

A large, stylized tree graphic in shades of blue and white, filling the background. The tree has a thick trunk and many branches, with some branches curving upwards and others downwards. The leaves are represented by various geometric shapes like triangles and quadrilaterals, creating a dense, textured appearance.

MELCO

**INTERIM REPORT 中期報告 2020**  
MELCO INTERNATIONAL DEVELOPMENT LIMITED  
新濠國際發展有限公司

Incorporated in Hong Kong with limited liability · A Hong Kong listed company (Stock Code : 200)  
於香港註冊成立之有限公司 · 香港上市公司 (股票代號 : 200)



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# MANAGEMENT DISCUSSION AND ANALYSIS



The Group is committed to creating globally-leading hospitality and entertainment in Macau to attract new and quality tourism to the city.

## SIGNIFICANT EVENTS AND DEVELOPMENTS

The first half of the year 2020 presented unprecedented challenges to Melco International Development Limited (“Melco International” or the “Company”) and its subsidiaries (collectively, the “Group”) as the COVID-19 outbreak continues to affect tourism not only in Asia but also in the rest of the world. The pandemic has had a material impact on our integrated resorts operations, brought about by the large-scale lockdown of cities and international travel restrictions.

The Group’s Macau operations continue to be affected by extensive travel bans, restrictions and quarantine requirements imposed by the governments in Macau, Hong Kong, and certain provinces in China, applying to nearly all visitors entering and departing Macau. The total number of visitors to Macau declined by 84% in the first half of 2020, compared with the same period in 2019. Our casino operations in Macau were closed for a 15-day period in February 2020 and resumed operations on a reduced basis from 20 February 2020. However, certain health safeguards, such as limiting the number of seats per table game, slot machine spacing, temperature checks, mask protection, and health declarations remain in effect at the present time.

Outside of Macau, the gaming operations of City of Dreams Manila in the Philippines were temporarily closed due to the stringent community-wide quarantine for the entire island of Luzon, including Metro Manila, beginning in March 2020. In Cyprus, Cyprus Casinos (“C2”) also temporarily suspended all gaming operations with effect from March 2020, in full compliance with the Cypriot government’s measures to curb the spread of COVID-19.

To address the challenges brought about by the COVID-19 outbreak, the Group promptly initiated a range of mitigating measures, including implementing cost reduction programs to minimize cash outflow of non-essential items and rationalizing our capital expenditure programs with deferrals and reductions, which benefits the balance sheet. In May 2020, the Company announced the suspension of its semi-annual dividend program under the Company’s dividend policy. In addition, in July and August 2020, the Group issued a series of senior notes and completed the private placements which further strengthened the balance sheet and its ability to fund its development projects.

With the effective measures taken by different regions and countries to counter the COVID-19 pandemic, we are encouraged by the early signs of the return to normal operations in the Group’s integrated resorts. In mid-June, operations at C2 have partially resumed. On 24 August 2020, the Philippine government allowed the casinos licensed under the Philippine Amusement and Gaming Corporation (“PAGCOR”) in areas covered by the General Community Quarantine to operate at 30% operational capacity. City of Dreams Manila is preparing for the resumption of its normal operations in accordance with the terms and conditions of this new guideline. In addition, commencing from 15 July 2020, certain travellers entering Guangdong from Macau are no longer subject to mandatory quarantine. The issuance of Individual Visit Scheme (“IVS”) visas and tour group visas was reinstated for Zhuhai residents on 12 August 2020 and the issuance of IVS visas for Guangdong residents resumed on 26 August 2020, while the nationwide resumption of IVS visa issuance is expected to commence on 23 September 2020.

Despite the challenging business environment, the Group has prioritized sustainability in its operations. In March 2020, the Carbon Disclosure Project (“CDP”) recognized us as one of Asia’s leaders in corporate climate action and environmental stewardship with the “CDP 2019 Best First Time Performer” accolade. In July 2020, Melco Resorts & Entertainment Limited (“Melco Resorts”) became a signatory to the Global Tourism Plastics Initiative led by the UN Environment Programme and the World Tourism Organisation in collaboration with the Ellen MacArthur Foundation, part of the first group of signatories to the initiative.

## BUSINESS REVIEW

### Integrated Gaming and Entertainment Resorts

Melco International operates its gaming business primarily through its subsidiary Melco Resorts, a developer, owner, and operator of integrated resort facilities in Asia and Europe. As of 30 June 2020, Melco International, through its subsidiary, holds approximately 55.8% of the total issued shares of Melco Resorts.

Melco Resorts currently operates Altira Macau, an integrated resort located in Taipa, Macau; City of Dreams, an integrated resort located in Cotai, Macau; and Mocha Clubs, the largest non-casino based operations of electronic gaming machines in Macau. Furthermore, it has a majority ownership of and operates Studio City, a cinematically-themed integrated resort located in Cotai, Macau.

Beyond Macau, in the Philippines, a Philippine subsidiary of Melco Resorts currently operates and manages City of Dreams Manila, an integrated resort at the Entertainment City complex in Manila. In Cyprus, with the completion of the purchase of all of Melco International's ordinary shares of ICR Cyprus Holdings Limited ("ICR Cyprus") in July 2019, which represents a 75% equity interest in ICR Cyprus, Melco Resorts is currently developing the City of Dreams Mediterranean integrated casino resort project and operating a temporary casino in Limassol, the first authorized casino in the Republic of Cyprus. It is also licensed to operate four satellite casinos. Upon the opening of City of Dreams Mediterranean, ICR Cyprus will continue to operate the satellite casinos while operation of the temporary casino will cease.



Ongoing enhancement at City of Dreams is proceeding. The fully renovated Nüwa is currently anticipated to reopen by year-end, and The Countdown Hotel is also being redeveloped and rebranded as Libertine.

Due to the softer performance across all gaming segments and non-gaming operations from the temporary closure of casinos, as well as more stringent quarantine and social distancing measures to counter the COVID-19 pandemic, net revenues for the first half of 2020 were HK\$7.68 billion and the loss after tax for the period was HK\$7.06 billion.

### ***City of Dreams***

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property targeting high-end customers and rolling chip players from regional markets across Asia. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, the property operated, on average, 475 gaming tables and 473 gaming machines in the first half of 2020.

Ongoing enhancement at City of Dreams is proceeding with a series of property upgrades. Renovation of Nüwa has commenced and is anticipated to reopen by year-end, and The Countdown Hotel is also being redeveloped and rebranded as Libertine, a funky rebel-branded hotel with ultra-cool guestrooms.



City of Dreams' signature spectacle, The House of Dancing Water, will be re-imagined to offer new energy and excitement, enhancing its status as Macau's must-see performance. The re-imagined new show will return in 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS

As part of the Group's unrelenting efforts to create globally-leading hospitality and entertainment in Macau in order to attract new and quality tourism to the city, City of Dreams' signature spectacle, The House of Dancing Water, has been temporarily suspended from 18 June 2020 to be re-imagined by its legendary creative director, Franco Dragone. The re-imagined new show will return in 2021 to present an unprecedented and further enhanced entertainment experience.

### **Studio City**

The Hollywood-inspired and cinematically-themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, the property operated, on average, 273 gaming tables and 570 gaming machines in the first half of 2020.



The cinematically-themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. Its Phase 2 development aims at significantly differentiating the integrated resort from all other Macau resorts.



Construction on the expansion of Phase 2 at Studio City aimed at significantly differentiating the integrated resort from all other Macau resorts is in progress. Upon completion, Phase 2 will offer approximately 900 additional luxury hotel rooms and suites, one of the world's largest indoor/outdoor water parks, a cineplex, fine-dining restaurants, and state-of-the-art MICE spaces.

### ***Altira Macau***

Altira Macau is an integrated resort designed to cater to Asian rolling chip customers sourced primarily through gaming promoters. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. Through delivering impeccable services customized to each guest, both Altira Macau and Altira Spa have attained the highest Forbes Travel Guide ("FTG") Five-Star recognition for 11 consecutive years since 2010. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, Altira Macau operated, on average, 94 gaming tables and 114 gaming machines, and operated as a Mocha Club at Altira Macau, in the first half of 2020.



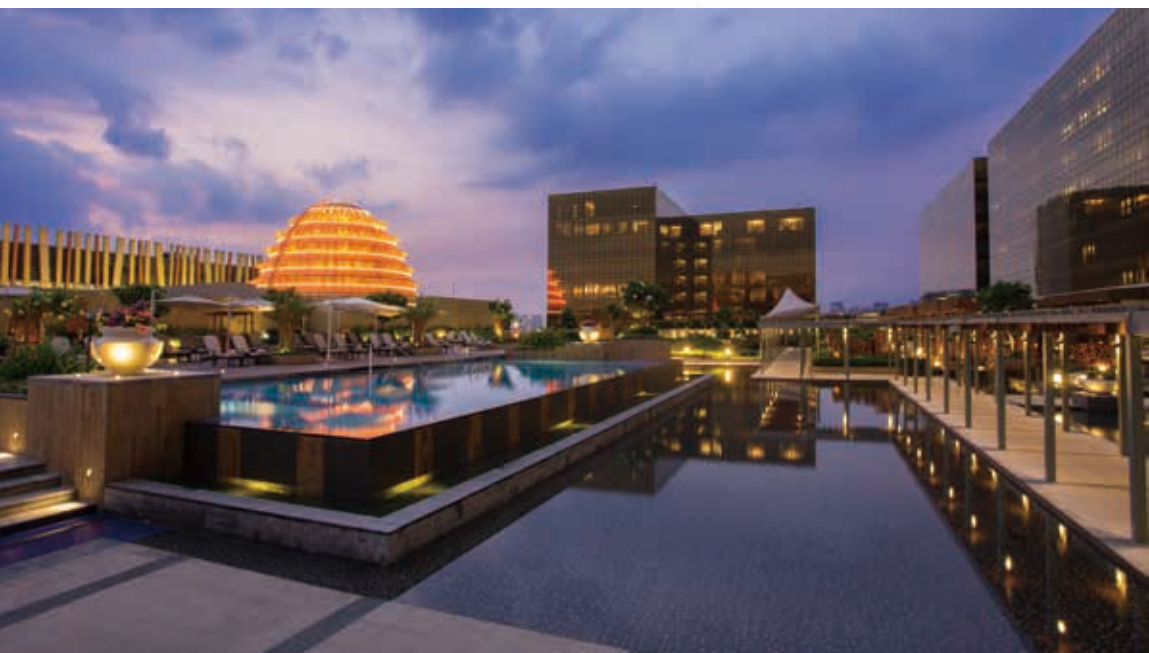
Altira Macau has been awarded FTG Five-Star recognition in the lodging and spa categories for 11 consecutive years, offering guests a luxurious experience with acclaimed accommodation and services.

***Mocha Clubs***

Mocha Clubs comprises the largest non-casino based operations of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has brought a series of innovative and top quality electronic gaming machines from around the world to offer a contemporary entertainment mix to broader visitors. Excluding gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, Mocha Clubs operated eight clubs with a total of 915 gaming machines (including 114 gaming machines at Altira Macau) in the first half of 2020.

***City of Dreams Manila***

Beyond Macau, City of Dreams Manila, strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asia market and continues to set the benchmark for the Group's robust capacity to execute on its international vision. This dynamic property boasts the ultimate entertainment, hotel, retail, dining, and lifestyle experiences with aggregated gaming space, including VIP and mass-market gaming facilities. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, the property operated, on average, 299 gaming tables and 2,289 gaming machines in the first half of 2020.



City of Dreams Manila provides an unparalleled entertainment and hospitality experience for the Southeast Asia market and continues to set the benchmark for the Group's robust capacity to execute on its international vision.

### ***City of Dreams Mediterranean and Cyprus Casinos***

ICR Cyprus, a joint venture company in which Melco Resorts has a 75% equity interest, is developing the City of Dreams Mediterranean integrated casino resort project in Cyprus. ICR Cyprus holds a 30-year casino-gaming license commencing from June 2017, of which the first 15 years are exclusive.

Construction work at City of Dreams Mediterranean, the first integrated resort in Cyprus, suspended temporarily from March 2020 due to the COVID-19 outbreak, but resumed during May 2020. Upon completion, it is expected to become Europe's largest premier integrated resort and help enhance Cyprus' efforts to become a must-visit global tourism destination. It is expected to attract 300,000 tourists annually in its first year of operation. Its 7,500-square-metre gaming area comprises over 100 tables and over 1,000 state-of-the-art slot machines, and it offers approximately 500 luxury hotel rooms, five world-class international restaurants and cafeterias, large recreation and wellness facilities, high-end brand name luxury retail outlets, a 1,500-seat outdoor amphitheater, and approximately 1,000 square metres of MICE facilities along with an Expo Centre.

In advance of the opening of City of Dreams Mediterranean, the temporary casino C2 Limassol opened its doors in June 2018. Spanning a total of 4,600 square metres, C2 Limassol features a spacious gaming area of 1,300 square metres. The four C2 satellite casinos are located at Nicosia, Larnaca, Ayia Napa and Paphos, while the C2 satellite casino in Larnaca, previously located within the premises of the Larnaca International Airport, is currently closed for relocation.

Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, our properties in Cyprus operated, on average, 35 gaming tables and 419 gaming machines in the first half of 2020.



The Group remains committed to our global development program. The City of Dreams Mediterranean project in Cyprus is expected to set other new standards in the region with best-in-class leisure and entertainment offerings.

## OUTLOOK

The COVID-19 pandemic has severely impacted the global tourism industry and our business operations in the first half of 2020 and beyond. Travel restrictions and the quarantine requirements in Macau and elsewhere around the world have led to a dramatic reduction in the number of visitors to all of the Group's integrated resorts.

Statistics from Macau's Gaming Inspection and Coordination Bureau indicate that gross gaming revenues in Macau declined by more than 95% in the period from April to June 2020 as compared with the same period in 2019. We expect that, as long as policies including significant travel bans or restrictions, visa restrictions and quarantine, and social distancing requirements remain in place, the gross gaming revenues in Macau will continue to be adversely affected.

While we are currently unable to determine when these measures will be lifted from additional regions, we are excited to see the nationwide resumption of the issuance of the IVS visas which is expected to commence in September and are hopeful this will signal the eventual resumption of the pre-COVID travel between Macau and China. Nevertheless, lifted measures may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau.

As the disruptions from the COVID-19 outbreak are ongoing, any recovery from such disruptions will depend on future developments, such as the duration of travel and visa restrictions and customer sentiment and behavior, including the length of time before customers resume traveling and participating in entertainment and leisure activities at high-density venues and the impact of potential higher unemployment rates, declines in income levels and loss of personal wealth resulting from the COVID-19 outbreak on consumer behavior related to discretionary spending and traveling, all of which are highly uncertain.

In addition, meanwhile the macroeconomy remains uncertain as the Sino-US trade war may continue as tensions in the overall relations between the two countries have intensified, which is likely to exert further pressure on the Macau VIP market.

Nonetheless, we remain bullish on the long-term growth prospects of the Group. Specifically within Asia, we expect that Macau will continue its strategic development as a world-leading tourism and entertainment destination as it further integrates into the Greater Bay Area. This process is spurred by new infrastructure such as the Hong Kong-Zhuhai-Macau Bridge which facilitates a steady increase in inbound tourism, and reinforced by the expanding Chinese middle class which will benefit Macau's mass gaming market.

We remain committed to our global development program. We are confident that the Studio City Phase 2 project in Macau and the City of Dreams Mediterranean project in Cyprus will set other new standards in their respective regions with best-in-class leisure and entertainment offerings significantly differentiating themselves from all other local resorts.

Japan remains a focus for the Group. We are committed to bring to the country the best integrated resort the world has ever seen. We believe our focus on the Asian premium segment, a portfolio of high-quality assets, devotion to craftsmanship, dedication to world-class entertainment offerings, market-leading social safeguard systems, established track record of successful partnerships, culture of exceptional guest service, and commitments to employee development put the Group in a strong position to help Japan realize the vision of developing a world-leading integrated resort with a unique, Japanese touch.

Meanwhile, the Group's top priority remains ensuring the health, safety and well-being of colleagues, customers and the communities where we operate. Our commitment to employee development and community support is evident in our market-leading training programs and recent donations to the Red Cross Society of China Hubei Branch, the Macao Federation of Trade Unions, the Women's General Association of Macau, the Cyprus Ministry of Health and to the families and healthcare professionals affected in the Philippines.



The Group has prioritized sustainability in our operations and remains firmly driven by our focus on sustainability goals, including becoming carbon neutral and zero waste by 2030.

Looking ahead, with the Group's portfolio of world-class integrated resorts and the unwavering support from the board of directors, shareholders, employees and partners, we are confident to bolster our pioneering and innovative role in providing premium travel, leisure and entertainment.

## **ACHIEVEMENTS AND AWARDS**

At Melco International, we strive to meet the highest standards with regard to corporate governance and corporate social responsibility, as both are integral to our commitment to strengthening the Group's position as a leading global leisure and entertainment integrated resort operator. Our efforts have continued to be widely acknowledged from different circles in the first half of 2020.

### **Corporate Governance**

In recognition of our good corporate governance practices, our management team has received prestigious leadership awards from the business and investment communities. In 2020, our Group Chairman and Chief Executive Officer, Mr. Lawrence Ho, was awarded "Asia's Best CEO" at the Asian Excellence Awards by *Corporate Governance Asia* for the ninth time. The Group was also awarded "Best Investor Relations by a Hong Kong Company", which represents the ninth time that such accolade has been bestowed on the Group. These awards further substantiate our determination to adopt the best corporate governance practices throughout our business operations, as well as the Group's unwavering commitment to ensuring accountability, fairness and transparency in its relationships with all stakeholders.

As the Group places colleagues at the centre of its corporate strategy, strong emphasis is put on their career and personal growth. Melco Resorts received the Bronze Award in the "Best In-house Recruitment Team" category at Human Resources Asia Recruitment Awards 2020, in acknowledgement of its market insights, top-notch services and achievements by its recruitment team.

### **Corporate Social Responsibility**

The Group has remained steadfast in its commitment to being a responsible partner to its employees and local communities. Last year, we launched 'Above & Beyond', a new strategy for further elevating the Group's commitment to being a force for good across all of its resorts globally. One year on, amidst current economic uncertainties, we remain firmly driven by our focus on sustainability goals, including becoming carbon neutral and zero waste by 2030. Such goals have become an integral part of our business strategy as well as part of daily operations for our entire workforce.

In July 2020, Melco Resorts has become a signatory to the Global Tourism Plastics Initiative led by the UN Environment Programme and the World Tourism Organisation in collaboration with the Ellen MacArthur Foundation. It is part of the first group of signatories to the initiative, taking a further step forward as a global leader to address the root causes of problematic plastic waste and pollution.

Our efforts and strong commitment to sustainability and positive social impact have earned accolades from the industry. Melco Resorts was named the “2019 Best First Time Performer” by CDP, the global non-profit environmental organization. We received an A-score earlier this year from CDP, attaining one of the highest ratings among disclosing companies in the Greater China region. These acknowledgements are a credit to our efforts in environmental protection, as well as our dedication and commitment to mitigating climate risks.

In acknowledgement of the high priority that the Group places on the sustainability of its operations, the title “Best Environmental Responsibility” has been bestowed on Melco Resorts at the Asian Excellence Awards since 2013, or for eight consecutive years. Furthermore, Melco Resorts has also garnered “Asia’s Best CSR” in 2020, further proof of our efforts towards corporate social responsibility.



The Group's epidemic prevention efforts for both the Mainland and Macau are recognized by the Liaison Office of the Central People's Government in the Macau SAR.

## MANAGEMENT DISCUSSION AND ANALYSIS

Mindful of serious public health concerns associated with COVID-19, the Group mobilized its workforce en masse in Macau to support the local community, encouraging all colleagues to care for the community through ‘Simple Acts of Kindness’. Thousands of colleagues took part in a multitude of volunteer events during work hours to support our community partners, small and medium enterprises (“SMEs”) and groups such as the elderly, single families, long-term patients, children and more. Since February 2020, our volunteers have made calls to over 1,200 Macau SMEs to communicate and identify where help is needed, and aided Macau SMEs and related associations with various cleaning, disinfecting and sanitizing projects for offices, warehouses, storefronts and factories. Since May 2020, up to 17 volunteer activities have taken place daily, with up to 150 volunteers being deployed each day. In the first two months, approximately 500 ‘Simple Acts of Kindness’ activities have taken place with the participation of nearly 6,000 volunteers, serving over 100 of the Macau community’s NGOs and SMEs.

In partnership with Macao Federation of Trade Unions and Fu Hong Society of Macau, we opened the ‘Melco & Colleagues Giving Stores’ to support the disadvantaged and the most needy in the local community. The Stores enable beneficiaries access to a broad range of donated goods from the Group and its colleagues which are in new or almost new condition, representing their collective efforts to contribute to the community. To date, about 60,000 individual items have been donated to the community.

### **Business Operations**

The Group constantly strives to curate the most unique journeys in hospitality by integrating breakthrough ideas and innovative offerings to transform the guest experience. Such dedication and commitment has enabled Melco Resorts to win the “Integrated Resort of the Year” award at International Gaming Awards 2020. Furthermore, Morpheus at City of Dreams was named “Best New Hotel in Macao” by TTG China Travel Awards.

In the 2020 FTG, the Group was awarded a record-breaking 107 stars, with Morpheus receiving the distinguished honor of becoming the world’s fastest establishment to attain FTG Five-Star recognition across its entire hotel, spa and dining facilities, approximately 1.5 years after its grand opening. The Morpheus Spa also won the Forbes Spa of the Year Award, attaining the highest score among the world’s most outstanding spa establishments. City of Dreams was acknowledged by FTG as the only resort in the world with nine individual FTG Five-Star awards, while Altira Macau and Altira Spa have both been honoured with FTG Five-Star recognition for the 11th consecutive year, spanning from 2010 to 2020.



The Group is home to a collection of impeccable award-winning restaurants, recommended and honoured in Michelin Guide Hong Kong Macau 2020. City of Dreams' three-starred Jade Dragon showcases exquisite Chinese culinary masterpieces, and two-starred Alain Ducasse at Morpheus redefines French fine-dining with a contemporary vision. One Michelin-starred, and showcasing signature Cantonese cuisines are Pearl Dragon at Studio City and Ying at Altira Macau. Michelin's recommended restaurants include a journey through Northern and Southern China via Bi Ying; French contemporary bistro Voyages by Alain Ducasse; progressive Chinese restaurant Yi; and tempura specialist Tenmasa.

All of these accolades serve as acknowledgement by the industry and community of our steadfast commitment to excellence in all aspects of our business; spanning corporate governance and operational performance to our relentless pursuit of customer-centric experiences. It remains our top priority to uphold the highest level of excellence across all facets of the Group and to maintain a market leading position well into the future.



The Group mobilized its workforce en masse in Macau to support the local community, encouraging all colleagues to care for the community through “Simple Acts of Kindness”. Thousands of colleagues took part in a multitude of volunteer events during work hours.

**FINANCIAL REVIEW****RESULTS FOR THE SIX MONTHS ENDED 30 JUNE**

<i>HK\$' million</i>	2020 (Unaudited)	2019 (Unaudited)	YoY%
Net revenues	7,682.5	22,352.3	-65.6%
Adjusted EBITDA	(886.2)	6,399.3	N/A
(Loss)/profit attributable to owners of the Company	(3,665.2)	462.1	N/A
Basic (loss)/earnings per share attributable to owners of the Company (HK\$)	(2.43)	0.31	N/A

**FINANCIAL POSITION AS AT**

<i>HK\$' million</i>	30 June 2020 (Unaudited)	31 December 2019 (Audited)	YoY%
Total assets	91,636.2	100,361.6	-8.7%
Total liabilities	57,614.1	58,693.9	-1.8%
Equity attributable to owners of the Company	13,184.4	16,950.3	-22.2%
Net assets value per share attributable to owners of the Company (HK\$)	8.7	11.2	-22.2%
Gearing ratio (%)	47.7%	41.2%	N/A

**Net Revenues**

Net revenues of the Group decreased by 65.6% from HK\$22.35 billion for the six months ended 30 June 2019 to HK\$7.68 billion for the six months ended 30 June 2020. The decrease in net revenues was primarily attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic, which resulted in temporary casino closures and a significant decline in inbound tourism during the six months ended 30 June 2020.

HK\$' million	Six months ended 30 June		
	2020 (Unaudited)	2019 (Unaudited)	YoY%
Casino revenue	6,680.0	19,490.2	-65.7%
Entertainment and resort facilities:			
Rooms	404.3	1,336.6	-69.8%
Catering service income	272.1	926.0	-70.6%
Entertainment, retail and other	323.4	596.4	-45.8%
Property rental income	2.5	2.3	9.2%
Electronic gaming machines participation	-	0.6	-100.0%
Others	0.2	0.2	-10.6%
	7,682.5	22,352.3	-65.6%



The Group launched the 'Melco & Colleagues Giving Store' with the Macao Federation of Trade Unions and the Fu Hong Society of Macau, enabling community beneficiaries access to a broad range of donated goods from the Group and our colleagues which are in new or almost new condition.

### **Adjusted EBITDA <sup>(1)</sup>**

The Company generated negative Adjusted EBITDA of HK\$0.89 billion for the six months ended 30 June 2020, compared to Adjusted EBITDA of HK\$6.40 billion for the six months ended 30 June 2019. The decrease in Adjusted EBITDA was mainly attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic.

### **(Loss)/Profit Attributable to Owners of the Company**

Loss attributable to owners of the Company was HK\$3,665.2 million for the six months ended 30 June 2020, compared to profit attributable to owners of the Company of HK\$462.1 million for the six months ended 30 June 2019. The decrease was mainly attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic.

### **Basic (Loss)/Earnings Per Share Attributable to Owners of the Company**

Basic loss per share attributable to owners of the Company was HK\$2.43 per share for the six months ended 30 June 2020, compared to basic earnings per share attributable to owners of the Company of HK\$0.31 per share for the six months ended 30 June 2019.

### **Financial and Operational Performance**

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2020, contributed a majority of the financial results for the Group.

The performance of Melco Resorts during the review period is described below.

In connection with Melco Resorts' acquisition of a 75% interest in ICR Cyprus from its parent company, Melco International, on July 31, 2019, all periods presented in the unaudited financial results of Melco Resorts have been restated to include the assets and liabilities and financial results of the ICR Cyprus group in accordance with applicable accounting standards.

According to the unaudited financial results of Melco Resorts prepared in accordance with U.S. generally accepted accounting principles, it recorded total operating revenues of US\$0.99 billion for the six months ended 30 June 2020, versus US\$2.85 billion for the six months ended 30 June 2019. The decrease in total operating revenues was primarily attributable to softer performance in all gaming segments and non-gaming operations as a result of the impact of the COVID-19 pandemic, which resulted in temporary casino closures and a significant decline in inbound tourism during the six months ended 30 June 2020.

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<sup>(1)</sup> Adjusted EBITDA is the profit/loss for the period before interest, income tax, depreciation and amortization, share-based compensation expenses, pre-opening costs, development costs, property charges and other, payments to the Philippine Parties, corporate expenses and other non-operating income and expenses. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. However, Adjusted EBITDA presented in this interim report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Operating loss for the six months ended 30 June 2020 was US\$520.7 million, compared with an operating income of US\$399.0 million for the same period in 2019.

Melco Resorts generated negative Adjusted Property EBITDA<sup>(2)</sup> of US\$80.9 million for the six months ended 30 June 2020, compared to Adjusted Property EBITDA of US\$861.5 million for the same period in 2019.

Net loss attributable to the financial performance of Melco Resorts for the six months ended 30 June 2020 was US\$732.2 million, compared with a net income attributable to the financial performance of Melco Resorts of US\$221.8 million for the same period in 2019.

<sup>(2)</sup> Adjusted Property EBITDA is net income/loss before interest, taxes, depreciation and amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine Parties, land rent to Belle Corporation, corporate and other expenses and other non-operating income and expenses. Adjusted Property EBITDA is used by management as the primary measure of Melco Resorts' operating performance and to compare our operating performance with that of our competitors. However, Adjusted Property EBITDA presented in this interim report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.



As part of the Group's longstanding commitment to SMEs for the sustainable development of Macau, the 'Melco SME Academy' aims to help local SMEs become better equipped to face challenges and seize opportunities through a variety of training activities and business development initiatives.

**City of Dreams**

For the six months ended 30 June 2020, total operating revenues at City of Dreams were US\$573.0 million versus US\$1,504.2 million for the same period in 2019. City of Dreams generated negative Adjusted Property EBITDA of US\$9.4 million for the six months ended 30 June 2020, compared to Adjusted Property EBITDA of US\$479.3 million for the same period in 2019.

*Gaming Performance*

US\$'million	Six months ended 30 June		YoY%
	2020	2019	
<b>VIP Gaming</b>			
Rolling chip volume	10,686.5	25,145.7	-57.5%
Win rate	4.49%	3.26%	N/A
<b>Mass Market</b>			
Table drop	611.7	2,690.0	-77.3%
Hold percentage	33.6%	31.5%	N/A
<b>Gaming Machine</b>			
Handle	592.1	2,018.3	-70.7%
Win rate	3.6%	3.9%	N/A

*Non-Gaming Performance*

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2020 was US\$59.9 million, compared with US\$194.6 million in the same period in 2019.

**Altira Macau**

For the six months ended 30 June 2020, total operating revenues at Altira Macau were US\$69.9 million compared to US\$237.3 million in the same period in 2019. Altira Macau generated negative Adjusted Property EBITDA of US\$28.5 million for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US\$23.8 million in the same period in 2019.

*Gaming Performance*

<i>US\$'million</i>	Six months ended 30 June		
	2020	2019	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	1,748.5	9,318.7	-81.2%
Win rate	4.84%	3.41%	N/A
<b>Mass Market</b>			
Table drop	78.9	289.2	-72.7%
Hold percentage	26.9%	22.5%	N/A
<b>Gaming Machine</b>			
Handle	82.5	144.2	-42.8%
Win rate	3.1%	4.7%	N/A

*Non-Gaming Performance*

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2020 was US\$4.4 million, compared with US\$13.2 million in the same period in 2019.

**Mocha Clubs**

Total operating revenues from Mocha Clubs were US\$41.2 million for the six months ended 30 June 2020 compared to US\$60.0 million in the same period in 2019. Mocha Clubs generated US\$4.5 million of Adjusted Property EBITDA for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US\$11.3 million in the same period in 2019.

*Gaming Performance*

<i>US\$'million</i>	Six months ended 30 June		
	2020	2019	YoY%
<b>Gaming Machine</b>			
Handle	882.0	1,273.7	-30.8%
Win rate	4.7%	4.7%	N/A

**Studio City**

For the six months ended 30 June 2020, total operating revenues at Studio City were US\$147.5 million compared to US\$659.3 million in the same period in 2019. Studio City generated negative Adjusted Property EBITDA of US\$51.8 million for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US\$191.2 million in the same period in 2019.

*Gaming Performance*

US\$'million	Six months ended 30 June		YoY%
	2020	2019	
<b>VIP Gaming</b>			
Rolling chip volume	1,608.5	5,758.8	-72.1%
Win rate	2.85%	3.03%	N/A
<b>Mass Market</b>			
Table drop	372.9	1,728.4	-78.4%
Hold percentage	25.7%	28.8%	N/A
<b>Gaming Machine</b>			
Handle	378.8	1,191.6	-68.2%
Win rate	3.1%	3.2%	N/A

*Non-Gaming Performance*

Total non-gaming revenue at Studio City for the six months ended 30 June 2020 was US\$28.7 million, compared with US\$87.7 million in the same period in 2019.



**City of Dreams Manila**

For the six months ended 30 June 2020, total operating revenues at City of Dreams Manila were US\$117.6 million compared to US\$318.5 million in the same period in 2019. City of Dreams Manila generated Adjusted Property EBITDA of US\$7.0 million for the six months ended 30 June 2020 compared with US\$143.4 million in the same period in 2019.

*Gaming Performance*

<i>US\$'million</i>	Six months ended 30 June		
	2020	2019	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	1,304.0	4,188.5	-68.9%
Win rate	3.68%	4.10%	N/A
<b>Mass Market</b>			
Table drop	164.3	377.0	-56.4%
Hold percentage	33.1%	30.5%	N/A
<b>Gaming Machine</b>			
Handle	889.7	1,852.6	-52.0%
Win rate	4.2%	5.6%	N/A

*Non-Gaming Performance*

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2020 was US\$27.0 million, compared with US\$60.4 million in the same period in 2019.

**Cyprus Operations**

Melco Resorts is currently operating a temporary casino, the first casino in the Republic of Cyprus, and is licensed to operate four satellite casinos. Upon the opening of City of Dreams Mediterranean, Melco Resorts will also continue to operate the satellite casinos while operation of the temporary casino will cease.

For the six months ended 30 June 2020, total operating revenues at Cyprus Operations were US\$22.2 million compared to US\$43.4 million in the same period in 2019. Cyprus Operations generated negative Adjusted Property EBITDA of US\$2.8 million for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US\$12.6 million in the same period in 2019.

*Gaming Performance*

US\$'million	Six months ended 30 June		
	2020	2019	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	–	0.2	–100.0%
Win rate	–	–23.12%	N/A
<b>Mass Market</b>			
Table drop	29.0	73.5	–60.6%
Hold percentage	20.1%	20.8%	N/A
<b>Gaming Machine</b>			
Handle	327.4	515.2	–36.5%
Win rate	5.0%	5.5%	N/A

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Capital Resources

The Group finances its business operations and investments with internal resources, cash revenues generated from operating activities, and bank and other borrowings.

The Group continues to manage its financial position carefully and maintains conservative policies in cash management. As at 30 June 2020, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK\$9,256.3 million (31 December 2019: HK\$11,213.1 million) and investments in mutual funds that mainly invest in bonds and fixed interest securities amounted to HK\$189.9 million (31 December 2019: HK\$384.5 million).

As at 30 June 2020, the Group had available borrowing capacity of HK\$12.90 billion (31 December 2019: HK\$10.5 billion), subject to satisfaction of certain conditions precedent.

On 7 July 2020, the Group announced a series of private share offers of its non-wholly owned subsidiary, SCIHL, to be offered to certain existing institutional holders of SCIHL's Class A ordinary shares and ADSs (the "Private Placements"). The Private Placements were completed in August 2020 with gross proceeds of approximately US\$500.0 million (equivalent to approximately HK\$3.88 billion), out of which approximately US\$219.2 million (equivalent to approximately HK\$1.70 billion) is from the shareholders outside the Group.

Major changes in our indebtedness during the six months ended and subsequent to 30 June 2020 are summarized below.

In March 2020, the Group partially drew down HK\$1.95 billion from a revolving credit facility.

On 29 April 2020, the Group entered into a senior facility agreement with a syndicate of banks, under which lenders have made available HK\$14.85 billion in revolving credit facility for a term of five years ("2020 Credit Facilities").

On 6 May 2020, the Group drew down HK\$2.73 billion of the revolving credit facility under the 2020 Credit Facilities and, on 7 May 2020, used such proceeds to repay all outstanding loan amounts of HK\$1.96 billion under an existing senior secured credit facilities agreement, together with accrued interest and associated costs, other than HK\$1.0 million which remained outstanding under the term loan facility.

On 15 July 2020, the Group issued US\$500.0 million (equivalent to approximately HK\$3.88 billion) in aggregate principal amount of 6.00% senior notes due 2025 and US\$500.0 million (equivalent to approximately HK\$3.88 billion) in aggregate principal amount of 6.50% senior notes due 2028. On 14 August 2020, the Group used a portion of the net proceeds to redeem in full the US\$850.0 million 7.25% senior notes due 2021, together with accrued interest and redemption premium.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 21 July 2020, the Group issued US\$500.0 million (equivalent to approximately HK\$3.88 billion) in aggregate principal amount of 5.75% senior notes due 2028 (the “Original Notes”). On 29 July 2020, the Group used a portion of the net proceeds to repay the outstanding revolving credit facility under the 2020 Credit Facilities in aggregate principal amount of HK\$2.73 billion, together with accrued interest and associated costs.

On 11 August 2020, the Group issued US\$350.0 million (equivalent to approximately HK\$2.71 billion) in aggregate principal amount of 5.75% senior notes due 2028 in addition to the Original Notes (the “Additional Notes”). The Additional Notes were consolidated and formed a single series with the Original Notes and the net proceeds will be used for general corporate purposes.

The availability period of an unsecured credit facility amounted to Philippine Peso2.35 billion (equivalent to approximately HK\$365.4 million) was extended from 31 May 2020 to 30 July 2020 during the six months ended 30 June 2020. The availability of the unsecured credit facility was further extended to 31 January 2021 in July 2020.

For further details of our indebtedness, please refer to note 34 to the consolidated financial statements included in the Company’s 2019 Annual Report and note 15 to the Condensed Consolidated Interim Financial Information contained herein, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances.

### **Gearing Ratio**

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 47.7% as at 30 June 2020 (31 December 2019: 41.2%).

### **Pledges of assets**

As at 30 June 2020, borrowings amounting to HK\$13,258.4 million (31 December 2019: HK\$13,446.9 million) were secured by the following assets of the Group:

- (i) certain property, plant and equipment;
- (ii) investment properties;
- (iii) certain land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);
- (iv) certain bank deposits;
- (v) receivables and other assets including certain inter-group loans; and
- (vi) issued shares of certain subsidiaries of the Group.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2020.

## **FINANCIAL RISK**

### **Foreign exchange risk**

The Group's principal operations are primarily conducted and recorded in Hong Kong dollar ("HK\$"), Macau Patacas ("MOP"), United States dollar ("US\$"), Philippine Peso ("Peso") and Euro ("Eur"). The financial statements of foreign operations are translated into HK\$ which is the Group's functional and presentation currency. The majority of the Group's revenues are denominated in HK\$, while operating expenses are denominated predominantly in MOP, HK\$, Peso and Eur. In addition, a significant portion of our indebtedness and certain expenses are denominated in US\$.

The HK\$ is pegged to the US\$ within a narrow range and the MOP is, in turn, pegged to the HK\$, and the exchange rates between these currencies has remained relatively stable over the past several years. Accordingly, the Group does not expect fluctuations in the values of these currencies to have a material impact on its operations. The Group holds bank balances, receivables and deposits for its operations which are denominated in foreign currencies, such as Peso, Eur and Renminbi ("RMB") and, consequently, exposure to exchange rate fluctuations may arise and may be affected by, among other things, changes in political and economic conditions.

The Group does not currently engage in hedging transactions with respect to foreign exchange exposures of revenues and expenses in the day-to-day operations during the period under review. Instead, the Group maintains a certain amount of its operating funds in the same currencies in which the Group has obligations, thereby reducing the exposure to currency fluctuations. However, the Group occasionally enters into foreign exchange transactions as part of financing transactions and capital expenditure programs.

### **Interest rate risk**

The Group is primarily exposed to cash flow interest rate risk in relation to bank balances, restricted cash and borrowings which carry interest at floating rates. The Group attempts to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and mitigate the effects of fluctuations in cash flows.

### **Equity price risk**

The Group is exposed to equity price risk through its investments in marketable equity securities. The Group does not engage in hedging transactions with respect to equity price exposures. The Group attempts to manage equity price risk by managing its portfolio of investments.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Material capital expenditure will be incurred when the Company begins to pursue different projects in the coming years. The Company expects the respective project companies to secure required funding themselves by using different available financing options. The Company will also provide the required equity capital to new projects in future should it be deemed appropriate.

## **HUMAN RESOURCES**

### **Headcount and Employees' Information**

The total number of the Group's employees was 21,931 as of 30 June 2020 (31 December 2019: 23,261). Among these employees, 244 are located in Hong Kong and the remaining 21,687 are located in the Philippines, Japan, Cyprus, Macau, Taiwan and the PRC. The related staff costs for the six months ended 30 June 2020, including directors' emoluments and share-based compensation expenses amounted to HK\$3,420.4 million (six months ended 30 June 2019: HK\$3,777.7 million).

Melco International believes that the key to success lies in its people. The Group strives to create environments of care and trust that make employees proud to be part of them. As an equal opportunity employer, Melco International believes that building a stable workforce and cultivating a harmonious workplace starts with embracing diversity. Equal opportunities are ensured in every area, including compensation, benefits, recruitment, promotion, transfer, training opportunities and development. The Group believes, through growing its business, it will be able to create opportunities and deliver value to its people. Thus, the Group encourages its employees to do their best at work and grow with the Group. Melco International builds employee loyalty through recognition, involvement and participation. Melco International's people policy, systems and practices are directly aligned with the Group's mission and values which, in turn contribute to success.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



**To the board of directors of Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

## **INTRODUCTION**

We have reviewed the interim financial information set out on pages 31 to 66, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries as of 30 June 2020 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## **SCOPE OF REVIEW**

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

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

## **Ernst & Young**

*Certified Public Accountants*

22/F CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

28 August 2020



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2020*

	Notes	Six months ended 30 June	
		2020	2019
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
NET REVENUES	4	7,682,479	22,352,325
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		(3,494,674)	(9,812,982)
Employee benefits expenses		(3,420,389)	(3,777,697)
Depreciation and amortization	6	(2,900,967)	(3,001,280)
Other operating expenses, gains and losses, net		(2,428,862)	(3,133,256)
Share of profits and losses of associates		–	796
Total operating costs and expenses, net		(12,244,892)	(19,724,419)
OPERATING (LOSS)/INCOME		(4,562,413)	2,627,906
NON-OPERATING INCOME/(EXPENSES)			
Interest income		18,487	30,359
Interest expenses, net of amounts capitalized	5	(1,336,066)	(1,308,569)
Losses on modification or extinguishment of debts, net		(26,487)	(105,401)
Other financing costs		(24,938)	(7,245)
Foreign exchange losses, net		(11,590)	(47,394)
Other expenses, net		(1,181,690)	(128,244)
Total non-operating expenses, net		(2,562,284)	(1,566,494)
<b>(LOSS)/PROFIT BEFORE TAX</b>	6	(7,124,697)	–1,061,412
Income tax credit/(expense)	7	63,107	(38,143)
<b>(LOSS)/PROFIT FOR THE PERIOD</b>		(7,061,590)	1,023,269

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2020	2019
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences:			
Exchange differences on translation of foreign operations		(163,426)	154,954
Reclassification of exchange reserve upon disposal of investment in an associate		–	28,703
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX</b>		(163,426)	183,657
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		(7,225,016)	1,206,926
(Loss)/profit for the period attributable to:			
Owners of the Company		(3,665,207)	462,087
Non-controlling interests		(3,396,383)	561,182
		(7,061,590)	1,023,269
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		(3,781,220)	562,264
Non-controlling interests		(3,443,796)	644,662
		(7,225,016)	1,206,926
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	9	HK\$(2.43)	HK\$0.31
Diluted		HK\$(2.43)	HK\$0.30

The accompanying notes are an integral part of the interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	45,011,849	45,758,622
Right-of-use assets		7,468,939	7,694,763
Investment properties		348,000	348,000
Gaming license and subconcession		2,180,381	2,724,883
Goodwill		5,333,117	5,406,936
Trademarks		16,992,458	16,992,458
Other intangible assets		210,988	222,128
Trade receivables	11	–	30,200
Prepayments, deposits and other receivables		1,609,564	1,347,468
Other financial assets	12	64,982	4,498,436
Restricted cash		142,690	159,649
Deferred tax assets		48,711	27,710
<b>Total non-current assets</b>		<b>79,411,679</b>	<b>85,211,253</b>
<b>CURRENT ASSETS</b>			
Inventories		318,997	343,767
Trade receivables	11	1,368,547	2,216,044
Prepayments, deposits and other receivables		899,237	700,654
Tax recoverable		6	–
Other financial assets	12	189,850	384,539
Bank deposits with original maturities over three months		32,000	–
Restricted cash		191,533	292,178
Cash and bank balances		9,224,320	11,213,138
<b>Total current assets</b>		<b>12,224,490</b>	<b>15,150,320</b>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	13	71,782	171,977
Other payables, accruals and deposits received	14	7,879,296	11,199,008
Tax payable		73,064	80,433
Interest-bearing borrowings	15	5,057,226	420,967
Lease liabilities	16	636,307	574,737
<b>Total current liabilities</b>		<b>13,717,675</b>	<b>12,447,122</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(1,493,185)</b>	<b>2,703,198</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>77,918,494</b>	<b>87,914,451</b>
<b>NON-CURRENT LIABILITIES</b>			
Other payables, accruals and deposits received	14	195,475	173,637
Interest-bearing borrowings	15	38,670,229	40,907,850
Lease liabilities	16	2,665,332	2,729,820
Deferred tax liabilities		2,365,351	2,435,452
<b>Total non-current liabilities</b>		<b>43,896,387</b>	<b>46,246,759</b>
<b>Net assets</b>		<b>34,022,107</b>	<b>41,667,692</b>
<b>EQUITY</b>			
Share capital	17	5,673,104	5,669,692
Reserves		7,511,307	11,280,631
<b>Equity attributable to owners of the Company</b>		<b>13,184,411</b>	<b>16,950,323</b>
<b>Non-controlling interests</b>		<b>20,837,696</b>	<b>24,717,369</b>
<b>Total equity</b>		<b>34,022,107</b>	<b>41,667,692</b>

The accompanying notes are an integral part of the interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company										Total equity HK\$'000		
	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000		Sub-total HK\$'000	Non-controlling interests HK\$'000
At 1 January 2020 (Audited)	5,669,692	7,053	(5,870,965)	5,796	(1,905)	19,013	187,364	(95,628)	59,590	16,970,313	16,950,323	24,717,369	41,667,692
Exchange differences on translation of foreign operations	-	-	-	-	-	(116,013)	-	-	-	-	(116,013)	(47,413)	(163,426)
Other comprehensive loss for the period	-	-	-	-	-	(116,013)	-	-	-	-	(116,013)	(47,413)	(163,426)
Loss for the period	-	-	-	-	-	-	-	-	-	(3,665,207)	(3,665,207)	(3,396,383)	(7,061,590)
Total comprehensive loss for the period	-	-	-	-	-	(116,013)	-	-	-	(3,665,207)	(3,781,220)	(3,443,796)	(7,225,016)
Exercise of share options	3,412	-	-	-	-	-	(1,401)	-	-	-	2,011	-	2,011
Recognition of share-based payments	-	-	-	-	-	-	44,367	-	104,727	-	149,094	145,294	294,388
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(145)	-	-	145	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	123,374	(114,227)	(9,147)	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	(30,767)	-	-	(30,767)	-	(30,767)
Reclassification of long term incentive schemes from equity-settled to cash-settled (note 18)	-	-	-	-	-	-	-	-	(22,912)	-	(22,912)	-	(22,912)
Dividends declared (note 8)	-	-	-	-	-	-	-	-	-	(45,591)	(45,591)	-	(45,591)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(267,088)	(267,088)
Change in ownership interests of a subsidiary (note 19)	-	-	(36,519)	-	(8)	-	-	-	-	-	(36,527)	(314,083)	(350,610)
	3,412	-	(36,519)	-	(8)	-	42,821	92,607	(32,412)	(54,593)	15,308	(435,877)	(420,569)
At 30 June 2020 (Unaudited)	5,673,104	7,053*	(5,907,484)*	5,796*	(1,913)*	(67,000)*	230,185*	(3,021)*	27,178*	13,250,513*	13,184,411	20,837,696	34,022,107

For the six months ended 30 June 2019

	Attributable to owners of the Company										Total equity HK\$'000		
	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000		Sub-total HK\$'000	Non-controlling interests HK\$'000
At 1 January 2019 (Audited)	5,660,190	7,053	(5,951,355)	5,796	903	(151,997)	147,767	(12,710)	41,658	16,484,925	16,232,230	24,470,796	40,703,026
Exchange differences on translation of foreign operations	-	-	-	-	-	71,474	-	-	-	-	71,474	83,480	154,954
Reclassification of exchange reserve upon disposal of investment in an associate	-	-	-	-	-	28,703	-	-	-	-	28,703	-	28,703
Other comprehensive income for the period	-	-	-	-	-	100,177	-	-	-	-	100,177	83,480	183,657
Profit for the period	-	-	-	-	-	-	-	-	-	462,087	462,087	561,182	1,023,269
Total comprehensive income for the period	-	-	-	-	-	100,177	-	-	-	462,087	562,264	644,662	1,206,926
Exercise of share options	3,469	-	-	-	-	(1,981)	-	-	-	-	1,488	-	1,488
Recognition of share-based payments	-	-	-	-	-	16,077	-	-	73,049	-	89,126	111,750	200,876
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	(435)	-	-	-	435	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	82,401	(101,465)	19,064	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	(78,603)	-	-	(78,603)	-	(78,603)
Reclassification of long term incentive schemes from equity-settled to cash-settled	-	-	-	-	-	-	-	-	-	-	-	(40,726)	(40,726)
Dividends declared (note 8)	-	-	-	-	-	-	-	-	-	(35,577)	(35,577)	-	(35,577)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(605,712)	(605,712)	(605,712)
Disposal of investment in an associate	-	-	(22,483)	-	-	-	-	-	-	(22,483)	(22,483)	-	(22,483)
Change in ownership interests of certain subsidiaries	-	-	(12,977)	-	(1)	-	-	-	-	(12,978)	(12,978)	12,978	-
Repurchase of Shares	-	-	-	-	-	-	-	-	-	(95,805)	(95,805)	-	(95,805)
At 30 June 2019 (Unaudited)	3,469	-	(35,460)	-	(1)	-	13,661	3,798	(28,416)	(111,883)	(154,832)	(421,710)	(576,542)
	5,663,659	7,053*	(5,986,815)*	5,796*	902*	(51,820)*	161,428*	(6,912)*	13,242*	16,835,729*	16,639,662	24,693,748	41,333,410

\* These reserve accounts comprise the consolidated reserves of HK\$7,511,307,000 (30 June 2019: HK\$10,976,003,000) in the unaudited condensed consolidated statement of financial position as at 30 June 2020.

The accompanying notes are an integral part of the interim financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Net cash (used in)/generated from operating activities	(3,730,333)	3,995,484
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments and deposits for property, plant and equipment	(1,380,293)	(1,960,527)
Payments for right-of-use assets	(4,131)	(2,220)
Placement of bank deposits with original maturities over three months	(32,000)	(533,241)
Decrease in restricted cash	116,911	24,455
Proceeds from disposal of property, plant and equipment	3,574	1,098
Proceeds from disposal of financial assets at fair value through profit or loss	2,782,984	193,704
Interest received	19,000	29,535
Payments for intangible and other assets	–	(15,992)
Purchase of financial assets at fair value through profit or loss	–	(4,827,537)
Proceeds from disposal of investment in and loan to an associate	–	52,000
Withdrawals of bank deposits with original maturities over three months	–	40,000
Net cash generated from/(used in) investing activities	1,506,045	(6,998,725)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from interest-bearing borrowings	4,680,000	13,135,496
Repayments of interest-bearing borrowings	(2,069,995)	(7,744,317)
Interest paid	(1,152,193)	(907,903)
Payments of lease liabilities (including associated interest)	(188,145)	(314,815)
Proceeds from exercise of share options	6,016	13,132
Payments of deferred financing costs	(381,930)	(115,498)
Purchase of shares for the share award schemes	(30,767)	(78,603)
Repurchase of shares	–	(95,805)
Repurchase of Melco Resorts' shares	(350,610)	–
Dividends paid	(165)	(36,066)
Dividends paid to non-controlling shareholders	(267,088)	(505,712)
Net cash generated from financing activities	245,123	3,349,909

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,979,165)	346,668
Cash and cash equivalents at beginning of period	11,213,138	11,892,778
Effect of foreign exchange rate changes, net	(9,653)	18,333
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>9,224,320</b>	<b>12,257,779</b>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	9,224,320	12,257,779

The accompanying notes are an integral part of the interim financial information.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

*For the six months ended 30 June 2020*

## 1. ORGANIZATION AND BUSINESS

### (a) Corporate and group information

Melco International Development Limited (the “Company”) is a public company with limited liability incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) as an investment holding company. The address of the registered office of the Company is 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The Company together with its subsidiaries (collectively referred to as the “Group”) is a developer, owner and operator of integrated resort facilities in Asia and Europe. The Group operates its gaming business primarily through Melco Resorts & Entertainment Limited (“Melco Resorts”), a subsidiary of the Group, with its American depositary shares (“ADSs”) listed on the Nasdaq Global Select Market in the United States of America (the “U.S.”). Melco Resorts currently operates Altira Macau, an integrated resort located at Taipa, the Macau Special Administrative Region of the People’s Republic of China (“Macau”), City of Dreams, an integrated resort located at Cotai, Macau and Grand Dragon Casino, a casino located at Taipa, Macau. Melco Resorts’ business also includes the Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. Melco Resorts, through its majority-owned subsidiaries, including Studio City International Holdings Limited (“SCIHL”), with its ADSs listed on the New York Stock Exchange in the U.S., also operates Studio City, a cinematically-themed integrated resort in Cotai, Macau. In the Philippines, a majority-owned subsidiary of Melco Resorts operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco Resorts, through its majority-owned subsidiaries, ICR Cyprus Holdings Limited and its subsidiaries (collectively referred to as “ICR Group”), is currently developing City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus (“Cyprus”). ICR Group is currently operating a temporary casino in Limassol and is licensed to operate four satellite casinos (“Cyprus Casinos”) in Cyprus. Upon the opening of City of Dreams Mediterranean, the ICR Group will continue to operate the satellite casinos while operation of the temporary casino will cease.

The principal activities of the Group are divided into two operating and reportable segments, namely (i) the Casino and Hospitality segment; and (ii) the Others segment. See note 3 for additional information about the Group’s segments.

**1. ORGANIZATION AND BUSINESS (continued)****(b) Recent developments related to COVID-19**

In connection with the outbreak of the coronavirus (COVID-19) in the first quarter of 2020, severe travel restrictions, temporary business closures and other prohibitions have been imposed by the People's Republic of China ("PRC"), Macau, the Philippines, Cyprus and other countries throughout the world. Additionally, health-related precautionary measures have been imposed and remain in place at all of the Group's properties which have significantly disrupted the Group's casino and resort operations.

In Macau, on 5 February 2020, the Group's Macau casino operations were suspended for a 15-day period. On 20 February 2020, casino operations resumed in Macau with limited visitation from Hong Kong, Taiwan and certain regions of the PRC among other countries. In March 2020, the Macau government, the Hong Kong government and several provinces in the PRC, including Guangdong, imposed further entry bans, restrictions and quarantine requirements on nearly all visitors travelling to and from Macau. Commencing from 15 July 2020, certain travellers entering Guangdong from Macau were no longer subject to mandatory quarantine. On 12 August 2020, the Chinese authorities resumed the issuance of Individual Visit Scheme ("IVS") visas and tour group visas for Zhuhai residents to visit Macau. In addition, the issuance of IVS visas for Guangdong residents resumed on 26 August 2020, while the nationwide resumption of IVS visa issuances is expected to commence on 23 September 2020. Despite these developments, the Group's operations in Macau continue to be impacted by significant travel bans, restrictions, and quarantine requirements imposed by the governments in Macau, Hong Kong, and certain provinces in China on visitors travelling to and from Macau.

In the Philippines, City of Dream Manila was closed due to Enhanced Community Quarantine for the entire island of Luzon including Metro Manila which began on 16 March 2020, and was extended to 31 July 2020. However, in June 2020, City of Dreams Manila was allowed by the Philippine Amusement and Gaming Corporation ("PAGCOR") to undertake a dry run/trial run of its gaming and hospitality operations for a limited period with only a limited number of participants strictly adhering to the new guidelines on social distancing, hygiene and sanitation procedures imposed by the Philippine government. On 3 August 2020, the President of the Philippines reimposed a Modified Enhanced Community Quarantine in Metro Manila due to the rising number of COVID-19 cases and the dry run/trial run was halted. On 19 August 2020, Metro Manila was placed under a General Community Quarantine and City of Dreams Manila was allowed to resume its dry run/trial run previously started in June 2020. On 24 August 2020, the Philippine government allowed PAGCOR-licensed casinos in areas covered by the General Community Quarantine to operate at 30% operational capacity. City of Dreams Manila is preparing for the resumption of its normal operations in accordance with the terms and conditions of this new guideline.

**1. ORGANIZATION AND BUSINESS (continued)**

**(b) Recent developments related to COVID-19 (continued)**

In Cyprus, as instructed by the Cyprus government, the Cyprus Casinos operations were closed with effect from 16 March 2020 and resumed on 13 June 2020 except for the satellite casino in Larnaca which will be reopened once it moves to a new location.

The COVID-19 outbreak has also impacted the construction of the Studio City Phase 2 project and the progress of construction work at the City of Dreams Mediterranean project due to suspension of construction work in Cyprus from 24 March 2020 to 5 May 2020. The Group currently expects additional time will be needed to complete the construction of these projects.

The COVID-19 outbreak and the related events have also caused severe disruptions to the Group's resort tenants and other business partners, which may increase the risk of these entities defaulting on their contractual obligations with the Group.

The disruptions to the Group's business had material adverse effects on its financial condition and operations for the six months ended 30 June 2020. As the disruptions are ongoing, such adverse effects have continued beyond the first half of 2020 and the Group is unable to reasonably estimate the financial impact to its future results of operations, cash flows and financial condition due to uncertainties surrounding the business recovery from such disruptions, travel restrictions, customer sentiment and other events related to the COVID-19 outbreak.

As at 30 June 2020, the Group had total cash and bank balances (including bank deposits with original maturities over three months) of HK\$9,256,320,000 and available borrowing capacity of HK\$12,897,640,000, subject to the satisfaction of certain conditions precedent.

The Group has taken various mitigating measures to manage through the current COVID-19 outbreak challenges, such as implementing cost reduction programs to minimize cash outflow of non-essential items, rationalizing the Group's capital expenditure programs with deferrals and reductions, refinancing certain existing borrowings and raising additional capital.

The Group believes it is able to support continuing operations and capital expenditures in the following twelve months as detailed in note 2.1.

## 2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties and certain financial instruments, which are measured at fair value.

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2019.

The financial information relating to the year ended 31 December 2019 that is included in this unaudited condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as set out below.

The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the consolidated financial statements for the year ended 31 December 2019. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

As at 30 June 2020, the Group had net current liabilities of HK\$1,493,185,000. After considering the Group’s cash flow forecasts, available borrowing capacity (notes 1(b) and 15) and borrowings to refinance and additional capital raised after the period end (note 24), the Group believes that it will have sufficient liquidity to meet its financial obligations as they fall due in the following twelve months. Accordingly, the unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 are consistent with those of the Group as set out in the Group's audited consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following amended Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2020. The adoption of these new and amended HKFRSs had no material impact on the unaudited condensed consolidated interim financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 16	<i>COVID-19-related Rent Concessions</i>

### **Amendments to HKFRS 16, COVID-19-related Rent Concessions**

The amendments provide relief to lessees from applying the HKFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020, with early adoption permitted.

The Group early adopted the amendments on 1 January 2020 but did not apply the practical expedient. Accordingly, the adoption of the amendments did not have any impact on the unaudited condensed consolidated financial information.

Certain comparative figures have been reclassified to conform to the current period presentation as the Group considers the new presentation is more relevant and appropriate to the unaudited condensed consolidated interim financial information.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

Except for the early adoption of Amendments to HKFRS 16 as disclosed in note 2.2, the Group has not early adopted any new or amended HKFRSs that have been issued but are not yet effective in the unaudited condensed consolidated interim financial information for the six months ended 30 June 2020.

### 3. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has two operating and reportable segments as follows:

- (a) the “Casino and Hospitality” segment, which comprises the operation of casino and the provision of hospitality services and facilities through Melco Resorts; and
- (b) the “Others” segment comprises, principally, other gaming, leisure and entertainment, and property investments.

Management monitors the results of the Group’s operating and reportable segments separately for the purpose of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on Adjusted EBITDA, which is a non-HKFRS financial measure and the segment results of the Group, is the profit/loss for the period before interest, income tax, depreciation and amortization, share-based compensation expenses, pre-opening costs, development costs, property charges and other, payments to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc. (collectively referred to as the “Philippine Parties”), corporate expenses and other non-operating income and expenses. This is the measure reported to the chief operating decision-maker for the purposes of resource allocations and performance assessments. Not all companies calculate Adjusted EBITDA in the same manner. As a result, Adjusted EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

Segment assets exclude those deferred tax assets and other corporate unallocated assets which are managed on a group basis.

**3. SEGMENT INFORMATION (continued)**

Segment liabilities exclude those borrowings, dividends payable, deferred tax liabilities and other corporate unallocated liabilities which are managed on a group basis.

Intersegment sales are transacted with reference to the selling prices used for sales made and services provided to third parties at the prevailing market prices.

**Segment net revenues and results**

Six months ended 30 June 2020 (Unaudited)

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment net revenues</b>			
Sales to external customers (note 4)	7,676,905	5,574	7,682,479
Intersegment sales	6,304	–	6,304
	<u>7,683,209</u>	<u>5,574</u>	<u>7,688,783</u>
Elimination of intersegment sales			(6,304)
Total net revenues			7,682,479
<b>Adjusted EBITDA</b>	<u>(867,406)</u>	<u>(18,824)</u>	<u>(886,230)</u>
Operating costs and expenses			
Depreciation and amortization			(2,900,967)
Share-based compensation expenses			(293,978)
Pre-opening costs			(4,794)
Development costs			(150,451)
Property charges and other			(257,603)
Payments to the Philippine Parties			(38,517)
Corporate expenses			(29,873)
Operating loss			(4,562,413)
Non-operating income/(expenses)			
Interest income			18,487
Interest expenses, net of amounts capitalized			(1,336,066)
Losses on modification or extinguishment of debts, net			(26,487)
Other financing costs			(24,938)
Foreign exchange losses, net			(11,590)
Other expenses, net			(1,181,690)
Total non-operating expenses, net			(2,562,284)
Loss before tax			(7,124,697)
Income tax credit			63,107
<b>LOSS FOR THE PERIOD</b>			<b>(7,061,590)</b>

**3. SEGMENT INFORMATION (continued)****Segment net revenues and results (continued)**

Six months ended 30 June 2019 (Unaudited)

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment net revenues</b>			
Sales to external customers (note 4)	22,314,504	37,821	22,352,325
Intersegment sales	18,437	68	18,505
	<u>22,332,941</u>	<u>37,889</u>	22,370,830
Elimination of intersegment sales			(18,505)
Total net revenues			<u>22,352,325</u>
<b>Adjusted EBITDA</b>	<u>6,411,858</u>	<u>(12,597)</u>	6,399,261
Operating costs and expenses			
Depreciation and amortization			(3,001,280)
Share-based compensation expenses			(191,060)
Pre-opening costs			(25,181)
Development costs			(70,554)
Property charges and other			(136,425)
Payments to the Philippine Parties			(291,968)
Corporate expenses			(54,887)
Operating income			<u>2,627,906</u>
Non-operating income/(expenses)			
Interest income			30,359
Interest expenses, net of amounts capitalized			(1,308,569)
Losses on modification or extinguishment of debts, net			(105,401)
Other financing costs			(7,245)
Foreign exchange losses, net			(47,394)
Other expenses, net			(128,244)
Total non-operating expenses, net			<u>(1,566,494)</u>
Profit before tax			1,061,412
Income tax expense			(38,143)
<b>PROFIT FOR THE PERIOD</b>			<u>1,023,269</u>



**3. SEGMENT INFORMATION (continued)****30 June 2020 (Unaudited)**

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment assets</b>	90,650,846	424,162	91,075,008
Corporate and other unallocated assets			561,161
Total assets			91,636,169
<b>Segment liabilities</b>	50,753,022	77,930	50,830,952
Corporate and other unallocated liabilities			6,783,110
Total liabilities			57,614,062

**31 December 2019 (Audited)**

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment assets</b>	99,375,401	437,413	99,812,814
Corporate and other unallocated assets			548,759
Total assets			100,361,573
<b>Segment liabilities</b>	51,698,830	119,465	51,818,295
Corporate and other unallocated liabilities			6,875,586
Total liabilities			58,693,881

### 3. SEGMENT INFORMATION (continued)

#### Geographical information

The Group's operations are mainly located in Macau, the Philippines, Cyprus, Hong Kong and Japan. Information about the Group's net revenues is presented based on the locations of the operations of the relevant Group entities. Information about the Group's non-current segment assets is presented based on the locations of the assets and for investments in an associate and a joint venture, by location of their head offices.

#### Net revenues from external customers (Unaudited)

	Six months ended 30 June					
	2020			2019		
	Casino and Hospitality	Others	Total	Casino and Hospitality	Others	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Macau	6,559,531	–	6,559,531	19,466,967	–	19,466,967
The Philippines	916,185	–	916,185	2,507,326	564	2,507,890
Cyprus	172,874	–	172,874	340,211	–	340,211
Hong Kong	–	5,574	5,574	–	37,257	37,257
Japan	28,315	–	28,315	–	–	–
<b>Total</b>	<b>7,676,905</b>	<b>5,574</b>	<b>7,682,479</b>	<b>22,314,504</b>	<b>37,821</b>	<b>22,352,325</b>

#### Non-current segment assets

	30 June	31 December
	2020	2019
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Macau	72,680,740	73,014,941
The Philippines	3,427,776	4,896,226
Cyprus	1,431,353	1,346,537
Hong Kong	1,210,398	787,473
Japan	400,392	472,717
<b>Total</b>	<b>79,150,659</b>	<b>80,517,894</b>

**4. NET REVENUES****Six months ended 30 June 2020 (Unaudited)**

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Casino revenue	6,679,987	–	6,679,987
Entertainment and resort facilities:			
Rooms	404,286	–	404,286
Catering service income	269,263	2,851	272,114
Entertainment, retail and other	323,369	–	323,369
Property rental income	–	2,545	2,545
Others	–	178	178
Sales to external customers (note 3)	7,676,905	5,574	7,682,479

**Six months ended 30 June 2019 (Unaudited)**

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Casino revenue	19,490,214	–	19,490,214
Entertainment and resort facilities:			
Rooms	1,336,571	–	1,336,571
Catering service income	891,300	34,728	926,028
Entertainment, retail and other	596,419	–	596,419
Property rental income	–	2,330	2,330
Electronic gaming machines participation	–	564	564
Others	–	199	199
Sales to external customers (note 3)	22,314,504	37,821	22,352,325

For the six months ended 30 June 2020, entertainment, retail and other include rental income of HK\$159,283,000 (six months ended 30 June 2019: HK\$161,523,000).

For the six months ended 30 June 2020, the revenue from contracts with customers was HK\$7,520,651,000 (six months ended 30 June 2019: HK\$22,188,472,000).

**5. INTEREST EXPENSES, NET OF AMOUNTS CAPITALIZED**

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Interest on:		
Interest-bearing borrowings	1,149,209	1,066,787
Lease liabilities	181,257	187,473
Amortization of deferred financing costs	37,057	54,309
	1,367,523	1,308,569
Less: capitalized in construction in progress	(31,457)	–
	1,336,066	1,308,569

**6. (LOSS)/PROFIT BEFORE TAX**

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2020	2019
	HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	2,108,413	2,159,055
Amortization of gaming license and subconcession	544,502	544,502
Depreciation of right-of-use assets	251,258	289,481
Amortization of other intangible assets	11,140	8,242
Less: capitalized in construction in progress	(14,346)	–
	2,900,967	3,001,280
Allowances for credit losses, net <sup>#</sup>	623,076	91,508
Repairs and maintenance <sup>#</sup>	302,260	337,433
Utilities and fuel <sup>#</sup>	204,996	293,390
Advertising and promotions <sup>#</sup>	167,330	364,149
Costs of inventories <sup>#</sup>	157,823	425,864
Legal and professional fees <sup>#</sup>	126,834	145,365
Other gaming operations expenses <sup>#</sup>	115,935	311,076
Impairment loss on goodwill (note) <sup>#</sup>	73,819	–
Impairment losses on property, plant and equipment (note 10) <sup>#</sup>	57,619	–
Loss on disposal of property, plant and equipment <sup>#</sup>	378	27,321
Impairment losses on other assets <sup>#</sup>	–	66,887
Bad debt recoveries <sup>#</sup>	(6,154)	(10,077)

<sup>#</sup> Included in “Other operating expenses, gains and losses, net” in the condensed consolidated statement of profit or loss and other comprehensive income.

**Note:**

For the six months ended 30 June 2020, an impairment loss of HK\$73,819,000 was recognized against goodwill of Kabushiki Kaisha Okushiga Kogen Resort (the “Japan Ski Resort”), an individual cash-generating unit under Melco Resorts, which belongs to the Casino and Hospitality segment, as a result of significant decline in profits due in large part to the COVID-19 pandemic. The recoverable amount of the Japan Ski Resort of Japanese Yen 707,744,000 (equivalent to HK\$50,963,000) was determined based on a value-in-use calculation. The value-in-use calculation used cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 9.63%. The discount rate used is pre-tax and reflects specific risks relating to the Japan Ski Resort. The cash flows beyond the five-year period are extrapolated using a growth rate of 0.6%.

Cash flow projections during the budget period for the Japan Ski Resort are based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses, capital expenditure and working capital requirements during the budget period. The assumptions and estimations are based on the Japan Ski Resort's past performance and management's expectations of the market development.

**7. INCOME TAX (CREDIT)/EXPENSE**

An analysis of the income tax (credit)/expense for the period is as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Current tax:		
Macau Complementary Tax	5,187	2,643
Lump sum in lieu of Macau Complementary Tax on dividends	9,175	9,175
Japan Corporate Tax	9,854	2,818
Cyprus Corporate Income Tax	–	6,262
Hong Kong Profits Tax	128	31
Other jurisdictions	1,425	1,934
Sub-total	25,769	22,863
Under/(over)provision in prior periods:		
Japan Corporate Tax	3,285	2,687
Cyprus Corporate Income Tax	453	–
Macau Complementary Tax	(1,213)	459
Other jurisdictions	426	(246)
Sub-total	2,951	2,900
Deferred tax	(91,827)	12,380
Total	(63,107)	38,143

For the six months ended 30 June 2020, there were no significant changes to the tax exposures as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2019.

**8. DIVIDENDS**

During the six months ended 30 June 2020, a final dividend of HK3.01 cents per share, totalling approximately HK\$45,591,000, in respect of the year ended 31 December 2019 (six months ended 30 June 2019: a final dividend of HK2.35 cents per share, totalling approximately HK\$35,577,000, in respect of the year ended 31 December 2018) was declared to the shareholders of the Company.

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the board of directors of the Company (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK6.11 cents per share, totalling approximately HK\$92,501,000).

**9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**

The calculation of the basic and diluted (loss)/earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
<b>(Loss)/earnings</b>		
(Loss)/earnings for the purpose of basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	(3,665,207)	462,087
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	–	(5,917)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share attributable to owners of the Company	(3,665,207)	456,170

**9. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)**

	Six months ended 30 June	
	2020 '000 (Unaudited)	2019 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	1,510,212	1,514,577
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	–	4,816
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	1,510,212	1,519,393

The number of shares adopted in the calculation of the basic and diluted (loss)/earnings per share has been derived by excluding the shares of the Company held under trust arrangements for the Company's share award schemes.

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding and assumed conversion of all dilutive potential ordinary shares, and the (loss)/profit attributable to the Company as adjusted to reflect the dilution effect of the share options and awarded shares issued by the subsidiaries of the Company. For the six months ended 30 June 2020, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the outstanding share options and unvested awarded shares had an anti-dilutive effect on the basic loss per share amounts presented. For the six months ended 30 June 2019, the Company had outstanding share options and awarded shares that would potentially dilute the earnings per share.

**10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2020, the Group's additions to property, plant and equipment of approximately HK\$1,404,101,000 (six months ended 30 June 2019: HK\$2,012,968,000) were mainly incurred on construction in progress, leasehold improvements, transportation, gaming equipment and furniture, fixtures and equipment for the Group's gaming premises. There were disposals of property, plant and equipment of HK\$3,952,000 during the six months ended 30 June 2020 (six months ended 30 June 2019: HK\$28,419,000).

During the six months ended 30 June 2020, total impairment losses of HK\$57,619,000 were recognized in full against the carrying amounts of certain property, plant and equipment which belong to the Casino and Hospitality segment due to reconfigurations and renovations of Group operating properties. No impairment loss was recognized during the six months ended 30 June 2019.



**11. TRADE RECEIVABLES**

An aging analysis of trade receivables as at the end of the reporting period, based on due dates, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 1 month	885,417	1,398,460
More than 1 month but within 3 months	262,078	226,623
More than 3 months but within 6 months	315,773	278,720
More than 6 months	1,021,112	926,054
	2,484,380	2,829,857
Allowances for credit losses	(1,115,833)	(583,613)
	1,368,547	2,246,244
Non-current portion	–	(30,200)
	1,368,547	2,216,044

**12. OTHER FINANCIAL ASSETS**

	Notes	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>Current assets</b>			
Financial assets at fair value through profit or loss	(a)	189,850	384,539
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	(b)	64,982	4,498,436

**12. OTHER FINANCIAL ASSETS (continued)**

Notes:

- (a) As at 30 June 2020 and 31 December 2019, the amount represented investments in mutual funds that mainly invest in bonds and fixed interest securities which are considered as marketable equity securities. During the six months ended 30 June 2020, the Group sold certain mutual funds units amounting to HK\$191,945,000. For the six months ended 30 June 2020, a decrease in fair value of HK\$8,335,000 (six months ended 30 June 2019: increase in fair value of HK\$56,981,000) was recognized in "Other expenses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.
- (b) As at 30 June 2020, the amount represented the equity investment in EHang Holdings Limited of HK\$64,982,000 (31 December 2019: HK\$66,985,000). As at 31 December 2019, the amount also comprised the investment in Crown Resorts Limited ("Crown") of HK\$4,431,451,000. On 29 April 2020, the Group disposed of an aggregate of 67,675,000 shares of Crown representing approximately 9.99% of the issued share capital of Crown (the "Disposal") as at the date of the Disposal at a sale price of Australian dollars ("AUD") 8.15 (equivalent to approximately HK\$41.12) per share of Crown to an independent third party. The aggregate consideration was AUD 551,551,250 (equivalent to approximately HK\$2,782,984,000). Upon completion of the Disposal, the Group ceased to be a shareholder of Crown.

For the six months ended 30 June 2020, a decrease in fair value of HK\$1,283,581,000 (six months ended 30 June 2019: HK\$208,988,000) was recognized in "Other expenses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

**13. TRADE PAYABLES**

An aging analysis of trade payables as at the end of the reporting period, based on due dates, is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within 1 month	41,153	154,728
More than 1 month but within 3 months	18,990	13,898
More than 3 months but within 6 months	7,565	3,351
More than 6 months	4,074	–
	71,782	171,977

**14. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED**

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>Current liabilities</b>		
Outstanding gaming chips and tokens liabilities	2,734,979	3,686,769
Advance customer deposits and ticket sales	1,960,530	1,993,084
Accrued employee benefits expenses	875,237	1,330,459
Accrued operating expenses and other liabilities	729,845	1,022,433
Payable for acquisition of property, plant and equipment	424,810	538,195
Interest payable	403,079	395,866
Construction costs payable	263,978	222,630
Gaming tax and license fee payables	233,361	1,696,236
Loyalty program liabilities	206,385	308,375
Dividends payable	46,647	1,221
Amounts due to related companies (note)	445	3,740
	7,879,296	11,199,008
<b>Non-current liabilities</b>		
Other liabilities	104,393	86,353
Accrued employee benefits expenses	54,491	61,804
Deposits received	36,591	25,480
	195,475	173,637

**Note:**

Amounts due to related companies are unsecured, non-interest-bearing and repayable on demand.

**15. INTEREST-BEARING BORROWINGS**

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Unsecured notes	27,752,496	27,881,900
Secured bank loans	6,670,241	6,826,258
Secured notes	6,588,126	6,620,659
Unsecured bank loans	2,716,592	–
	43,727,455	41,328,817
Non-current portion	(38,670,229)	(40,907,850)
	5,057,226	420,967
Current portion	5,057,226	420,967
Analyzed into borrowings repayable		
Within one year or on demand	5,098,955	442,756
In the second year	10,935,518	7,070,603
In the third to fifth years, inclusive	12,403,078	10,651,968
After five years	15,501,471	23,367,033
	43,939,022	41,532,360
Less: deferred financing costs and original issue premiums	(211,567)	(203,543)
	43,727,455	41,328,817

The interest rate exposure of the Group's interest-bearing borrowings is as follows:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Fixed-rate borrowings	34,340,622	34,502,559
Variable-rate borrowings	9,386,833	6,826,258
	43,727,455	41,328,817

**15. INTEREST-BEARING BORROWINGS (continued)**

The carrying amounts of the Group's interest-bearing borrowings are denominated in the following currencies:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
United States dollars ("US\$")	40,997,003	41,304,400
Hong Kong dollars	2,730,452	24,417
	43,727,455	41,328,817

On 29 April 2020, the Group entered into a senior credit facilities agreement with a syndicate of banks (the "2020 Credit Facilities"), for a HK\$14,850,000,000 revolving credit facility with a term of five years. The 2020 Credit Facilities are unsecured, supported by secondary guarantees from certain subsidiaries of the Group and interest-bearing at the Hong Kong Interbank Offered Rate plus a margin ranging from 1.00% to 2.00% per annum.

On 6 May 2020, the Group drew down HK\$2,730,000,000 of the revolving credit facility under the 2020 Credit Facilities and, on 7 May 2020, the Group used such proceeds to repay all outstanding loan amounts of HK\$1,957,662,000 under a senior secured credit facilities agreement (the "2015 Credit Facilities"), together with accrued interest and associated costs, other than HK\$1,000,000 which remained outstanding under the term loan facility for the 2015 Credit Facilities. The Group recorded a net loss on modification or extinguishment of debts of HK\$25,861,000 for the six months ended 30 June 2020.

On 7 May 2020, following the repayment of outstanding amounts under the 2015 Credit Facilities, together with accrued interest and associated costs, a part of the revolving credit facility commitments under the 2015 Credit Facilities were canceled. Post-cancellation, the available revolving credit facility commitments under the 2015 Credit Facilities were HK\$1,000,000.

**15. INTEREST-BEARING BORROWINGS (continued)**

Pursuant to a waiver letter dated 29 April 2020 from Bank of China Limited, Macau Branch (“BOC Macau”) (in its capacity as the sole lender under the 2015 Credit Facilities) to Melco Resorts (Macau) Limited as borrower, a subsidiary of the Group, which became effective on 7 May 2020, compliance with certain provisions of the 2015 Credit Facilities was waived and BOC Macau agreed, among other things, to extend the maturity date of the 2015 Credit Facilities to 24 June 2022 and to ease the borrower’s obligations under the 2015 Credit Facilities by way of a waiver of (i) the requirement to comply with substantially all information undertakings, financial covenants, general undertakings and mandatory prepayment provisions, (ii) the requirement to make substantially all of the representations, and (iii) certain current and/or future defaults and events of default that may arise under the terms of the 2015 Credit Facilities, subject to certain conditions and terms.

On 8 May 2020, the Group obtained consent from lenders to amend the repayment schedule of a term loan by deferring instalments totalling US\$42,000,000 (equivalent to approximately HK\$325,564,000) from the 2020 year to February 2022. The Group recorded a loss on modification of debts of HK\$626,000 for the six months ended 30 June 2020.

The availability period of an unsecured credit facility amounted to Philippine Peso2,350,000,000 (equivalent to HK\$365,373,000) was extended from 31 May 2020 to 30 July 2020 during the six months ended 30 June 2020, and was further extended to 31 January 2021 in July 2020.

Other than the aforesaid financing activities, there were no other significant changes to the interest-bearing borrowings as disclosed in the Group’s audited consolidated financial statements for the year ended 31 December 2019.

As at 30 June 2020, the Group had a total available borrowing capacity of HK\$12,897,640,000, subject to satisfaction of certain conditions precedent.

In July and August 2020, the Group refinanced certain existing borrowings and raised additional capital through the issuance of a series of new senior notes as disclosed in note 24.

**16. LEASE LIABILITIES**

The following table presents the contractual undiscounted cash flows for lease liabilities at the end of the reporting period:

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Within one year or on demand	666,419	603,191
In the second year	531,783	556,206
In the third to fifth years, inclusive	1,361,055	1,387,867
Over five years	3,971,443	4,158,333
	6,530,700	6,705,597

During the six months ended 30 June 2020, the total cash outflow for leases was HK\$204,946,000 (six months ended 30 June 2019: HK\$354,293,000).

**17. SHARE CAPITAL**

	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2019 (Audited)	1,519,627,055	5,660,190
Repurchase of shares (note)	(6,000,000)	–
Exercise of share options	639,700	9,502
	1,514,266,755	5,669,692
At 31 December 2019 and 1 January 2020 (Audited)	1,514,266,755	5,669,692
Exercise of share options	398,000	3,412
	1,514,664,755	5,673,104
At 30 June 2020 (Unaudited)	1,514,664,755	5,673,104

The shares issued during the period/year rank pari passu in all respects with the then existing shares.

**Note:**

During the year ended 31 December 2019, the Company repurchased a total of 6,000,000 shares of the Company at an aggregate consideration of approximately HK\$95,559,000 (before expenses) on the Hong Kong Stock Exchange. The repurchase was made with a view to enhancing the earnings per share of the Company. All the repurchased shares were subsequently cancelled.

**18. AMENDMENTS TO LONG TERM INCENTIVE SCHEMES OF THE COMPANY**

The Company established a share option scheme (the “Share Option Scheme”) on 30 May 2012 and two share incentive award schemes, namely, the Melco Share Purchase Scheme Trust and the Melco Share Award Scheme Trust both adopted on 18 October 2007 and have been subsequently amended (collectively referred to as the “Schemes”). Under the existing arrangements of the Schemes, a grantee shall satisfy any tax or other liabilities to which he or she may become subject as a result of his or her participation in the Schemes by his or her own cash.

To enhance administration flexibility of the Board in the implementation of the Schemes, the Company proposed to revise the rules of the Schemes so as to give authority to the Company to deduct or withhold a portion of the awards granted to the grantee pursuant to the Schemes (the “Awards”) if the Company is statutorily required to deduct or withhold an amount to satisfy the tax obligation of any grantee arising from the grant of the Awards (the “Grantee Tax Obligation”), or if a grantee otherwise elects to satisfy his/her Grantee Tax Obligation (which is not statutorily required to be deducted or withheld) and/or exercise cost (in case a grantee exercises his/her share options granted under the Share Option Scheme) by way of deduction or withholding of the relevant portion of his/her Awards (the “Net Settlement Arrangement”). The Net Settlement Arrangement proposal was approved by the Board on 31 March 2020 and further approved by the shareholders of the Company for the amendments to the Share Option Scheme on 5 June 2020.

On 30 June 2020 (the “Modification Date”), a Director of the Company elected the Net Settlement Arrangement on certain awards and approximately 2,643,000 awarded shares were modified from equity-settled to cash-settled (the “Modified Awards”). The Group recognized a liability associated with the Modified Awards of approximately HK\$22,912,000 with a corresponding reduction in the share award reserve on the Modification Date. The Modified Awards were modified so as to become cash-settled, but other terms were otherwise unchanged. Accordingly, the fair values of the Modified Awards and the original awards, which were determined by the share price of the ordinary share of the Company on the Modification Date were the same and no incremental share-based compensation expenses resulted.

As at 30 June 2020, the accrued liability associated with the Modified Awards was approximately HK\$22,912,000 (31 December 2019: nil). No fair value gain or loss on remeasurement of the liability associated with the Modified Awards was recognized for the six months ended 30 June 2020.



## **19. CHANGE IN OWNERSHIP OF A SUBSIDIARY**

For the six months ended 30 June 2020, Melco Resorts repurchased 3,148,824 ADSs (equivalent to 9,446,472 ordinary shares) from the open market for an aggregate consideration of approximately US\$44,977,000 (equivalent to approximately HK\$350,610,000) which increased the Group's ownership interest in Melco Resorts. On the other hand, certain share options and restricted shares under the Melco Resorts share incentive plans were exercised and vested, which decreased the Group's ownership interest in Melco Resorts.

As a net result of the above transactions, the Group's ownership interest in Melco Resorts increased from 56.54% on 1 January 2020 to 56.80% on 30 June 2020. The Group recognized a decrease of HK\$36,519,000 in the Group's special reserve and a decrease of HK\$314,083,000 in non-controlling interests.

## **20. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

### **Major non-cash transactions**

During the six months ended 30 June 2020, property, plant and equipment amounting to HK\$497,765,000 (six months ended 30 June 2019: HK\$303,692,000) were purchased from external parties and remained unsettled as at 30 June 2020.

During the six months ended 30 June 2020, no property, plant and equipment (six months ended 30 June 2019: HK\$739,000) were purchased from related companies and remained unsettled as at 30 June 2020.

During the six months ended 30 June 2020, change in prepayments, deposits and other receivables of HK\$191,945,000 (six months ended 30 June 2019: nil) was related to disposal of financial assets at fair value through profit or loss.

## 21. COMMITMENTS AND CONTINGENCIES

### (a) Capital commitments

	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
Capital expenditures in respect of the acquisition of property, plant and equipment contracted for but not provided	6,222,291	6,373,583

### (b) Other commitments

As of 30 June 2020, there were no significant changes to other commitments as disclosed in note 46 to the Group's audited consolidated financial statements for the year ended 31 December 2019.

### (c) Litigation

As of 30 June 2020, the Group was a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcome of such proceedings has no material impact on the Group's unaudited condensed consolidated interim financial information as a whole.

## 22. RELATED PARTY TRANSACTIONS

- (a) The Group has entered into the following significant transactions with related parties during the period:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
A joint venture and a subsidiary of MECOM Power and Construction Limited ("MECOM"): (note)		
Construction cost	–	5,308
Consultancy fees expense	–	38,637
Purchase of property and equipment	–	7,442

Note:

Mr. Ho, Lawrence Yau Lung, a Director, Chairman and Chief Executive Officer of the Company, had a shareholding interest of approximately 20% in MECOM during the six months ended 30 June 2019 up until 10 December 2019, the date on which Mr. Ho, Lawrence Yau Lung disposed of his entire shareholding interest in MECOM.

**22. RELATED PARTY TRANSACTIONS (continued)****(b) Compensation of key management personnel**

The remuneration of directors of the Company and other members of key management during the period was as follows:

	Six months ended 30 June	
	2020 HK\$'000 (Unaudited)	2019 HK\$'000 (Unaudited)
Short-term benefits	56,405	72,991
Post-employment benefits	311	522
Share-based compensation	209,171	136,983
	265,887	210,496

**23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**

This note provides information about how the Group determines fair values of its financial instruments.

**(a) Fair values of the Group's financial assets that are measured at fair values on a recurring basis**

Some of the Group's financial assets are measured at fair values at the end of each reporting period. The following table gives information on how the fair values of the financial assets are determined.

**Fair value hierarchy**

	Level 1	
	30 June 2020 HK\$'000 (Unaudited)	31 December 2019 HK\$'000 (Audited)
<b>Financial assets at fair value through profit or loss</b>		
Equity securities	254,832	4,882,975

The fair values of the investments as at 30 June 2020 and 31 December 2019 were determined based on quoted market prices in active markets and were classified as Level 1 of the fair value hierarchy.

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### (b) Fair values of the Group's financial assets and liabilities that are not measured at fair values on a recurring basis

The fair values of the financial assets and liabilities that are not measured at fair values on a recurring basis have been assessed by management of the Group based on discounted cash flow analysis.

Based on the results of the assessments, the management of the Group considers the carrying amounts of financial assets and liabilities recognized in the unaudited condensed consolidated interim financial information that are not measured at fair values on a recurring basis approximate their fair values.

## 24. SUBSEQUENT EVENTS

### Private Placements of a non-wholly owned subsidiary

On 7 July 2020, the Group announced a series of private share offers of its subsidiary, SCIHL, to be offered to certain existing institutional holders of SCIHL's Class A ordinary shares and ADSs (the "Private Placements"). The Private Placements were completed in August 2020 with gross proceeds of approximately US\$500,000,000 (equivalent to HK\$3,875,368,000), out of which approximately US\$219,198,000 (equivalent to approximately HK\$1,698,946,000) was from shareholders outside the Group.

### Issuance of new senior notes

On 15 July 2020, the Group issued US\$500,000,000 (equivalent to HK\$3,875,368,000) in aggregate principal amount of 6.00% senior notes due 2025 and US\$500,000,000 (equivalent to HK\$3,875,368,000) in aggregate principal amount of 6.50% senior notes due 2028. On 14 August 2020, the Group used a portion of the net proceeds to redeem in full the US\$850,000,000 7.25% senior notes due 2021 (equivalent to HK\$6,588,126,000), together with accrued interest and redemption premium.

On 21 July 2020, the Group issued US\$500,000,000 (equivalent to HK\$3,875,368,000) in aggregate principal amount of 5.75% senior notes due 2028 (the "Original Notes"). On 29 July 2020, the Group used a portion of the net proceeds to repay an outstanding revolving credit facility under the 2020 Credit Facilities in aggregate principal amount of HK\$2,730,000,000, together with accrued interest and associated costs.

On 11 August 2020, the Group issued US\$350,000,000 (equivalent to HK\$2,712,758,000) in aggregate principal amount of 5.75% senior notes due 2028 in addition to the Original Notes (the "Additional Notes"). The Additional Notes were consolidated and formed a single series with the Original Notes and the net proceeds will be used for general corporate purposes.

## 25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorized for issue by the Board on 28 August 2020.

# OTHER INFORMATION

## INTERIM DIVIDEND

In line with the suspension of the Company's semi-annual dividend program, as announced on 14 May 2020, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: HK6.11 cents per share).

## DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2020, the interests and short position of each Director and Chief Executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the Director and Chief Executive of the Company are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") to be notified to the Company and the Hong Kong Stock Exchange were as follows:

### (I) Long positions in the shares and underlying shares of the Company

#### (a) Ordinary shares of the Company

Name of Director	Number of ordinary shares held				Total	Approximate % of total issued shares <sup>(1)</sup>
	Personal interests <sup>(2)</sup>	Family interests <sup>(3)</sup>	Corporate interests <sup>(4)</sup>	Other interests <sup>(5)</sup>		
Mr. Ho, Lawrence Yau Lung	80,784,132	4,212,102	477,728,975 <sup>(6)</sup>	311,976,187 <sup>(7)</sup>	874,701,396	57.75%
Mr. Evan Andrew Winkler	6,272,384	-	-	-	6,272,384	0.41%
Mr. Chung Yuk Man, Clarence	2,981,440	-	-	-	2,981,440	0.20%
Mr. Ng Ching Wo	333,000	-	-	-	333,000	0.02%
Mr. John William Crawford	5,000	-	-	-	5,000	0.00%
Mr. Tsui Che Yin, Frank	7,170,660	-	-	-	7,170,660	0.47%
Ms. Karuna Evelyne Shinsho	8,000	-	-	-	8,000	0.00%

## OTHER INFORMATION

### (b) Share options and awarded shares granted by the Company

Name of Director	Number of underlying shares held pursuant to share options <sup>(2 &amp; 8)</sup>	Number of awarded shares held <sup>(2 &amp; 9)</sup>	Total	Approximate % of total issued shares <sup>(1)</sup>
Mr. Ho, Lawrence Yau Lung	4,500,000	3,584,000	8,084,000	0.53%
Mr. Evan Andrew Winkler	20,921,000	3,393,000	24,314,000	1.61%
Mr. Chung Yuk Man, Clarence	3,347,000	106,000	3,453,000	0.23%
Mr. Ng Ching Wo	1,123,000	21,000	1,144,000	0.08%
Mr. John William Crawford	57,000	14,000	71,000	0.00%
Mr. Tsui Che Yin, Frank	1,119,000	14,000	1,133,000	0.07%
Ms. Karuna Evelyne Shinsho	70,000	16,000	86,000	0.01%

#### Notes:

- As at 30 June 2020, the total number of issued shares of the Company was 1,514,664,755.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the spouse of the relevant Director.
- This represents interests held by the relevant Director through his controlled corporations.
- This represents interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 477,728,975 shares relate to the 300,688,606 shares, 121,983,024 shares, 53,491,345 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited and Maple Peak Investments Inc., respectively, representing approximately 19.85%, 8.05%, 3.53% and 0.10% of the total issued shares of the Company. All of such companies are owned by Mr. Ho, Lawrence Yau Lung and/or persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies.
- In addition to the deemed interests as stated in note 6 above, Mr. Ho, Lawrence Yau Lung is also taken to have interests in the 311,976,187 shares held by Great Respect Limited, representing approximately 20.60% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members.
- Details of share options granted to the Directors pursuant to the share option schemes of the Company are set out in the "Share Option Schemes" section of this report.
- Details of awarded shares granted to the Directors pursuant to the Share Purchase Scheme adopted by the Company on 18 October 2007 are set out in the "Share Award Schemes" section of this report.

**(II) Long positions in the shares and underlying shares of associated corporations of the Company**

(A) *Melco Resorts & Entertainment Limited ("Melco Resorts") (a listed subsidiary of the Company)*

**(a) Ordinary shares of Melco Resorts**

Name of Director	Number of ordinary shares held			Approximate % of total issued shares <sup>(1)</sup>
	Personal interests <sup>(2)</sup>	Corporate interests <sup>(3)</sup>	Total	
Mr. Ho, Lawrence Yau Lung	–	812,729,781 <sup>(4)</sup>	812,729,781	55.80%
Mr. Evan Andrew Winkler	45,369	–	45,369	0.00%
Mr. Chung Yuk Man, Clarence	36,295	–	36,295	0.00%
Mr. John William Crawford	45,369	–	45,369	0.00%

**(b) Stock options and restricted shares granted by Melco Resorts**

Name of Director	Number of underlying shares held pursuant to stock options <sup>(2&amp;5)</sup>	Number of restricted shares held <sup>(2&amp;6)</sup>	Total	Approximate % of total issued shares <sup>(1)</sup>
Mr. Ho, Lawrence Yau Lung	7,536,981	6,154,260	13,691,241	0.94%
Mr. Evan Andrew Winkler	–	90,174	90,174	0.01%
Mr. Chung Yuk Man, Clarence	–	198,207	198,207	0.01%
Mr. John William Crawford	–	95,619	95,619	0.01%

*Notes:*

- As at 30 June 2020, the total number of issued shares of Melco Resorts was 1,456,547,942.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in 812,729,781 shares of Melco Resorts which are being held by Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 57.75% of the total issued shares of the Company.
- Details of stock options granted to the Directors by Melco Resorts are set out in the "Share Option Schemes" section of this report.
- Details of restricted shares granted to the Directors by Melco Resorts are set out in the "Share Award Schemes" section of this report.

## OTHER INFORMATION

(B) *Melco Resorts and Entertainment (Philippines) Corporation ("Melco Resorts Philippines") (a subsidiary of the Company)*

Common shares of Melco Resorts Philippines

<b>Name of Director</b>	<b>Number of common shares held<sup>(2)</sup></b>	<b>Approximate % of total issued shares<sup>(1)</sup></b>
Mr. John William Crawford	1	0.01%

Notes:

- As at 30 June 2020, the total number of issued shares of Melco Resorts Philippines was 11,377,5294 (as a result of the change of par value of the shares of Melco Resorts Philippines from Peso1.00 per share to Peso500,000.00 per share).
- This represents the interest held by Mr. John William Crawford as beneficial owner.

(C) *Studio City International Holdings Limited ("SCIHL") (a listed subsidiary of the Company)*

Ordinary shares of SCIHL

<b>Name of Director</b>	<b>Number of Class A ordinary shares held<sup>(2)</sup></b>	<b>Approximate % of total issued shares<sup>(1)</sup></b>
Mr. Chung Yuk Man, Clarence	3,360	0.00%

Notes:

- As at 30 June 2020, the total number of issued shares of SCIHL was 314,329,776 (including 241,818,016 Class A ordinary shares and 72,511,760 Class B ordinary shares).
- This represents the interest held by Mr. Chung Yuk Man, Clarence as beneficial owner.

Save as disclosed above, as at 30 June 2020, none of the Directors or the Chief Executive of the Company and their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.



## SHARE OPTION SCHEMES

### (I) The Company

The share option scheme adopted on 8 March 2002 (the “2002 Share Option Scheme”) had expired on 7 March 2012. No options may be and have been granted under that scheme after the expiry date. Notwithstanding the expiry of the 2002 Share Option Scheme, the options granted before the expiry date shall continue to be valid and exercisable in accordance with their terms of issue and in all other aspects the provisions of the 2002 Share Option Scheme shall remain in full force and effect.

Following the expiry of the 2002 Share Option Scheme, the shareholders of the Company approved the adoption of a new share option scheme on 30 May 2012 (the “2012 Share Option Scheme”), under which the Directors may, at their discretion, grant to any eligible participants of the 2012 Share Option Scheme options to subscribe for the Company’s shares, subject to the terms and conditions stipulated therein. Certain rules of the 2012 Share Option Scheme were amended on 5 June 2020. The 2012 Share Option Scheme will expire on 29 May 2022.

Movements of share options granted under the 2002 Share Option Scheme and 2012 Share Option Scheme during the six months ended 30 June 2020 were as follows:

#### Under the 2002 Share Option Scheme

Category of participants	Number of share options							Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Reclassified during the period	As at 30 June 2020			
<b>Directors</b>										
Mr. Chung Yuk Man, Clarence	170,000	-	(170,000)	-	-	-	-	07.04.2010	3.76	3
	330,000	-	-	-	-	-	330,000	27.01.2012	7.10	5
Mr. Ng Ching Wo	60,000	-	(60,000)	-	-	-	-	07.04.2010	3.76	6
	350,000	-	-	-	-	-	350,000	08.04.2011	5.75	4
	210,000	-	-	-	-	-	210,000	27.01.2012	7.10	5
Sub-total	1,120,000	-	(230,000)	-	-	-	890,000			
<b>Employees</b>										
	96,000	-	(96,000)	-	-	-	-	07.04.2010	3.76	3
	469,000	-	-	-	-	(250,000)	219,000	08.04.2011	5.75	4
	359,000	-	-	-	-	(150,000)	209,000	27.01.2012	7.10	5
Sub-total	924,000	-	(96,000)	-	-	(400,000)	428,000			
<b>Others<sup>(17)</sup></b>										
	60,000	-	-	(60,000)	-	-	-	07.04.2010	3.76	3
	-	-	-	-	-	250,000	250,000	08.04.2011	5.75	4
	137,000	-	-	-	-	150,000	287,000	27.01.2012	7.10	5
Sub-total	197,000	-	-	(60,000)	-	400,000	537,000			
<b>Total</b>	<b>2,241,000</b>	<b>-</b>	<b>(326,000)</b>	<b>(60,000)</b>	<b>-</b>	<b>-</b>	<b>1,855,000</b>			

OTHER INFORMATION

**Under the 2012 Share Option Scheme**

Category of participants	Number of share options						As at 30 June 2020	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Reclassified during the period				
<b>Directors</b>										
Mr. Ho, Lawrence Yau Lung	1,500,000	-	-	-	-	-	1,500,000	10.04.2018	23.15	9
	1,500,000	-	-	-	-	-	1,500,000	10.04.2019	19.90	12
	-	1,500,000	-	-	-	-	1,500,000	14.04.2020	12.70	15
Mr. Evan Andrew Winkler	5,946,000	-	-	-	-	-	5,946,000	10.04.2018	23.15	11
	775,000	-	-	-	-	-	775,000	10.04.2019	19.90	13
	14,200,000	-	-	-	-	-	14,200,000	06.09.2019	18.96	14
Mr. Chung Yuk Man, Clarence	2,219,000	-	-	-	-	-	2,219,000	08.04.2016	10.24	7
	237,000	-	-	-	-	-	237,000	10.04.2017	15.00	8
	144,000	-	-	-	-	-	144,000	10.04.2018	23.15	10
	153,000	-	-	-	-	-	153,000	10.04.2019	19.90	13
	-	264,000	-	-	-	-	264,000	14.04.2020	12.70	16
Mr. Ng Ching Wo	395,000	-	-	-	-	-	395,000	08.04.2016	10.24	7
	48,000	-	-	-	-	-	48,000	10.04.2017	15.00	8
	36,000	-	-	-	-	-	36,000	10.04.2018	23.15	10
	36,000	-	-	-	-	-	36,000	10.04.2019	19.90	13
	-	48,000	-	-	-	-	48,000	14.04.2020	12.70	16
* Mr. Chow Kwong Fai, Edward	14,000	-	-	-	-	(14,000)	-	08.04.2016	10.24	7
	33,000	-	-	-	-	(33,000)	-	10.04.2017	15.00	8
	24,000	-	-	-	-	(24,000)	-	10.04.2018	23.15	10
	33,000	-	-	-	-	(33,000)	-	10.04.2019	19.90	13
	-	57,000	-	-	-	(57,000)	-	14.04.2020	12.70	16
Mr. John William Crawford	-	57,000	-	-	-	-	57,000	14.04.2020	12.70	16
Mr. Tsui Che Yin, Frank	1,040,000	-	-	-	-	-	1,040,000	08.04.2016	10.24	7
	18,000	-	-	-	-	-	18,000	10.04.2018	23.15	10
	16,000	-	-	-	-	-	16,000	10.04.2019	19.90	13
	-	45,000	-	-	-	-	45,000	14.04.2020	12.70	16
Ms. Karuna Evelyn Shinsko	22,000	-	-	-	-	-	22,000	10.04.2019	19.90	13
	-	48,000	-	-	-	-	48,000	14.04.2020	12.70	16
Sub-total	28,389,000	2,019,000	-	-	-	(161,000)	30,247,000			
<b>Employees</b>										
	2,307,000	-	-	-	-	(1,154,000)	1,153,000	08.04.2016	10.24	7
	414,000	-	-	-	-	(111,000)	303,000	10.04.2017	15.00	8
	504,000	-	-	-	-	(75,000)	429,000	10.04.2018	23.15	10
	542,000	-	-	-	-	(74,000)	468,000	10.04.2019	19.90	13
	-	912,000	-	-	-	(126,000)	786,000	14.04.2020	12.70	16
Sub-total	3,767,000	912,000	-	-	-	(1,540,000)	3,139,000			
<b>Others<sup>(7)</sup></b>										
	811,000	-	(62,000)	-	-	1,168,000	1,917,000	08.04.2016	10.24	7
	68,000	-	(10,000)	-	-	144,000	202,000	10.04.2017	15.00	8
	60,000	-	-	-	-	99,000	159,000	10.04.2018	23.15	10
	36,000	-	-	-	-	107,000	143,000	10.04.2019	19.90	13
	-	-	-	-	-	183,000	183,000	14.04.2020	12.70	16
Sub-total	975,000	-	(72,000)	-	-	1,701,000	2,604,000			
<b>Total</b>	<b>33,131,000</b>	<b>2,931,000</b>	<b>(72,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,990,000</b>			

\* Mr. Chow Kwong Fai, Edward passed away on 1 June 2020.

*Notes:*

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$18.11.
3. The share options granted on 7 April 2010 are divided into 6 tranches exercisable from 7 April 2010, 7 April 2011, 7 April 2012, 7 April 2013, 7 April 2014 and 7 April 2015, respectively, to 6 April 2020.
4. The share options granted on 8 April 2011 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014, respectively, to 7 April 2021.
5. The share options granted on 27 January 2012 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015, respectively, to 26 January 2022.
6. The share options granted on 7 April 2010 are divided into 3 tranches exercisable from 7 April 2011, 7 April 2012 and 7 April 2013, respectively, to 6 April 2020.
7. The share options granted on 8 April 2016 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019, respectively, to 7 April 2026.
8. The share options granted on 10 April 2017 are divided into 4 tranches exercisable from 10 April 2017, 10 April 2018, 10 April 2019 and 10 April 2020, respectively, to 9 April 2027.
9. The share options granted on 10 April 2018 are divided into 2 tranches exercisable from 10 April 2018 and 10 April 2019, respectively, to 9 April 2028.
10. The share options granted on 10 April 2018 are divided into 4 tranches exercisable from 10 April 2018, 10 April 2019, 10 April 2020 and 10 April 2021, respectively, to 9 April 2028.
11. The share options granted on 10 April 2018 are exercisable from 10 April 2020 to 9 April 2028.
12. The share options granted on 10 April 2019 are divided into 2 tranches exercisable from 10 April 2019 and 10 April 2020, respectively, to 9 April 2029.
13. The share options granted on 10 April 2019 are divided into 4 tranches exercisable from 10 April 2019, 10 April 2020, 10 April 2021 and 10 April 2022, respectively, to 9 April 2029.
14. The share options granted on 6 September 2019 are divided into 3 tranches exercisable from 30 June 2020, 30 June 2021 and 30 June 2022, respectively, to 5 September 2029.
15. The share options granted on 14 April 2020 are divided into 2 tranches exercisable from 14 April 2020 and 14 April 2021, respectively, to 13 April 2030.
16. The share options granted on 14 April 2020 are divided into 4 tranches exercisable from 14 April 2020, 14 April 2021, 14 April 2022 and 14 April 2023, respectively, to 13 April 2030.
17. The category "Others" represents former directors/employees or consultants of the Group.

## OTHER INFORMATION

On 14 April 2020, the Company granted a total of 2,931,000 share options to the Directors and certain employees of the Company under the 2012 Share Option Scheme. The validity period of the options granted is ten years, from 14 April 2020 to 13 April 2030. The options entitle the grantees to subscribe for a total of 2,931,000 shares of the Company at an exercise price of HK\$12.70 per share. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$12.90. The estimated fair value of the 2,931,000 share options granted was approximately HK\$12,737,770. The weighted average fair value per option granted was HK\$4.35.

The Black-Scholes valuation model has been used to estimate the fair value of the options. The value of an option varies with different variables of certain subjective assumptions. The input into the model was as follows:

<b>Grant date of the share options</b>	<b>14 April 2020</b>
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Valuation model	Black-Scholes
Exercise price	HK\$12.70
Expected volatility	44% – 46%
Expected life	3.1 – 6.1 years
Risk-free rate	0.55% – 0.63%
Expected dividend yield	0.47%
Suboptimal exercise factor	N/A

Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of the Company's ordinary shares trading on the Hong Kong Stock Exchange. Expected life is based upon the vesting term, and expected term adopted by other publicly traded companies. The risk-free interest rate used for each period presented is based on the Hong Kong Government Bond rate at the time of grant for the period equal to the expected term.

### (II) Melco Resorts

Melco Resorts adopted a share incentive plan in 2006 (the "Melco Resorts 2006 Share Incentive Plan") and a share incentive plan in 2011 (the "Melco Resorts 2011 Share Incentive Plan"). Under the plans, Melco Resorts may grant either options to purchase Melco Resorts' ordinary shares or restricted shares. The Melco Resorts 2006 Share Incentive Plan was succeeded by the Melco Resorts 2011 Share Incentive Plan, which will expire 10 years after 7 December 2011. No further awards may be granted under the Melco Resorts 2006 Share Incentive Plan. All subsequent awards will be issued under the Melco Resorts 2011 Share Incentive Plan. Awards previously granted under the Melco Resorts 2006 Share Incentive Plan shall remain valid subject to the terms and conditions of the Melco Resorts 2006 Share Incentive Plan.

As Melco Resorts is a subsidiary of the Company, its share incentive plan constitutes a share option scheme governed by Chapter 17 of the Listing Rules. In order to comply with the applicable requirements of the Listing Rules, Melco Resorts amended the Melco Resorts 2011 Share Incentive Plan (the “Melco Resorts Amended 2011 Share Incentive Plan”) and such plan was approved by both the shareholders of Melco Resorts and the Company, and became effective on 9 December 2016.

Options over new shares of Melco Resorts are subject to Chapter 17 of the Listing Rules. All other types of awards (being options over Melco Resorts shares that are not new shares, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units) are not subject to Chapter 17 of the Listing Rules.

Movements of stock options granted under the plans during the six months ended 30 June 2020 were as follows:

(i) *Stock options granted to the Directors*

Name of Director	Number of stock options					As at 30 June 2020	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Under the Melco Resorts 2006 Share Incentive Plan</b>									
Mr. Ho, Lawrence Yau Lung	1,446,498	-	-	-	-	1,446,498	23.03.2011	1.75	3
<b>Total</b>	<b>1,446,498</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,446,498</b>			
<b>Under the Melco Resorts Amended 2011 Share Incentive Plan</b>									
Mr. Ho, Lawrence Yau Lung	474,399	-	-	-	-	474,399	29.03.2012	3.93	4
	362,610	-	-	-	-	362,610	10.05.2013	5.32	5
	320,343	-	-	-	-	320,343	28.03.2014	5.32	6
	690,291	-	-	-	-	690,291	30.03.2015	5.32	7
	1,302,840	-	-	-	-	1,302,840	18.03.2016	5.32	8
	1,470,000	-	-	-	-	1,470,000	31.03.2017	6.18	11
	1,470,000	-	-	-	-	1,470,000	02.04.2018	9.40	16
<b>Total</b>	<b>6,090,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,090,483</b>			

OTHER INFORMATION

(ii) Stock options granted to other eligible participants

	Number of stock options					As at 30 June 2020	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2020	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Under the Melco Resorts 2006 Share Incentive Plan</b>									
Other eligible participants <sup>(a)</sup>	55,860	-	(55,860)	-	-	-	26.05.2010	0.48	10
	649,074	-	(206,457)	-	-	442,617	23.03.2011	1.75	3
<b>Total</b>	<b>704,934</b>	<b>-</b>	<b>(262,317)</b>	<b>-</b>	<b>-</b>	<b>442,617</b>			
<b>Under the Melco Resorts Amended 2011 Share Incentive Plan</b>									
Other eligible participants <sup>(a)</sup>	303,402	-	-	-	-	303,402	29.03.2012	3.93	4
	322,416	-	(3,318)	-	-	319,098	10.05.2013	5.32	5
	364,587	-	(2,547)	(2,310)	-	359,730	28.03.2014	5.32	6
	721,629	-	(7,410)	(4,179)	-	710,040	30.03.2015	5.32	7
	1,489,092	-	(6,726)	(13,188)	-	1,469,178	18.03.2016	5.32	8
	191,328	-	-	-	-	191,328	23.12.2016	4.79	9
	2,586,528	-	(2,658)	-	(43,299)	2,540,571	31.03.2017	6.18	11
	88,635	-	-	-	(88,635)	-	30.05.2017	7.30	12
	34,518	-	-	-	-	34,518	08.09.2017	7.61	13
	36,225	-	-	-	-	36,225	16.03.2018	9.15	14
	3,047,169	-	-	-	(151,872)	2,895,297	29.03.2018	9.66	15
	453,894	-	-	-	-	453,894	23.11.2018	5.66	17
	4,060,254	-	-	-	(207,072)	3,853,182	01.04.2019	8.14	18
	-	12,159,207	-	-	(58,725)	12,100,482	31.03.2020	4.13	19
<b>Total</b>	<b>13,699,677</b>	<b>12,159,207</b>	<b>(22,659)</b>	<b>(19,677)</b>	<b>(549,603)</b>	<b>25,266,945</b>			

Notes:

1. The vesting period of the stock options is from the date of grant until the commencement of the exercise period.
2. In respect of the stock options exercised during the period, the weighted average closing price of the Melco Resorts Shares immediately before the date on which the stock options were exercised was US\$4.1695.
3. The stock options granted on 23 March 2011 are divided into 3 tranches exercisable from 23 March 2012, 23 March 2013 and 23 March 2014, respectively, to 22 March 2021.
4. The stock options granted on 29 March 2012 are divided into 3 tranches exercisable from 29 March 2013, 29 March 2014 and 29 March 2015, respectively, to 28 March 2022.
5. The stock options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 9 May 2023.
6. The stock options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 27 March 2024.

7. The stock options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 29 March 2025.
8. The stock options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 17 March 2026.
9. The stock options granted on 23 December 2016 are exercisable from 26 September 2019 to 22 December 2026.
10. The stock options granted on 26 May 2010 are divided into 2 tranches exercisable from 26 May 2012 and 26 May 2013, respectively, to 25 May 2020.
11. The stock options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.
12. The stock options granted on 30 May 2017 are exercisable from 30 May 2020 to 29 May 2027.
13. The stock options granted on 8 September 2017 are exercisable from 8 September 2019 to 7 September 2027.
14. The stock options granted on 16 March 2018 are exercisable from 16 March 2020 to 15 March 2028.
15. The stock options granted on 29 March 2018 are divided into 2 tranches exercisable from 29 March 2020 and 29 March 2021, respectively, to 28 March 2028.
16. The stock options granted on 2 April 2018 are divided into 2 tranches exercisable from 2 April 2020 and 2 April 2021, respectively, to 1 April 2028.
17. The stock options granted on 23 November 2018 are exercisable from 23 November 2020 to 22 November 2028.
18. The stock options granted on 1 April 2019 are divided into 2 tranches exercisable from 1 April 2021 and 1 April 2022, respectively, to 31 March 2029.
19. The stock options granted on 31 March 2020 are divided into 2 tranches exercisable from 31 March 2022 and 31 March 2023, respectively, to 30 March 2030.
20. The category “Other eligible participants” represents the directors (other than the Directors), employees or consultants of Melco Resorts.

## OTHER INFORMATION

On 31 March 2020, Melco Resorts granted a total of 12,159,207 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 31 March 2020 to 30 March 2030. The stock options entitle the grantees to subscribe for a total of 12,159,207 shares of Melco Resorts at an exercise price of US\$4.1333 per share. The closing price of the shares of Melco Resorts immediately before the date on which the stock options were granted was US\$4.1567. The estimated fair value of the 12,159,207 stock options granted was approximately US\$14,692,379.58. The fair value per stock option granted was US\$1.2083.

The Black-Scholes valuation model was used to estimate the fair value of the stock options. The value of an option varies with different variables of certain subjective assumptions. The input into the model was as follows:

<b>Grant date of the stock options</b>	<b>31 March 2020</b>
Valuation model	Black-Scholes
Exercise price	US\$4.1333
Expected volatility	43.50%
Expected life	5.6 years
Risk-free rate	0.43%
Expected dividend yield	3.10%

Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco Resorts' American depositary shares trading on the Nasdaq Global Select Market. Expected life is based upon the vesting term, and expected term adopted by other publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected life.

## SHARE AWARD SCHEMES

### (I) The Company

On 18 October 2007, the Company adopted two share incentive award schemes, namely, The Melco Share Purchase Scheme Trust (the "Share Purchase Scheme") and The Melco Share Award Scheme Trust (the "Share Subscription Scheme"). Certain rules of such schemes were amended on 28 August 2014, 12 June 2015 and 31 March 2020.

The purpose of the Share Purchase Scheme and the Share Subscription Scheme is to recognize the contributions of the directors, employees and consultants of the Group and provide them with incentives so as to retain them for the continual operation and development of the Group and to attract suitable personnel for the future development of the Group. The shares of the Company to be awarded pursuant to the Share Purchase Scheme and/or the Share Subscription Scheme may be awarded in such manner as the Board may determine from time to time. The shares awarded to the grantees under the Share Purchase Scheme will be settled by the shares of the Company purchased in the market whereas the shares awarded to the grantees under the Share Subscription Scheme will be settled by allotment of new shares of the Company.



## (a) Share Purchase Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the six months ended 30 June 2020 were as follows:

Category of participants	Number of awarded shares					As at 30 June 2020	Date of award	Vesting date
	As at 1 January 2020	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
<b>Directors</b>								
Mr. Ho, Lawrence Yau Lung	2,200,000	-	(2,200,000)	-	-	-	10.04.2019	10.04.2020
	-	3,585,000	(3,585,000)	-	-	-	14.04.2020	14.04.2020
	-	3,584,000	-	-	-	3,584,000	14.04.2020	14.04.2021
	2,200,000	7,169,000	(5,785,000)	-	-	3,584,000		
Mr. Evan Andrew Winkler	71,000	-	(71,000)	-	-	-	10.04.2019	10.04.2020
	71,000	-	-	-	-	71,000	10.04.2019	10.04.2021
	70,000	-	-	-	-	70,000	10.04.2019	10.04.2022
	1,627,000	-	(1,627,000)	-	-	-	06.09.2019	30.06.2020
	1,626,000	-	-	-	-	1,626,000	06.09.2019	30.06.2021
	1,626,000	-	-	-	-	1,626,000	06.09.2019	30.06.2022
	5,091,000	-	(1,698,000)	-	-	3,393,000		
Mr. Chung Yuk Man, Clarence	19,000	-	(19,000)	-	-	-	10.04.2017	10.04.2020
	12,000	-	(12,000)	-	-	-	10.04.2018	10.04.2020
	12,000	-	-	-	-	12,000	10.04.2018	10.04.2021
	14,000	-	(14,000)	-	-	-	10.04.2019	10.04.2020
	14,000	-	-	-	-	14,000	10.04.2019	10.04.2021
	14,000	-	-	-	-	14,000	10.04.2019	10.04.2022
	-	22,000	(22,000)	-	-	-	14.04.2020	14.04.2020
	-	22,000	-	-	-	22,000	14.04.2020	14.04.2021
	-	22,000	-	-	-	22,000	14.04.2020	14.04.2022
-	22,000	-	-	-	22,000	14.04.2020	14.04.2023	
	85,000	88,000	(67,000)	-	-	106,000		
Mr. Ng Ching Wo	4,000	-	(4,000)	-	-	-	10.04.2017	10.04.2020
	3,000	-	(3,000)	-	-	-	10.04.2018	10.04.2020
	3,000	-	-	-	-	3,000	10.04.2018	10.04.2021
	3,000	-	(3,000)	-	-	-	10.04.2019	10.04.2020
	3,000	-	-	-	-	3,000	10.04.2019	10.04.2021
	3,000	-	-	-	-	3,000	10.04.2019	10.04.2022
	-	4,000	(4,000)	-	-	-	14.04.2020	14.04.2020
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2021
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2022
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2023
		19,000	16,000	(14,000)	-	-	21,000	

OTHER INFORMATION

Category of participants	Number of awarded shares					As at 30 June 2020	Date of award	Vesting date
	As at 1 January 2020	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
Mr. Chow Kwong Fai, Edward*	2,000	-	(2,000)	-	-	-	10.04.2017	10.04.2020
	2,000	-	(2,000)	-	-	-	10.04.2018	10.04.2020
	2,000	-	-	-	(2,000)	-	10.04.2018	10.04.2021
	3,000	-	(3,000)	-	-	-	10.04.2019	10.04.2020
	3,000	-	-	-	(3,000)	-	10.04.2019	10.04.2021
	3,000	-	-	-	(3,000)	-	10.04.2019	10.04.2022
	-	5,000	(5,000)	-	-	-	14.04.2020	14.04.2020
	-	5,000	-	-	(5,000)	-	14.04.2020	14.04.2021
	-	5,000	-	-	(5,000)	-	14.04.2020	14.04.2022
	-	4,000	-	-	(4,000)	-	14.04.2020	14.04.2023
	15,000	19,000	(12,000)	-	(22,000)	-		
Mr. John William Crawford	-	5,000	(5,000)	-	-	-	14.04.2020	14.04.2020
	-	5,000	-	-	-	5,000	14.04.2020	14.04.2021
	-	5,000	-	-	-	5,000	14.04.2020	14.04.2022
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2023
	-	19,000	(5,000)	-	-	14,000		
Mr. Tsui Che Yin, Frank	1,000	-	(1,000)	-	-	-	10.04.2018	10.04.2020
	1,000	-	-	-	-	1,000	10.04.2018	10.04.2021
	2,000	-	(2,000)	-	-	-	10.04.2019	10.04.2020
	1,000	-	-	-	-	1,000	10.04.2019	10.04.2021
	1,000	-	-	-	-	1,000	10.04.2019	10.04.2022
	-	4,000	(4,000)	-	-	-	14.04.2020	14.04.2020
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2021
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2022
	-	3,000	-	-	-	3,000	14.04.2020	14.04.2023
	6,000	15,000	(7,000)	-	-	14,000		
Ms. Karuna Evelynne Shinsho	2,000	-	(2,000)	-	-	-	10.04.2019	10.04.2020
	2,000	-	-	-	-	2,000	10.04.2019	10.04.2021
	2,000	-	-	-	-	2,000	10.04.2019	10.04.2022
	-	4,000	(4,000)	-	-	-	14.04.2020	14.04.2020
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2021
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2022
	-	4,000	-	-	-	4,000	14.04.2020	14.04.2023
		6,000	16,000	(6,000)	-	-	16,000	
Sub-total	7,422,000	7,342,000	(7,594,000)	-	(22,000)	7,148,000		

Category of participants	Number of awarded shares					As at 30 June 2020	Date of award	Vesting date
	As at 1 January 2020	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
Employees	33,000	-	(33,000)	-	-	-	10.04.2017	10.04.2020
	40,000	-	(40,000)	-	-	-	10.04.2018	10.04.2020
	39,000	-	-	-	(6,000)	33,000	10.04.2018	10.04.2021
	49,000	-	(49,000)	-	-	-	10.04.2019	10.04.2020
	49,000	-	-	-	(7,000)	42,000	10.04.2019	10.04.2021
	47,000	-	-	-	(6,000)	41,000	10.04.2019	10.04.2022
	-	77,000	(77,000)	-	-	-	14.04.2020	14.04.2020
	-	77,000	-	-	(11,000)	66,000	14.04.2020	14.04.2021
	-	75,000	-	-	(10,000)	65,000	14.04.2020	14.04.2022
	-	75,000	-	-	(10,000)	65,000	14.04.2020	14.04.2023
	Sub-total	257,000	304,000	(199,000)	-	(50,000)	312,000	
Others**	7,000	-	(7,000)	-	-	-	10.04.2017	10.04.2020
	6,000	-	(6,000)	-	-	-	10.04.2018	10.04.2020
	5,000	-	-	-	8,000	13,000	10.04.2018	10.04.2021
	3,000	-	(3,000)	-	-	-	10.04.2019	10.04.2020
	3,000	-	-	-	10,000	13,000	10.04.2019	10.04.2021
	3,000	-	-	-	9,000	12,000	10.04.2019	10.04.2022
	-	-	-	-	16,000	16,000	14.04.2020	14.04.2021
	-	-	-	-	15,000	15,000	14.04.2020	14.04.2022
	-	-	-	-	14,000	14,000	14.04.2020	14.04.2023
	Sub-total	27,000	-	(16,000)	-	72,000	83,000	
<b>Total</b>	<b>7,706,000</b>	<b>7,646,000</b>	<b>(7,809,000)</b>	<b>-</b>	<b>-</b>	<b>7,543,000</b>		

\* Mr. Chow Kwong Fai, Edward passed away on 1 June 2020.

\*\* The category "Others" represents former directors of the Group.

(b) *Share Subscription Scheme*

No share award was granted or outstanding under the Share Subscription Scheme during the six months ended 30 June 2020.

OTHER INFORMATION

(II) Melco Resorts

Movements of the restricted shares, which were granted under the Melco Resorts Amended 2011 Share Incentive Plan during the six months ended 30 June 2020 were as follows:

(i) Restricted shares granted to Directors

Name of Director	Number of restricted shares				As at 30 June 2020	Date of award	Vesting date
	As at 1 January 2020	Awarded during the period	Vested during the period	Cancelled during the period			
Mr. Ho, Lawrence Yau Lung	631,470	-	(631,470)	-	-	31.03.2017	30.03.2020
	265,689	-	(265,689)	-	-	29.03.2018	29.03.2020
	265,682	-	-	-	265,682	29.03.2018	29.03.2021
	613,614	-	-	-	613,614	01.04.2019	01.04.2021
	613,614	-	-	-	613,614	01.04.2019	01.04.2022
	-	2,330,670	-	-	2,330,670	31.03.2020	31.03.2022
	-	2,330,670	-	-	2,330,670	31.03.2020	31.03.2023
	2,390,079	4,661,340	(897,159)	-	6,154,260		
Mr. Evan Andrew Winkler	8,091	-	(8,091)	-	-	31.03.2017	30.03.2020
	5,175	-	(5,175)	-	-	29.03.2018	29.03.2020
	5,178	-	-	-	5,178	29.03.2018	29.03.2021
	10,746	-	(10,746)	-	-	01.04.2019	01.04.2020
	10,746	-	-	-	10,746	01.04.2019	01.04.2021
	10,746	-	-	-	10,746	01.04.2019	01.04.2022
	-	21,168	-	-	21,168	31.03.2020	31.03.2021
	-	21,168	-	-	21,168	31.03.2020	31.03.2022
	-	21,168	-	-	21,168	31.03.2020	31.03.2023
		50,682	63,504	(24,012)	-	90,174	
Mr. Chung Yuk Man, Clarence	8,091	-	(8,091)	-	-	31.03.2017	30.03.2020
	7,311	-	(7,311)	-	-	16.03.2018	16.03.2020
	5,175	-	(5,175)	-	-	29.03.2018	29.03.2020
	5,178	-	-	-	5,178	29.03.2018	29.03.2021
	23,025	-	(23,025)	-	-	01.04.2019	01.04.2020
	23,025	-	-	-	23,025	01.04.2019	01.04.2021
	23,025	-	-	-	23,025	01.04.2019	01.04.2022
	-	48,993	-	-	48,993	31.03.2020	31.03.2021
	-	48,993	-	-	48,993	31.03.2020	31.03.2022
	-	48,993	-	-	48,993	31.03.2020	31.03.2023
	94,830	146,979	(43,602)	-	198,207		
Mr. John William Crawford	8,091	-	(8,091)	-	-	31.03.2017	30.03.2020
	5,175	-	(5,175)	-	-	29.03.2018	29.03.2020
	5,178	-	-	-	5,178	29.03.2018	29.03.2021
	10,746	-	(10,746)	-	-	01.04.2019	01.04.2020
	10,746	-	-	-	10,746	01.04.2019	01.04.2021
	10,746	-	-	-	10,746	01.04.2019	01.04.2022
	-	22,983	-	-	22,983	31.03.2020	31.03.2021
	-	22,983	-	-	22,983	31.03.2020	31.03.2022
	-	22,983	-	-	22,983	31.03.2020	31.03.2023
		50,682	68,949	(24,012)	-	95,619	
<b>Total</b>	<b>2,586,273</b>	<b>4,940,772</b>	<b>(988,785)</b>	<b>-</b>	<b>6,538,260</b>		

## (ii) Restricted shares granted to other eligible participants

	Number of restricted shares					As at 30 June 2020	Date of award	Vesting date
	As at 1 January 2020	Awarded during the period	Modified vesting date during the period	Vested during the period	Cancelled during the period			
Other eligible participants <sup>6</sup>	7,116	-	-	(7,116)	-	-	18.03.2016	05.05.2020 <sup>1)</sup>
	98,109	-	-	(98,109)	-	-	21.02.2017	08.01.2020
	1,069,575	-	-	(1,052,430)	(17,145)	-	31.03.2017	30.03.2020
	13,260	-	-	(13,260)	-	-	31.03.2017	05.05.2020 <sup>1)</sup>
	34,248	-	-	-	(34,248)	-	30.05.2017	30.05.2020
	20,352	-	-	(20,352)	-	-	16.03.2018	16.03.2020
	518,985	-	(3,696)	(492,297)	(20,406)	2,586	29.03.2018	29.03.2020 <sup>2)</sup>
	8,694	-	-	(8,694)	-	-	29.03.2018	05.05.2020 <sup>1)</sup>
	-	-	7,392	-	-	7,392	29.03.2018	01.10.2020 <sup>2)</sup>
	519,468	-	(28,668)	-	(22,929)	467,871	29.03.2018	29.03.2021
	-	-	12,483	-	-	12,483	29.03.2018	27.04.2021 <sup>3)</sup>
	-	-	12,489	-	-	12,489	29.03.2018	27.04.2022 <sup>4)</sup>
	72,894	-	-	-	-	72,894	23.11.2018	23.11.2020
	12,276	-	-	(12,276)	-	-	01.04.2019	30.06.2020
	23,028	-	-	(23,028)	-	-	01.04.2019	01.04.2020
	-	-	8,034	-	-	8,034	01.04.2019	01.10.2020 <sup>2)</sup>
	1,059,336	-	(40,263)	-	(43,014)	976,059	01.04.2019	01.04.2021
	-	-	36,246	-	-	36,246	01.04.2019	27.04.2021 <sup>3)</sup>
	1,059,336	-	(40,263)	-	(43,014)	976,059	01.04.2019	01.04.2022
	-	-	36,246	-	-	36,246	01.04.2019	27.04.2022 <sup>4)</sup>
	2,226	-	-	(2,226)	-	-	31.07.2019	30.06.2020
	-	-	15,342	-	-	15,342	31.03.2020	01.10.2020 <sup>2)</sup>
	-	50,805	-	-	-	50,805	31.03.2020	31.03.2021
	-	2,174,547	(116,430)	-	(16,446)	2,041,671	31.03.2020	31.03.2022
	-	-	108,759	-	-	108,759	31.03.2020	27.04.2021 <sup>3)</sup>
	-	2,174,547	(116,430)	-	(16,446)	2,041,671	31.03.2020	31.03.2023
	-	-	108,759	-	-	108,759	31.03.2020	27.04.2022 <sup>4)</sup>
<b>Total</b>	<b>4,518,903</b>	<b>4,399,899</b>	<b>-</b>	<b>(1,729,788)</b>	<b>(213,646)</b>	<b>6,975,366</b>		

## Notes:

- The vesting date of these restricted shares were modified from 18 March 2019, 30 March 2020, 29 March 2020 and 29 March 2021 to 5 May 2020, with effect from 5 May 2019.
- The vesting date of these restricted shares were modified from 29 March 2020, 29 March 2021, 1 April 2021, 1 April 2022, 31 March 2022 and 31 March 2023 to 1 October 2020, with effect from 1 April 2020.
- The vesting date of these restricted shares were modified from 29 March 2021, 1 April 2021 and 31 March 2022 to 27 April 2021, with effect from 11 May 2020.
- The vesting date of these restricted shares were modified from 29 March 2021, 1 April 2022 and 31 March 2023 to 27 April 2022, with effect from 11 May 2020.
- The contractual right to vesting of 2,586 restricted shares has been terminated when the relevant employees notified of their resignation before the vesting date of 29 March 2020. Such 2,586 unvested restricted shares are to be cancelled when the termination date of their employment become effective.
- The category "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

## OTHER INFORMATION

### **SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES**

As at 30 June 2020, the following persons/corporations had interests in five per cent or more of the issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares and underlying shares of the Company as notified to the Company were as follows:

#### **Long positions in the shares and underlying shares of the Company**

<b>Name</b>	<b>Capacity</b>	<b>No. of shares held</b>	<b>No. of underlying shares held</b>	<b>Approximate % of total issued shares</b>	<b>Note(s)</b>
Better Joy Overseas Ltd.	Beneficial owner	300,688,606	–	19.85%	2
Lasting Legend Ltd.	Beneficial owner	120,983,024	–	8.05%	2
	Interest of controlled corporation	300,688,606	–	19.85%	2
Trident Trust Company (Cayman) Limited	Trustee	422,671,630	–	27.91%	3
Great Respect Limited	Beneficial owner	311,976,187	–	20.60%	5
TMF (Cayman) Ltd.	Trustee	311,976,187	–	20.60%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	80,784,132	8,084,000	5.87%	8
	Interest of controlled corporations	477,728,975	–	31.54%	4
	Interest of spouse	4,212,102	–	0.28%	6
	Others	311,976,187	–	20.60%	5
Ms. Lo Sau Yan, Sharen	Beneficial owner	4,212,102	–	0.28%	–
	Interest of spouse	870,489,294	8,084,000	58.00%	7, 8
Southeastern Asset Management, Inc.	Investment manager	165,919,781	–	10.95%	–
The Capital Group Companies, Inc.	Interest of controlled corporation	89,638,000	–	5.92%	9

#### *Notes:*

- As at 30 June 2020, the total number of issued shares of the Company was 1,514,664,755.
- Better Joy Overseas Ltd. is a company controlled by Lasting Legend Ltd. and, therefore, Lasting Legend Ltd. was deemed to be interested in the 300,688,606 shares held by Better Joy Overseas Ltd., The shares held by Better Joy Overseas Ltd. and the shares held by Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
- The 422,671,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.

4. The 477,728,975 shares relate to the 300,688,606 shares, 121,983,024 shares, 53,491,345 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited and Maple Peak Investments Inc., respectively, representing approximately 19.85%, 8.05%, 3.53% and 0.10% of the total issued shares of the Company. All of such companies are owned by Mr. Ho, Lawrence Yau Lung and/or persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies.
5. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. TMF (Cayman) Ltd. is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung is taken to have interests in the shares held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.
6. Mr. Ho, Lawrence Yau Lung is the spouse of Ms. Lo Sau Yan, Sharen and was deemed to be interested in the shares of the Company through the interest of his spouse, Ms. Lo Sau Yan, Sharen, under the SFO.
7. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.
8. The interests of Mr. Ho, Lawrence Yau Lung in the underlying shares of the Company (in respect of the share options and awarded shares granted by the Company) are set out in the “Directors’ interests in shares, underlying shares and debentures” section of this report.
9. The Capital Group Companies, Inc. was deemed to be interested in the 89,638,000 shares which were beneficially owned by its wholly-owned subsidiary, Capital Research and Management Company.

Save as disclosed above, as at 30 June 2020, the Company has not been notified of any other interests or short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

## **CORPORATE GOVERNANCE**

The Company has in place its code on corporate governance (the “Company Code”), which sets out the corporate standards and practices used by the Company in directing and managing its business affairs, and is revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Company Code not only formalizes the Company’s existing corporate governance principles and practices, it also serves to assimilate practices with benchmarks prescribed by the Hong Kong Stock Exchange, ultimately ensuring that the Company runs a highly transparent operation and is accountable to its shareholders.

## OTHER INFORMATION

Apart from the deviations mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six months ended 30 June 2020.

- (1) Under Paragraph A.2.1 of the CG Code, the roles of chairman and chief executive officer of a listed company should be separate and performed by different individuals. However, in view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector, his extensive business network and connections in that sector, and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.
- (2) Following the passing away of the late Mr. Chow Kwong Fai, Edward on 1 June 2020, (i) the number of independent non-executive Directors (the “INED(s)”) fell below the minimum number of three and the number of INEDs could not represent at least one-third of the Board, as, respectively, required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the chairmanship of the Remuneration Committee of the Company was vacant and the number of INEDs on the Remuneration Committee did not meet the majority requirement under Rule 3.25 of the Listing Rules; and (iii) the number of members on the Audit Committee of the Company fell below the minimum number of three and the number of INEDs did not meet the majority requirement under Rule 3.21 of the Listing Rules. On 1 July 2020, Mr. Tsui Che Yin, Frank was re-designated from a Non-executive Director to an INED and was appointed as the Chairman of the Remuneration Committee and Mr. Ng Ching Wo, a Non-executive Director, was appointed as a member of the Audit Committee. Following the aforesaid changes, the Company has complied with the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules.

The Company sets up the following board committees to ensure maintenance of a high corporate governance standard:

- a. Executive Committee;
- b. Audit Committee;
- c. Remuneration Committee;
- d. Nomination Committee;
- e. Corporate Governance Committee;
- f. Finance Committee; and
- g. Regulatory Compliance Committee.

The Company Code and the terms of reference of the above committees have been posted on the Company’s website at [www.melco-group.com](http://www.melco-group.com) under the “Corporate Governance” section.



## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has a code for dealing in the Company's securities by the Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code. We have received confirmation from all Directors that they have complied with the required standards as set out in the Code of Securities Dealings throughout the six months ended 30 June 2020.

## UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2019 Annual Report are set out below.

Name of Director	Details of Changes
Mr. Chow Kwong Fai, Edward	Passed away on 1 June 2020.
Mr. Tsui Che Yin, Frank	Resigned as a director of Mountain China Resorts (Holding) Limited, a company listed on the TSX Venture Exchange of Canada, with effect from 28 April 2020.
	Re-designated from a Non-executive Director to an INED and appointed as the Chairman of the Remuneration Committee with effect from 1 July 2020.
Mr. Ng Ching Wo	Appointed as a member of the Audit Committee with effect from 1 July 2020.

## AUDIT COMMITTEE

The Audit Committee is currently composed of a Non-executive Director and two INEDs. The primary duties of the Audit Committee are (i) to review the annual reports, interim reports and financial statements of the Group and to provide advice and comments thereon to the Board; (ii) to review and supervise the Group's financial reporting process; and (iii) to oversee the Group's risk management and internal control systems. The Audit Committee has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except the trustee of the Share Purchase Scheme purchased on the Hong Kong Stock Exchange a total of 2,495,000 shares of the Company at a total consideration of approximately HK\$30,767,000 to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Purchase Scheme.

## OTHER INFORMATION

### **INDEPENDENT REVIEW**

The interim results for the six months ended 30 June 2020 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants by Ernst & Young, the Company’s auditor, whose independent review report is included in this report.

On behalf of the Board of  
**Melco International Development Limited**  
**Ho, Lawrence Yau Lung**  
*Chairman and Chief Executive Officer*

Hong Kong, 28 August 2020

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Ho, Lawrence Yau Lung  
*(Chairman and Chief Executive Officer)*

Mr. Evan Andrew Winkler  
*(President and Managing Director)*

Mr. Chung Yuk Man, Clarence

### Non-executive Director

Mr. Ng Ching Wo

### Independent Non-executive Directors

Mr. John William Crawford  
Mr. Tsui Che Yin, Frank  
Ms. Karuna Evelyne Shinsho

## EXECUTIVE COMMITTEE

Mr. Ho, Lawrence Yau Lung *(Chairman)*  
Mr. Evan Andrew Winkler  
Mr. Chung Yuk Man, Clarence  
Mr. Geoffrey Stuart Davis\*  
Mr. Leung Hoi Wai, Vincent\*

## AUDIT COMMITTEE

Mr. John William Crawford *(Chairman)*  
Mr. Tsui Che Yin, Frank  
Mr. Ng Ching Wo

## REMUNERATION COMMITTEE

Mr. Tsui Che Yin, Frank *(Chairman)*  
Mr. Ng Ching Wo  
Ms. Karuna Evelyne Shinsho

## NOMINATION COMMITTEE

Mr. John William Crawford *(Chairman)*  
Mr. Ng Ching Wo  
Ms. Karuna Evelyne Shinsho

## CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Ching Wo *(Chairman)*  
Mr. John William Crawford  
Ms. Karuna Evelyne Shinsho  
Mr. Leung Hoi Wai, Vincent\*

## REGULATORY COMPLIANCE COMMITTEE

Mr. Ho, Lawrence Yau Lung *(Chairman)*  
Mr. Evan Andrew Winkler  
Mr. Leung Hoi Wai, Vincent\*

## FINANCE COMMITTEE

Mr. Ho, Lawrence Yau Lung *(Chairman)*  
Mr. Evan Andrew Winkler  
Mr. Chung Yuk Man, Clarence  
Mr. Geoffrey Stuart Davis\*

## COMPANY SECRETARY

Mr. Leung Hoi Wai, Vincent

## REGISTERED OFFICE

38th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

## AUDITOR

Ernst & Young

\* non-voting co-opted members

## CORPORATE INFORMATION

### **LEGAL ADVISORS**

Gibson, Dunn & Crutcher LLP  
King & Wood Mallesons

### **SHARE REGISTRAR AND TRANSFER OFFICE**

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

### **STOCK CODE**

200 (Listed on the Hong Kong Stock  
Exchange)

### **WEBSITE**

[www.melco-group.com](http://www.melco-group.com)

### **Election of Language or Means of Receipt of Corporate Communications**

This Interim Report is printed in English and Chinese, and is available in the “Investor Relations” section of the Company’s website at [www.melco-group.com](http://www.melco-group.com).

Shareholders of the Company are encouraged to access the Company’s corporate communications (including but not limited to annual reports, interim reports, notices of meetings, listing documents, circulars and proxy forms) electronically via the Company’s website to help protect the environment. Shareholders of the Company may at any time change their choice of language or means of receiving the Company’s corporate communications free of charge by giving not less than 7 days’ notice in writing to the Company’s share registrar, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to [melco200-ecom@hk.tricorglobal.com](mailto:melco200-ecom@hk.tricorglobal.com).



[www.melco-group.com](http://www.melco-group.com)

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