets on a consolidated basis. The indentures also provide for customary events of default.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

Senior Notes (continued)

The cost associated with the early termination of the 4.600% Senior Notes due 2023, including the make-whole premium of US\$131 million and US\$6 million in unamortized original issue discount and deferred financing costs, was recorded as a loss on early retirement of debt in the consolidated statement of operations during the year ended December 31, 2021.

On February 16 and June 16, 2022, Standard & Poor's ("S&P") and Fitch, respectively, downgraded the credit rating for the Company to BB+. As a result of the downgrades, the coupon on each series of the outstanding Senior Notes increased by 0.50% per annum, with a 0.25% per annum increase becoming effective on the first interest payment date after February 16, 2022 as it relates to S&P and an additional 0.25% increase per annum after June 16, 2022 as it relates to Fitch. This resulted in an increase of US\$16 million in interest expense for the year ended December 31, 2022 and US\$36 million for each year thereafter through 2024, at which time this will decrease as the Senior Notes are repaid based on each of their set maturity dates. The weighted average interest rate for the Senior Notes was 4.6% for the year ended December 31, 2022 (2021: 4.7%).

The estimated fair value of the Group's Senior Notes as at December 31, 2022 was approximately US\$6.58 billion (2021: US\$7.27 billion). The estimated fair value of the Group's Senior Notes was based on recent trades, if available, and indicative pricing from market information (level 2 inputs).

2018 SCL Credit Facility

On November 20, 2018, the Company entered into a facility agreement with the arrangers and lenders named therein and Bank of China Limited, Macau Branch, as agent for the lenders (the "2018 SCL Credit Facility"), pursuant to which the lenders made available a US\$2.0 billion revolving unsecured credit facility to SCL (the "2018 SCL Revolving Facility"). The facility is available until July 31, 2023, and the Company may draw loans under the facility, which may consist of general revolving loans (consisting of a United States dollar component and a Hong Kong dollar component) or loans drawn under a swing-line loan sub-facility (denominated in either United States dollars or Hong Kong dollars). The Company may utilize the loans for general corporate purposes and working capital requirements of the Company and its subsidiaries.

Loans under the 2018 SCL Revolving Facility bear interest calculated by reference to (1) in the case of general revolving loans denominated in United States dollars, Secured Overnight Financing Rate ("SOFR"), (2) in the case of loans denominated in United States dollars drawn under the swing-line loan sub-facility, a United States dollar alternate base rate (determined by reference to, among other things, the United States dollar prime lending rate and the Federal Funds Effective Rate), (3) in the case of general revolving loans denominated in Hong Kong dollars, the Hong Kong Interbank Offered Rate ("HIBOR") or (4) in the case of loans denominated in Hong Kong dollars drawn under the swing-line loan sub-facility, a Hong Kong dollar alternate base rate (determined by reference to, among other things, the Hong Kong dollar prime lending rate), in each case, plus a margin that is determined by reference to the consolidated leverage ratio as defined in the 2018 SCL Credit Facility. The initial margin for general revolving loans is 2.0% per annum and the initial margin for loans drawn under the swing-line loan sub-facility is 1.0% per annum. SCL is also required to pay a commitment fee of 0.60% per annum on the undrawn amounts under the 2018 SCL Revolving Facility.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

The 2018 SCL Credit Facility contains affirmative and negative covenants customary for similar unsecured financings, including, but not limited to, limitations on indebtedness secured by liens on principal properties and sale and leaseback transactions. The 2018 SCL Credit Facility also requires the Company to maintain a maximum ratio of total indebtedness to adjusted EBITDA of 4.0x throughout the life of the facility and a minimum ratio of adjusted EBITDA to net interest expense (including capitalized interest) of 2.5x throughout the life of the facility.

On March 27, 2020, the Company entered into a waiver and amendment request letter (the “Waiver Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders (a) waived the requirements for the Company to comply with the requirements that the Company ensures the maximum consolidated leverage ratio does not exceed 4.0x and minimum consolidated interest coverage ratio of 2.5x for any quarterly period ending during the period beginning on, and including, January 1, 2020 and ending on, and including, July 1, 2021 (the “SCL Relevant Period”) (other than with respect to the financial year ended on December 31, 2019); (b) waived any default that may arise as a result of any breach of said requirements during the SCL Relevant Period (other than with respect to the financial year ended on December 31, 2019); and (c) extended the period of time during which the Company may supply the agent with (i) its audited consolidated financial statements for the financial year ended on December 31, 2019, to April 30, 2020; and (ii) its audited consolidated financial statements for the financial year ending on December 31, 2020, to April 30, 2021. Pursuant to the Waiver Letter, the Company agreed to pay a customary fee to the lenders that consented.

On September 11, 2020, the Company entered into a waiver extension and amendment request letter (the “Waiver Extension Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend the SCL Relevant Period such that it ends on, and includes, January 1, 2022 instead of July 1, 2021; and (b) amend and restate the 2018 SCL Credit Facility in the form attached to the Waiver Extension Letter, which contains the following amendments: (1) it provides the Company with the option to increase the total borrowing capacity by an aggregate amount of up to US\$1.0 billion; and (2) it imposes a restriction on the ability of the Company to declare or make any dividend payment or similar distribution at any time during the period from (and including) July 1, 2020 to (and including) January 1, 2022, if at such time (x) the total borrowing capacity exceeds US\$2.0 billion by operation of the increase referred to above; and (y) the maximum consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US\$2.0 billion. Pursuant to the Waiver Extension Letter, the Company agreed to pay a customary fee to the lenders that consented.

On January 25, 2021, the Company entered into an agreement with lenders to increase commitments under the 2018 SCL Credit Facility by HK\$3.83 billion (approximately US\$491 million at exchange rates in effect on December 31, 2021).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

On July 7, 2021, the Company entered into a waiver extension and amendment request letter (the “Third Waiver Extension Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend by one year to (and including) January 1, 2023, the waiver period for the requirement for the Company to comply with the requirements that the Company ensures the consolidated leverage ratio does not exceed 4.0x and the consolidated interest coverage ratio is not less than 2.5x as at the last day of the financial quarter; (b) extend the period of time during which SCL may supply the agent with its audited consolidated financial statements for the financial year ending on December 31, 2021 to April 30, 2022; and (c) extend by one year to (and including) January 1, 2023, the period during which SCL’s ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the 2018 SCL Credit Facility) exceed US\$2.0 billion by the Company’s exercise of the option to increase the Total Commitments by an aggregate amount of up to US\$1.0 billion; and (y) the consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of SCL is greater than US\$2.0 billion. Pursuant to the Third Waiver Extension Letter, the Company paid a customary fee to the lenders that consented.

On November 30, 2022, the Company entered into a waiver extension and amendment request letter (the “Fourth Waiver Extension Letter”) with respect to certain provisions of the 2018 SCL Credit Facility, pursuant to which lenders agreed to (a) extend to (and including) July 31, 2023, the waiver period for the requirement for the Company to comply with the requirements that the Company ensure the consolidated leverage ratio does not exceed 4.0x and the consolidated interest coverage ratio is not less than 2.5x as at the last day of any financial quarter; (b) extend to (and including) July 31, 2023, the period during which the Company’s ability to declare or make any dividend payment or similar distribution is restricted if at such time (x) the Total Commitments (as defined in the 2018 SCL Credit Facility) exceed US\$2.0 billion by the Company’s exercise of the option to increase the Total Commitments by an aggregate amount of up to US\$1.0 billion; and (y) the consolidated leverage ratio is greater than 4.0x, unless, after giving effect to such payment, the sum of (i) the aggregate amount of cash and cash equivalents of the Company on such date; and (ii) the aggregate amount of the undrawn facility under the 2018 SCL Credit Facility and unused commitments under other credit facilities of the Company is greater than US\$2.0 billion; and (c) incorporate provisions to address the transition of the LIBOR to a term SOFR reference rate. Pursuant to the Fourth Waiver Extension Letter, the Company paid a customary fee to the lenders that consented.

The 2018 SCL Credit Facility also contains certain events of default (some of which are subject to grace and remedy periods and materiality qualifiers), including, but not limited to, events relating to the Group’s gaming operations and the loss or termination of certain land concession contracts.

The Company intends to pursue an extension to the maturity of the 2018 SCL Credit Facility beyond July 31, 2023. The Company believes it will be successful in obtaining such extension, although no assurance can be provided that such extension will be granted, which could negatively impact our available liquidity.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

2018 SCL Credit Facility (continued)

During the year ended December 31, 2022, the Company drew a total of US\$1.20 billion under the 2018 SCL Credit Facility to fulfill the Concession Contract requirements and incremental liquidity (2021: US\$756 million). The weighted average interest rate for the 2018 SCL Credit Facility was 4.3% for the year ended December 31, 2022 (2021: 2.6%).

As at December 31, 2022, the Company had US\$541 million of available borrowing capacity under the 2018 SCL Revolving Facility comprised of HK\$ commitments of HK\$3.82 billion (approximately US\$490 million) and US\$ commitments of US\$51 million (2021: US\$1.75 billion available borrowing capacity comprised of commitments of HK\$12.32 billion (approximately US\$1.58 billion at exchange rates in effect on December 31, 2021) and commitments of US\$166 million).

As at December 31, 2022, the estimated fair value of the bank loans relating to the 2018 SCL Credit Facility was approximately equivalent to its carrying value based on indicative pricing from market information (level 2 inputs) (2021: same).

Intercompany Loan Agreement with LVS

On July 11, 2022, the Company entered into an intercompany term loan agreement with our Controlling Shareholder, LVS, in the amount of US\$1.0 billion, which is repayable on July 11, 2028. In the first two years from July 11, 2022, the Company will have the option to elect to pay cash interest at 5% per annum or payment-in-kind interest at 6% per annum by adding the amount of such interest to the then-outstanding principal amount of the loan, following which only cash interest at 5% per annum will be payable. For the year ended December 31, 2022, the Company elected payment-in-kind interest. This loan is unsecured and subordinated to all third party unsecured indebtedness and other obligations of the Group.

As at December 31, 2022, the estimated fair value of the LVS Term Loan was approximately equivalent to its carrying value based on its recovery and yield expectation which has not changed materially since inception. The LVS Term Loan is not freely tradable and hence the fair value measurement is based on level 3 inputs.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. BORROWINGS (CONTINUED)

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Senior Notes ⁽ⁱ⁾	Bank loans	Lease liabilities	Deferred financing costs	Net interest payables ⁽ⁱⁱ⁾	LVS Term Loan	Other borrowings	Total
	US\$ in millions							
Balance as at January 1, 2021	7,000	—	145	(80)	156	—	—	7,221
Financing cash flows	146	756	(12)	(27)	(378)	—	—	485
Non-cash changes:								
Original issue discount	4	—	—	(4)	—	—	—	—
Accruals	—	—	8	(1)	364	—	3	374
Amortization	—	—	—	23	—	—	—	23
Loss on early retirement of debt	—	—	—	6	—	—	—	6
Foreign exchange movement	—	(3)	—	—	(1)	—	—	(4)
Balance as at December 31, 2021	7,150	753	141	(83)	141	—	3	8,105
Financing cash flows	—	1,200	(9)	(2)	(367)	1,000	(1)	1,821
Non-cash changes:								
Accruals	—	—	—	—	422	—	—	422
Amortization	—	—	—	24	—	—	—	24
Foreign exchange movement	—	5	—	—	(1)	—	—	4
Balance as at December 31, 2022	7,150	1,958	132	(61)	195	1,000	2	10,376

(i) During the year ended December 31, 2021, the cash flows from Senior Notes consisted of proceeds from Senior Notes of US\$1.95 billion and repayment of 2023 Notes of US\$1.80 billion.

(ii) As at December 31, 2022 and 2021, net interest payables include the net of interest payables and receivables related to cross currency swaps. During the years ended December 31, 2022 and 2021, cash flows from net interest payables includes the net of interest income received and interest payment made related to cross currency swaps.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. DERIVATIVE FINANCIAL INSTRUMENTS

The Group recognizes all unhedged derivatives as financial instruments measured at fair value through profit or loss on the balance sheet. If specific conditions are met, a derivative may be designated as a hedge of specific financial exposures. The accounting for changes in fair value of a derivative depends on the intended use of the derivative and, if used in hedging activities, on its effectiveness as a hedge. In order to qualify for hedge accounting, the underlying hedged item must expose the Group to risks associated with market fluctuations and the financial instrument used must be designated as a hedge and reduce the Group's exposure to market fluctuation throughout the hedge period.

During the year ended December 31, 2021, the Company entered into two foreign currency swap agreements. The objective of both agreements is to manage the risk of changes in cash flows resulting from foreign currency gains/losses realized upon remeasurement of US\$ denominated Senior Notes by swapping a specified amount of HK\$ for US\$ at the contractual spot rate. The terms in one of the contracts did not effectively match the terms of the related Senior Notes; thus, it was not designated as hedging (the "Non-Hedging Swap"). The remaining contract was designated as a hedge of the cash flows related to a portion of the Senior Notes (the "Hedging Swap", and together with the Non-Hedging Swap, the "FX Swaps"). The Non-Hedging Swap and the Hedging Swap have a total notional value of US\$500 million and US\$1.0 billion, respectively, and expire in August 2023 and August 2025, respectively.

As at December 31, 2022, the fair value of the Non-Hedging Swap was US\$1 million recorded as an asset in "Other assets, net — current" whilst the fair value of the Hedging Swap was US\$3 million recorded as a liability in "Trade and other payables — non-current" (2021: The total fair value of the FX Swaps was US\$2 million and was recorded as an asset in "Other assets, net — non-current"). The fair value of the FX Swaps was estimated using Level 2 inputs from recently reported market transactions of foreign currency exchange rates. As of December 31, 2022, for the Hedging Swap, US\$2 million was recognized as other comprehensive income in the consolidated balance sheet relating to the changes in fair value of the derivative and foreign currency gains/losses incurred from the remeasurement of the portion of the Senior Notes being hedged during the year (2021: US\$4 million). For the Non-Hedging Swap, the changes in fair value of the derivative of US\$1 million were recorded as other losses in the consolidated income statement (2021: US\$1 million as other gains).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Cash (used in)/generated from operations is as follows:

	Year ended December 31,	
	2022	2021
	US\$ in millions	
Loss before income tax	(1,588)	(1,045)
Adjustments for:		
Interest income	(19)	(2)
Interest and other finance costs	420	350
Depreciation and amortization	750	733
Amortization of deferred financing costs	24	23
Amortization of deferred rent	12	10
Amortization of other assets	3	3
Loss on disposal of property and equipment, investment properties and intangible assets	2	8
Loss on early retirement of debt	—	137
Provision for expected credit losses, net	4	3
Equity-settled share-based compensation expense, net of amounts capitalized	5	5
Fair value loss/(gain) on derivative financial instruments	1	(1)
Net foreign exchange (gains)/losses	(5)	36
Changes in working capital:		
Other assets	8	3
Inventories	(4)	—
Trade and other receivables and prepayments	26	(11)
Trade and other payables	(105)	(159)
Cash (used in)/generated from operations	(466)	93

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure on property and equipment contracted for at the end of the reporting period but not recognized as liabilities is as follows:

	December 31,	
	2022	2021
	US\$ in millions	
Contracted but not provided for	72	75

(b) Litigation

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

(c) Macao Concession

Annual Premium

Under the Macao Concession, VML is obligated to pay to the Macao government an annual gaming premium with a fixed portion and a variable portion based on the number and type of gaming tables it employs and gaming machines it operates. The fixed portion of the premium is equal to 30 million patacas (approximately US\$4 million). The variable portion is equal to 300,000 patacas per gaming table reserved exclusively for certain kinds of games or players, 150,000 patacas per gaming table not so reserved and 1,000 patacas per electrical or mechanical gaming machine, including slot machines (approximately US\$37,360, US\$18,680 and US\$125, respectively), subject to a minimum of 76 million patacas (approximately US\$9 million). Based on the gaming tables and gaming machines (which is at the maximum number of tables and machines currently allowed by the Macao government) in operation as of January 1, 2023, the annual premium payable to the Macao government is approximately US\$41 million during each of the next five years ending December 31, 2027, and approximately US\$203 million in aggregate thereafter through the termination of the Concession in December 2032.

VML is also obligated to pay a special gaming tax of 35% of gross gaming revenue and applicable withholding taxes. Under the Concession, VML must also contribute 5% of its gross gaming revenue to utilities designated by the Macao government, a portion of which must be used for promotion of tourism in Macao. Additionally, under the Concession, VML is also obligated to pay a special annual gaming premium if the average of the gross gaming revenue of VML's gaming tables and electrical or mechanical gaming machines, including slot machines, is lower than a certain minimum amount determined by the Macao government; such special premium being the difference between the gaming tax based on the actual gross gaming revenue and that of the specified minimum amount; this minimum amount has been set by the Macao government at 7 million patacas per gaming table and 300,000 patacas per gaming machine (approximately US\$1 million and US\$37,360, respectively), for an annual total of 4.50 billion patacas (approximately US\$561 million) based on the maximum number of gaming tables and gaming machines VML is currently authorized to operate.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(c) Macao Concession (continued)

Handover Record

Pursuant to the Handover Record, VML is required to make annual payments of 750 patacas per square meter for the first three years and 2,500 patacas per square meter for the following seven years (approximately US\$93 and US\$311, respectively, at exchange rates in effect on December 31, 2022). The annual payment of 750 patacas per square meter will be adjusted with the Macao average price index of the corresponding preceding year for years two and three and the annual payment of 2,500 patacas per square meter will be adjusted with the Macao average price index of the corresponding preceding year for years five through ten. The annual fee for the first three years is approximately US\$13 million and US\$42 million for the next seven years, subject to the Macao average price index adjustment mentioned above.

Committed Investment

Under the Concession, VML is obligated to develop certain gaming and non-gaming investment projects by December 2032 in connection with, among others, attraction of international visitors, conventions and exhibitions, entertainment shows, sporting events, culture and art, health and wellness and themed attractions, as well as support Macao's position as a city of gastronomy and increase community and maritime tourism, and VML is required to invest, or cause to be invested, at least 30.24 billion patacas (approximately US\$3.77 billion at exchange rates in effect on December 31, 2022), including 27.80 billion patacas (approximately US\$3.46 billion at exchange rates in effect on December 31, 2022) on non-gaming projects. VML will be required to increase its investment in non-gaming projects by up to 20% in the following year subject to a trigger, namely if Macao's annual market gross gaming revenue achieves or exceeds 180 billion patacas (approximately US\$22.42 billion at exchange rates in effect on December 31, 2022). The 20% increase is subject to a deduction of 4% per year if the revenue trigger occurs on or after 2028 (the sixth year of the term of the Concession). This potential additional investment is estimated to be approximately US\$700 million.

(d) Construction labor

In recent years, the Group has utilized an imported construction labor quota granted by the Labour Affairs Bureau of the Macao government for purposes of completing outstanding areas within The Londoner Macao and The Parisian Macao project and for additions and alterations works in The Venetian Macao, The Plaza Macao and The Londoner Macao (the "Group Quota"). The Group Quota was renewed in 2022 but the number of laborers authorized thereunder decreased significantly due to the completion of the renovation and refurbishment works at The Londoner Macao. From 2018 until June 2021, BCA (Macau) Limited was retained to manage the Group Quota on behalf and at the direction of the Group. The Group has been managing the Group Quota directly since July 2021. The Group Quota alone has historically not provided for sufficient numbers of staff and labor to complete construction works and the shortfall has been covered by separate labor quotas applied by and awarded directly to the contractors by the Labour Affairs Bureau of the Macao government (the "Contractor Quota").

In accordance with Macao labor law, the Group remains primarily liable for the fulfilment of all employer legal obligations and for the costs associated with persons employed under the Group Quota, including where such persons are seconded to contractors. Contractors utilizing seconded labor under the Group Quota are contractually obligated to reimburse and indemnify the Group for any and all costs incurred as a result of the secondment arrangement. In addition, the Group has the right to recover such costs against any amounts due to the contractors. Although the Group is not directly liable, it may be held vicariously liable for payments under the Contractor Quota if contractors working on the Company's development projects fail to pay wages. The Group maintains a contingency in case it is unable to fully recover amounts owed to construction labor from contractors in such circumstances.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS

For the purposes of these consolidated financial statements, parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions, or vice versa. Related parties may be individuals (being members of key management personnel, significant Shareholders and/or their close family members) or other entities, and include entities which are under the significant influence of related parties of the Group where those parties are individuals. The Group's immediate holding company is VVDI (II). LVS is the Group's ultimate holding company. Related companies represent the group companies of the LVS Group.

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

(a) Transactions during the year

(i) Management fee income

	Year ended December 31,	
	2022	2021
	US\$ in millions	
LVS	2	1
Fellow subsidiaries	6	3
	8	4

The Group provides managements services to LVS Group companies. These services include, but are not limited to, accounting services, information technology support, sourcing of goods and services, and design, development and construction consultancy services and marketing services. Management fees are charged at actual costs incurred or on a cost-plus basis.

(ii) Management fee cost

	Year ended December 31,	
	2022	2021
	US\$ in millions	
LVS	16	16
Fellow subsidiaries	2	5
	18	21

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

The total management fee expense of US\$18 million during the year ended December 31, 2022 was before the capitalization to construction-in-progress of US\$1 million (2021: US\$21 million before capitalization to deferred financing costs of US\$4 million and prepayments of US\$1 million). The net amount expensed in the consolidated income statement was US\$17 million (2021: US\$16 million) (Refer to Note 6).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(iii) LVS Term Loan

For details of the LVS Term Loan, refer to Note 22. For interest expense incurred and interest payable due to LVS, refer to Notes 7 and 21.

(iv) Key management personnel remuneration

No transactions have been entered into with the Directors of the Company (being the key management personnel) during the year ended December 31, 2022 other than the emoluments paid to them (being the key management personnel remuneration) as disclosed in Note 5 (2021: same).

(v) Royalty fees

In November 2009, the Group entered into an agreement with Las Vegas Sands, LLC (“LVS LLC”), a wholly-owned subsidiary of LVS incorporated in the United States of America, for the use of the licensed marks as defined in the agreement (“Second Trademark Sub-License Agreement”). For each of the full fiscal years through the full fiscal year ended December 31, 2012, the Group paid LVS LLC an annual royalty at the rate of 1.5% of total gross non-gaming revenue and Paiza-related gaming revenue of Sands Macao, 1.5% of total gross revenue of The Venetian Macao, and 1.5% of the total gross gaming revenue of the Plaza Casino at The Plaza Macao (the “Relevant Royalty”), provided that the total royalty payable in connection with these three properties in each fiscal year was capped at US\$20 million per full fiscal year. For each of the subsequent full fiscal years until the expiration of the remaining term on December 31, 2022, the Group paid an annual royalty being the lesser of the Relevant Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. Each subsequent Casino Gaming property the Group operates which utilizes any of the licensed marks in connection with generating the relevant revenue paid for each of the first three full fiscal calendar years after commencement of operations of each subsequent property, a royalty fee of 1.5% of the respective gross revenues of the operations in connection with which such licensed marks are used (each, the “Subsequent Casino Gaming Property Royalty”), subject to a US\$20 million cap per fiscal year. For the fiscal calendar years thereafter until the expiration of the remaining term on December 31, 2022, the Group paid LVS LLC an annual royalty being the lesser of the Subsequent Casino Gaming Property Royalty or the annual caps reflecting an increase of 20.0% for each subsequent year. After the commencement of the operation of The Londoner Macao and The Parisian Macao in April 2012 and September 2016 respectively, the Group paid royalty fees in connection with these properties. During the year ended December 31, 2022, the Group incurred US\$22 million (2021: US\$42 million) of royalty fees.

As the term of the Second Trademark Sub-License Agreement expired on December 31, 2022, on December 2, 2022, VML, VCL, VOL and CSL2 (all being subsidiaries of the Company) entered into an agreement with LVS to renew the arrangements contained in the Second Trademark Sub-License Agreement to ensure that the Group continues to have access to the licensed marks referred therein (the “International Trademark License Agreement”). The International Trademark License Agreement has a term of three years commencing on January 1, 2023 and ending on December 31, 2025 (the “Term”).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Transactions during the year (continued)

(v) Royalty fees (continued)

In consideration for LVS granting our Group the license to use licensed marks (as defined), each Licensee shall pay LVS an annual royalty at the rate of 1.5% of its gross non-gaming and gaming revenue. Gross revenue shall be calculated according to U.S. GAAP (Generally Accepted Accounting Principles) in effect as of January 1, 2023; provided, however, that: (1) gross revenue from gaming operations shall be calculated as net revenue adjusted by adding back casino-related discounts and commissions and loyalty program adjustments, adding complimentary goods and services provided to patrons and excluding any intragroup revenue, and (2) gross revenue from non-gaming operations shall be calculated as net revenues excluding any intragroup revenue. All royalties shall be calculated on a monthly basis and paid on or before the 30th of the following month.

(vi) Share-based compensation

The Group participates in the share-based compensation plan of LVS (Notes 5 and 27).

(vii) Expenses billed to/paid by other LVS group companies

During the year, the Group incurred certain expenses on behalf of other LVS group companies, or vice versa. The Group charged/reimbursed other LVS group companies for these expenses at cost.

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

	December 31, 2022	2021
	US\$ in millions	
Receivables from related companies:		
Fellow subsidiaries	1	—

The receivables from related companies are unsecured, interest-free and have a credit term of 45 days (2021: same).

	December 31, 2022	2021
	US\$ in millions	
Payables to related companies:		
LVS	6	1
Intermediate holding company	2	4
21	8	5

The payables to related companies are unsecured, interest-free and have a credit term of 45 days (2021: same).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE-BASED COMPENSATION

(a) Share options of the Company

Equity Award Plan

The 2009 Equity Award Plan and 2019 Equity Award Plan (collectively, the “Equity Award Plan”) gives the Company a competitive edge in attracting, retaining and motivating employees, directors and consultants and to provide the Company with an equity award plan providing incentives directly related to increases in its shareholder value. Subject to certain criteria as defined in the Equity Award Plan, the Company’s subsidiaries’ or affiliates’ employees, directors or officers and its consultants are eligible for awards under the Equity Award Plan.

The 2009 Equity Award Plan had a term of ten years, which expired on November 30, 2019, no further awards may be granted after the expiration of the term. All existing awards previously granted under the 2009 Equity Award Plan, but which are unexercised or unvested, will remain valid and (where applicable) exercisable in accordance with their respective terms of grant despite the expiry of the 2009 Equity Award Plan. The 2019 Equity Award Plan was approved by Shareholders on May 24, 2019, and took effect on December 1, 2019, with materially the same terms of the 2009 Equity Award Plan. As at December 31, 2022, there were 805,319,139 Shares available for grant under the 2019 Equity Award Plan. The Company’s Remuneration Committee might, from time to time, grant awards of share options, share appreciation rights, restricted shares, restricted share units, share bonuses (“Share-based Awards”), performance compensation awards or any combination of the foregoing pursuant to the 2019 Equity Award Plan.

Share options under the Equity Award Plan were granted with an exercise price not less than the highest of (i) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the date of grant, which must be a business day, (ii) the average of the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant and (iii) the nominal value of a Share. The outstanding share options generally vest over four years and have ten-year contractual terms. Compensation cost for all share option grants, which generally have graded vesting, is net of estimated forfeitures and is recognized on an accelerated attribution approach over the awards’ respective requisite service periods.

The Company estimates the fair value of share options using the Black-Scholes option-pricing model. Expected volatilities are based on the Company’s historical volatility for a period equal to the expected life of the share options. The expected option life is based on the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate for periods equal to the expected term of the share option is based on the Hong Kong Government Bond rate in effect at the time of the grant for share options granted. The expected dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share Options of the Company (continued)

Equity Award Plan (continued)

A summary of the share option activity for the Equity Award Plan is presented below:

	Year ended December 31,			
	2022		2021	
	Number of options '000	Weighted average exercise price US\$	Number of options '000	Weighted average exercise price US\$
Outstanding at January 1	48,180	5.01	54,418	4.96
Granted	3,300	2.28	—	—
Exercised	—	—	(3,070)	3.91
Forfeited	(3,079)	4.69	(3,168)	5.32
Outstanding at December 31	48,401	4.84	48,180	5.01
Exercisable at December 31	41,688	5.02	37,620	4.94

There was no exercise of share options during the year ended December 31, 2022. The weighted average share price at the date of exercise for share options exercised during the year ended December 31, 2021 was US\$4.86.

The range of exercise prices and the weighted average remaining contractual life of the above share options outstanding as at the dates indicated are as follows:

Range of exercise prices US\$	December 31,			
	2022		2021	
	Number of options outstanding '000	Weighted average remaining contractual life (years)	Number of options outstanding '000	Weighted average remaining contractual life (years)
2.01–3.00	3,300	9.62	—	—
3.01–4.00	7,728	3.00	8,392	3.87
4.01–5.00	10,122	4.53	11,066	5.38
5.01–6.00	22,962	5.67	24,433	6.67
6.01–7.00	1,758	3.13	1,758	4.13
7.01–8.00	1,288	1.27	1,288	2.27
8.01–9.00	1,243	1.21	1,243	2.21
	48,401	4.95	48,180	5.56

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE-BASED COMPENSATION (CONTINUED)

(a) Share option of the Company (continued)

Fair value estimates of the share options under the 2019 Equity Award Plan

The fair value of each option grant was estimated on the grant date using the Black-Scholes option-pricing model with the following weighted average assumptions:

	Year ended December 31,	
	2022	2021
Expected volatility	43.7%	—
Expected life (years)	7.2	—
Risk-free annual interest rate	2.7%	—
Expected dividends	—	—
Weighted average share price at the date of grant (US\$)	2.28	—
Weighted average exercise price (US\$)	2.28	—
Weighted average fair value of each share option granted by the Company (US\$)	1.13	—

(b) Restricted share units of the Company

Under the 2009 Equity Award Plan and the 2019 Equity Award Plan, the Company granted certain restricted share units (under which no new Shares will be issued) to eligible participants. Such restricted share units will vest over three to four years. Grantees are entitled to a future cash payment from our Group that is equivalent to the fair value of the vested restricted share units and any accumulated dividends in cash upon vesting.

A summary of the restricted share units under the 2009 Equity Award Plan and the 2019 Equity Award Plan is presented below:

	Year ended December 31,			
	2022		2021	
	Number of restricted share units '000	Weighted average grant date fair value US\$	Number of restricted share units '000	Weighted average grant date fair value US\$
Unvested at January 1	15,322	3.40	3,363	4.44
Granted	9,393	2.32	13,040	3.22
Vested	(2,344)	4.74	(961)	4.46
Forfeited	(969)	3.00	(120)	4.53
Unvested at December 31	21,402	2.80	15,322	3.40

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE-BASED COMPENSATION (CONTINUED)

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

The fair value of each restricted share unit on its grant date is the closing price of the Shares on its grant date. The fair value of each restricted share unit is re-measured at the end of each reporting period until its vesting date. Upon vesting of each restricted share unit, the Group will pay the grantees an amount in cash calculated based on the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the vesting date or the higher of (i) the official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange on the vesting date, and (ii) the average official closing price of the Shares as stated in the daily quotation sheet of the Stock Exchange for the five trading days immediately preceding the vesting date, in addition to any accumulated cash and dividends equivalents paid by the Company in respect of one Share. If the vesting date falls within a black out period or is not a trading day, the first trading day immediately following the scheduled vesting date that is also not a black out date shall be considered as the vesting date. Compensation cost for all restricted share units, which all have graded vesting, is recognized on an accelerated attribution approach over the restricted share units' respective requisite service periods. As at December 31, 2022, the accrued liability associated with these cash-settled restricted share units was US\$34 million (2021: US\$8 million). For the year ended December 31, 2022, the loss on re-measurement of the liability was US\$5 million (2021: gain of US\$8 million).

(c) Share options of LVS

The Group participates in the equity-settled share-based compensation plan of LVS which provides for the granting of share options to purchase LVS common stock (the "LVS Equity Plan"). LVS' compensation committee may grant awards of non-qualified share options, incentive (qualified) share options, share appreciation rights, restricted share awards, restricted share units, share bonus awards, performance compensation awards or any combination of the foregoing. Share option awards are granted with an exercise price equal to the fair market value (as defined in the LVS Equity Plan) of LVS' share on the date of grant. The outstanding share options generally vest over three to four years and have ten-year contractual terms. Compensation cost for all share option grants, which generally have graded vesting, is recognized on an accelerated attribution approach over the awards' respective requisite service periods. LVS estimates the fair value of share options using the Black-Scholes option-pricing model. Expected volatilities are based on LVS' historical volatility for a period equal to the expected life of the share options. The expected option life is based on the contractual term of the option as well as historical exercise and forfeiture behavior. The risk-free interest rate for periods equal to the expected term of the share option is based on the U.S. Treasury yield curve in effect at the time of grant. The expected dividend yield is based on the estimate of annual dividends expected to be paid at the time of the grant.

During the year ended December 31, 2022, 375,000 share options were granted at a weighted average exercise price of US\$38.84, no share options were exercised nor expired. As at December 31, 2022, there were 507,525 share options outstanding with a weighted average exercise price of US\$45.81, and 121,269 share options were exercisable at a weighted average exercise price of US\$65.10.

During the year ended December 31, 2021, no share options were granted, exercised nor expired. As at December 31, 2021, there were 132,525 share options outstanding with a weighted average exercise price of US\$65.53, and 96,165 share options were exercisable at a weighted average exercise price of US\$65.68.

The expense allocated to the Group in relation to the LVS' share options during the year ended December 31, 2022 was US\$0.6 million (2021: US\$0.1 million).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE-BASED COMPENSATION (CONTINUED)

(d) Restricted share units of LVS

The grant date fair value of the restricted share units is the share price of the ordinary shares of LVS at the respective grant date. The number of unvested restricted share units represents the number of ordinary shares of LVS to be given to the employees upon vesting. The restricted share units vest over 3 years.

During the year ended December 31, 2022, no restricted share units were granted, 18,793 restricted share units were vested and no restricted share units were forfeited. As at December 31, 2022, there were 38,153 unvested restricted share units with a weighted average grant date fair value of US\$41.27.

During the year ended December 31, 2021, 56,946 restricted share units were granted at a weighted average grant date fair value of US\$41.27, no restricted share units were vested and no restricted share units were forfeited. As at December 31, 2021, there were 56,946 unvested restricted share units with a weighted average grant date fair value of US\$41.27.

The expense allocated to the Group in relation to the LVS' restricted share units during the year ended December 31, 2022 was US\$1.2 million (2021: US\$0.4 million).

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose itself to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall financial risk management program, mainly carried out by a central treasury department and approved by the Board of Directors, focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

The Group's primary exposures to market risk are interest rate risk associated with variable rate borrowings and foreign currency exchange rate risk associated with the Group's operations. The Group has a policy aimed at managing interest rate risk associated with its current and anticipated future borrowings and foreign currency exchange rate risk associated with operations of its foreign subsidiaries. This policy enables the Group to use any combination of interest rate swaps, futures, options, caps, forward contracts and similar instruments. The Group does not hold or issue financial instruments for trading purposes and does not enter into derivative transactions that would be considered speculative positions.

(i) Market risk

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

Interest rate risk

The Group's primary exposure to market risk is interest rate risk associated with its variable rate borrowings for the years ended December 31, 2022 and 2021. Management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group held US\$186 million and HK\$13.82 billion (US\$1.77 billion) of variable rate borrowings as at December 31, 2022 (2021: US\$71 million and HK\$5.31 billion (US\$681 million based on exchange rates on December 31, 2021)).

A hypothetical 100 basis points change in interest rates would cause the annual interest expense of the variable rate long-term borrowings to change by US\$20 million (2021: US\$7 million).

Foreign exchange risk

During the years ended December 31, 2022 and 2021, the Group held derivative financial instruments which consisted of foreign currency swap contracts. Refer to Note 23 for further information.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

The Group's financial assets and financial liabilities are denominated in the following currencies:

	HK\$	US\$	MOP	RMB	Other	Total
	In US\$ millions					
At December 31, 2022						
Financial assets						
Amortized costs:						
Trade and other receivables, net	61	6	26	—	—	93
Restricted bank deposit	—	—	125	—	—	125
Restricted cash and cash equivalents	—	—	912	—	—	912
Cash and cash equivalents	239	485	52	14	—	790
Deposits	1	—	1	—	—	2
	301	491	1,116	14	—	1,922
Fair value through profit or loss:						
Derivative financial instrument	—	1	—	—	—	1
Total financial assets	301	492	1,116	14	—	1,923
Financial liabilities						
Amortized costs:						
Trade and other payables	306	171	253	2	—	732
Borrowings	5	10,049	127	—	—	10,181
	311	10,220	380	2	—	10,913
Fair value through other comprehensive income:						
Derivative financial instrument	—	3	—	—	—	3
Total financial liabilities	311	10,223	380	2	—	10,916

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Foreign exchange risk (continued)

	HK\$	US\$	MOP	RMB	Other	Total
	In US\$ millions					
At December 31, 2021						
Financial assets						
Amortized costs:						
Trade and other receivables, net	111	4	14	—	—	129
Restricted cash and cash equivalents	—	—	16	—	—	16
Cash and cash equivalents	532	76	57	11	2	678
Deposits	1	—	1	—	—	2
	644	80	88	11	2	825
Fair value through other comprehensive income:						
Derivative financial instruments	—	2	—	—	—	2
Total financial assets	644	82	88	11	2	827
Financial liabilities						
Amortized costs:						
Trade and other payables	380	121	359	3	—	863
Borrowings	9	7,822	132	1	—	7,964
Total financial liabilities	389	7,943	491	4	—	8,827

The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognizes assets and liabilities denominated in a currency other than MOP, which is the functional currency of the major operating companies within the Group. The Group's foreign currency transactions are mainly denominated in US\$. For companies with MOP as their functional currency, as at December 31, 2022, a hypothetical 1% weakening of the US\$/MOP exchange rate would cause a foreign currency transaction loss of approximately US\$57 million, net of the impact from the foreign currency swap agreements entered into in 2021 (2021: US\$53 million), mainly as a result of the translation of US\$ denominated debt held by SCL (2021: same). The MOP is pegged to the HK\$ and the HK\$ is pegged to the US\$ (within a narrow range), therefore the Group does not expect fluctuations in the values of these currencies to have a material impact on the operations.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(ii) Credit risk

The Group is potentially subject to concentrations of credit risk from financial instruments, which consist principally of cash and cash equivalents, restricted cash and cash equivalents, restricted bank deposit and trade and other receivables.

The Group maintains cash and cash equivalents, restricted cash and cash equivalents and restricted bank deposit with various creditworthy financial institutions and trade receivables with its customers. Management monitors this credit risk on an on-going basis and does not believe that the Group has any other significant exposure to any individual or institution not provided for as at December 31, 2022 and 2021. See Note 16 for details of credit risk related to trade receivables.

(iii) Liquidity risk

Liquidity risk is the financial risk arising from the difficulty in meeting obligations associated with financial liabilities settled by cash or other financial assets.

The 2018 SCL Credit Facility, as amended, contains various financial covenants, which include maintaining a maximum leverage ratio or net debt, as defined, to trailing twelve-month adjusted EBITDA, as defined. In November 2022, the Company extended the waiver and amendment request letter, pursuant to which lenders, among other things, waived the Company's requirement to ensure the leverage ratio does not exceed 4.0x and the interest coverage ratio is greater than 2.50x, through July 31, 2023. The compliance with the financial covenants for periods beyond December 31, 2022 could be affected by certain factors beyond the Company's control, such as the impact of the COVID-19 Pandemic, including current travel, quarantine and border restrictions occurring in the future. The 2018 SCL Credit Facility expires on July 31, 2023; however, the Company believes it will be successful in extending the maturity date of the facility prior to its expiration and obtain additional waiver extensions (if needed). If the Company is unable to extend the maturity date or refinance the 2018 SCL Credit Facility, the Company would be required to seek alternative forms of capital to repay the outstanding balance.

The Directors of the Company are of the opinion that, taking into account the Group's available borrowing capacity and the Group's cash flow forecast for the coming year, the Group will have sufficient capital to meet its cash flow requirements in the next twelve months from December 31, 2022. Refer to Note 1 for further information.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

The Group's financial liabilities, based on the contractual undiscounted cash flows are as follows:

	Within the first year	In the second year	In the third to fifth year	Over the fifth year	Total
	US\$ in millions				
At December 31, 2022					
Senior Notes principal	—	—	3,300	3,850	7,150
Senior Notes interest	346	346	773	320	1,785
Bank loans	1,958	—	—	—	1,958
Bank loans interest	86	—	—	—	86
LVS Term Loan ⁽ⁱ⁾	—	—	—	1,126	1,126
LVS Term Loan interest ⁽ⁱ⁾	—	—	169	56	225
Other borrowings	1	1	—	—	2
Lease liabilities	14	16	20	291	341
Trade and other payables	630	31	32	39	732
At December 31, 2021					
Senior Notes principal	—	—	2,600	4,550	7,150
Senior Notes interest	306	310	823	464	1,903
Bank loans	—	753	—	—	753
Bank loans interest	20	12	—	—	32
Other borrowings	1	1	1	—	3
Other borrowings interest	—	1	—	—	1
Lease liabilities	19	15	21	296	351
Trade and other payables	767	24	42	30	863

- (i) Assumes the Company elects payment-in-kind interest in the first two years and hence capitalization of interest to the principal.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management

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

The capital structure of the Group consists of debt (including current and non-current interest-bearing borrowings as shown in the consolidated balance sheet), net of cash and cash equivalents, and equity attributable to Shareholders, comprising issued share capital and reserves as disclosed in Notes 19 and 20, respectively.

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

	December 31, 2022	2021
	US\$ in millions	
Interest bearing borrowings, net of deferred financing costs	10,047	7,820
Less: cash and cash equivalents	(790)	(678)
restricted cash and cash equivalents ⁽ⁱ⁾	(912)	(16)
Net debt	8,345	7,126
Total (deficit)/equity	(700)	888
Total capital	7,645	8,014
Gearing ratio	109.2%	88.9%

- (i) Restricted cash and cash equivalents of US\$912 million as at December 31, 2022 was made available for use in early January 2023 and hence included in the calculation of net debt.

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. COMPANY BALANCE SHEET

	December 31, 2022	2021
	US\$ in millions	
ASSETS		
Non-current assets		
Interests in subsidiaries	1,255	1,154
Note receivable from a subsidiary	9,549	8,651
Other assets	—	2
Total non-current assets	10,804	9,807
Current assets		
Other assets	1	—
Other receivables and prepayments	77	57
Restricted cash and cash equivalents	289	—
Cash and cash equivalents	474	12
Total current assets	841	69
Total assets	11,645	9,876
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	81	81
Reserves 29(a)	1,319	1,854
Total equity	1,400	1,935
LIABILITIES		
Non-current liability		
Borrowings	8,099	7,820
Current liabilities		
Other payables	198	121
Borrowings	1,948	—
Total current liabilities	2,146	121
Total liabilities	10,245	7,941
Total equity and liabilities	11,645	9,876
Net current liabilities	(1,305)	(52)
Total assets less current liabilities	9,499	9,755

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. COMPANY BALANCE SHEET (CONTINUED)

(a) Movements of reserves

	Capital reserve	Share premium	Share-based compensation reserve	Currency translation reserve	Hedge reserve	Retained earnings/ (accumulated losses)	Total
				US\$ in millions			
Balance at January 1, 2021	106	1,498	58	(11)	—	200	1,851
Loss for the year	—	—	—	—	—	(4)	(4)
Fair value adjustment on cash flow hedge	—	—	—	—	(4)	—	(4)
Other comprehensive expense for the year, net of tax	—	—	—	(5)	—	—	(5)
Total comprehensive expense	—	—	—	(5)	(4)	(4)	(13)
Exercise of share options	—	12	—	—	—	—	12
Transfer to share premium upon exercise of share options	—	5	(5)	—	—	—	—
Forfeiture of share options	—	—	(2)	—	—	2	—
Share-based compensation of the Company	—	—	4	—	—	—	4
Balance at December 31, 2021	106	1,515	55	(16)	(4)	198	1,854
Loss for the year	—	—	—	—	—	(533)	(533)
Fair value adjustment on cash flow hedge	—	—	—	—	(2)	—	(2)
Other comprehensive expense for the year, net of tax	—	—	—	(3)	—	—	(3)
Total comprehensive expense	—	—	—	(3)	(2)	(533)	(538)
Forfeiture of share options	—	—	(3)	—	—	3	—
Share-based compensation of the Company	—	—	3	—	—	—	3
Balance at December 31, 2022	106	1,515	55	(19)	(6)	(332)	1,319

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. PRINCIPAL SUBSIDIARIES

Details of the Group's principal subsidiaries as at December 31, 2022 are as follows:

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Directly held:				
Venetian Venture Development Intermediate Limited	Cayman Islands, June 21, 2002	Investment holding	US\$100	100%
Venetian Concession Holding Limited	Cayman Islands, July 11, 2022	Investment holding	US\$100	100%
SCL IP Holdings, LLC	United States, September 29, 2009	Holder of trademark licenses	US\$527,802,937.56	100%
Indirectly held:				
Cotai Ferry Company Limited	Macao/Macao and Hong Kong, July 19, 2007	High speed ferry transportation services	MOP10,000,000	100%
Cotai Strip Lot 2 Apart Hotel (Macao) Limited	Macao, October 27, 2008	Hotel apartments	MOP6,498,900 MOP722,100 (preference shares)	100% 100%
Cotai Services (HK) Limited	Hong Kong, July 11, 2007	Business support services, marketing and operation of ferry business	HK\$749,025,708.72	100%
CotaiJet 1 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 2 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 3 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 4 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 5 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 6 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 7 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
CotaiJet 8 (HK) Limited (Note (iii))	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 9 (HK) Limited (Note (iii))	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 10 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 11 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 12 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 13 (HK) Limited (Note (iii))	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
CotaiJet 14 (HK) Limited	Hong Kong/Macao December 12, 2019	Ferry leasing	HK\$1	100%
Cotaiwaterjet Sea Bridge 1 (HK) Limited	Hong Kong/Macao December 12, 2019	Pontoon leasing	HK\$1	100%
Cotaiwaterjet Sea Bridge 2 (HK) Limited	Hong Kong/Macao December 12, 2019	Pontoon leasing	HK\$1	100%
Sands Cotai West Holdings Limited	Cayman Islands/Macao, May 25, 2011	Holder of hotel franchise agreement	US\$1	100%
Sands Resorts Travel Limited (Note (iii))	Hong Kong, February 29, 2016	Travel and tourism agency services	HK\$500,000	100%
Sands Resorts Transportation 1 Limited	Hong Kong, January 30, 2019	Transportation services	HK\$1	100%
Sands Resorts Transportation 2 Limited	Hong Kong, January 30, 2019	Transportation services	HK\$1	100%
Sands Resorts Transportation 3 Limited	Hong Kong, February 4, 2019	Transportation services	HK\$1	100%
Sands Venetian Security Limited	Macao, June 22, 2011	Security services	MOP1,000,000	100%
Venetian Cotai Hotel Management Limited	Macao, March 12, 2008	Human resources administration	MOP500,000	100%

4.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. PRINCIPAL SUBSIDIARIES (CONTINUED)

Name	Place of incorporation or establishment/ operations and date of incorporation or establishment	Principal activities	Particulars of issued share/ registered capital	Effective interests held
Venetian Cotai Limited	Macao, November 11, 2004	Hotels, restaurants, shopping mall, and conference and convention	MOP200,000,000	100%
Venetian Macau Limited (Note (i))	Macao, June 21, 2002	Gaming and other related activities	MOP5,000,000,000	100%
Venetian Orient Limited	Macao, February 2, 2006	Hotels, restaurants, shopping mall, and conference and convention	MOP100,000	100%
Venetian Retail Limited	Macao, June 15, 2007	Mall management	MOP1,500,000	100%
Venetian Travel Limited	Macao, October 16, 2006	Travel and tourism agency services	MOP2,400,000	100%
Venetian Transportation Services Limited	Macao, January 7, 2019	Transportation services and other related activities	MOP25,000	100%
Zhuhai Cotai Information Services Outsourcing Co., Ltd. (Note (ii))	China, September 30, 2010	Outsourcing services, including information technology, accounting, hotel management and marketing	US\$800,000	100%
Zhuhai Hengqin Cotai Information Services Co., Ltd. (Note (ii))	China, September 24, 2019	Outsourcing services, including information technology, accounting, hotel management and marketing	US\$2,000,000	100%

Notes:

- (i) On December 8, 2022, the registered share capital of VML increased from 200 million patacas to 5.0 billion patacas to fulfill the requirements of the Gaming Law. As at December 31, 2022, 15% of VML's issued capital is held by Mr. Sun MinQi (Dave), the managing director of VML, representing 15% of the voting rights and de minimis economic rights in VML. As such, SCL through VVDIL and Venetian Concession Holding Limited, indirectly hold the remaining 85% of issued capital, representing 85% of the voting rights and 100% of the economic rights in VML.
- (ii) These entities are wholly foreign owned enterprises established in China.
- (iii) These entities are under the process of dissolution.

REGISTERED OFFICE OF THE ISSUER

SG Issuer
16, Boulevard Royal
L-2449 Luxembourg
Luxembourg

REGISTERED OFFICE OF THE GUARANTOR

Société Générale
29, boulevard Haussmann
75009 Paris
France

ISSUER'S AUDITORS

Ernst & Young Société Anonyme
35E, avenue John F. Kennedy
L-1855 Luxembourg
Luxembourg

**Ernst & Young et
Autres**
Tour First
TSA 14444
92037 Paris-La
Défense Cedex
France

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense
Cedex
France

GUARANTOR'S AUDITORS

WARRANT AGENT

THE CENTRAL DEPOSITORY (PTE) LIMITED

11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

LEGAL ADVISERS TO THE ISSUER

(as to Singapore law)

ALLEN & GLEDHILL LLP
One Marina Boulevard #28-00
Singapore 018989