MELCO

Melco International Development Limited

(Incorporated in Hong Kong with limited liability)
Website: www.melco-group.com
(Stock Code: 200)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the "Board") of Melco International Development Limited (the "Company" or "Melco International") herein announces the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020 as set out below.

FINANCIAL HIGHLIGHTS

1. Net revenues were HK$13.42 billion, which represented a decrease of HK$31.56 billion or 70.2%, compared to HK$44.99 billion for the year ended 31 December 2019. 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.

2. The Group generated negative Adjusted EBITDA of HK$1.20 billion for the year ended 31 December 2020, compared to Adjusted EBITDA of HK$12.50 billion for the year ended 31 December 2019.

3. Loss after tax was HK$12.38 billion for the year ended 31 December 2020, compared to profit after tax of HK$1.77 billion for the year ended 31 December 2019.

4. Basic loss per share attributable to owners of the Company was HK$4.19 for the year ended 31 December 2020, compared to basic earnings per share attributable to owners of the Company of HK$0.46 for the year ended 31 December 2019.

5. Net asset value per share attributable to owners of the Company was HK$7.1 as of 31 December 2020, compared to HK$11.2 as of 31 December 2019.

6. The Board does not recommend the payment of a final dividend for the year ended 31 December 2020.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 HK$'000	2019 HK$'000
NET REVENUES	4	**13,424,435**	44,987,768
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		**(5,856,534)**	(19,984,104)
Employee benefits expenses		**(5,921,358)**	(7,590,422)
Depreciation and amortization		**(5,706,046)**	(6,065,756)
Other operating expenses, gains and losses, net	5	**(4,173,091)**	(6,463,308)
Share of profits and losses of associates		**–**	796
Total operating costs and expenses, net		**(21,657,029)**	(40,102,794)
OPERATING (LOSS)/INCOME		**(8,232,594)**	4,884,974
NON-OPERATING INCOME/(EXPENSES)			
Interest income		**42,422**	77,032
Interest expenses, net of amounts capitalized		**(2,869,289)**	(2,746,954)
Losses on modification or extinguishment of debts, net		**(133,419)**	(124,357)
Other financing costs		**(62,319)**	(22,808)
Foreign exchange gains/(losses), net		**7,724**	(40,688)
Other expenses, net	6	**(1,097,595)**	(193,148)
Total non-operating expenses, net		**(4,112,476)**	(3,050,923)
(LOSS)/PROFIT BEFORE TAX		**(12,345,070)**	1,834,051
Income tax expense	7	**(32,858)**	(65,893)
(LOSS)/PROFIT FOR THE YEAR		**(12,377,928)**	1,768,158

	Note	**2020**	2019
		HK$'000	*HK$'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**61,372**	245,268
Reclassification of exchange reserve upon disposal of investment in an associate		**–**	28,703
		61,372	273,971
Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods:			
Actuarial gain/(loss) arising from defined benefit obligations		**885**	(5,121)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**62,257**	268,850
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		**(12,315,671)**	2,037,008
(Loss)/profit for the year attributable to:			
Owners of the Company		**(6,339,887)**	689,772
Non-controlling interests		**(6,038,041)**	1,078,386
		(12,377,928)	1,768,158
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(6,343,777)**	857,947
Non-controlling interests		**(5,971,894)**	1,179,061
		(12,315,671)	2,037,008
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	9		
Basic		**HK$(4.19)**	HK$0.46
Diluted		**HK$(4.20)**	HK$0.45

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

	Notes	**2020** **HK$'000**	2019 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**45,173,939**	45,758,622
Right-of-use assets		**7,297,089**	7,694,763
Investment properties		**356,000**	348,000
Gaming license and subconcession		**1,635,880**	2,724,883
Goodwill		**5,299,451**	5,406,936
Trademarks		**16,992,458**	16,992,458
Other intangible assets		**428,987**	222,128
Trade receivables	10	**–**	30,200
Prepayments, deposits and other receivables		**2,193,534**	1,347,468
Other financial assets	11	**130,929**	4,498,436
Restricted cash		**122,038**	159,649
Deferred tax assets		**49,430**	27,710
Total non-current assets		**79,679,735**	85,211,253
CURRENT ASSETS			
Inventories		**289,094**	343,767
Trade receivables	10	**1,005,073**	2,216,044
Prepayments, deposits and other receivables		**697,882**	700,654
Tax recoverable		**92**	–
Other financial assets	11	**–**	384,539
Bank deposits with original maturities over three months		**39,500**	–
Restricted cash		**2,060**	292,178
Cash and bank balances		**13,821,297**	11,213,138
Total current assets		**15,854,998**	15,150,320

	Notes	**2020** *HK$'000*	2019 *HK$'000*
CURRENT LIABILITIES			
Trade payables	12	**73,575**	171,977
Other payables, accruals and deposits received	13	**7,748,623**	11,199,008
Tax payable		**123,599**	80,433
Interest-bearing borrowings	14	**4,278,102**	420,967
Lease liabilities		**831,172**	574,737
Total current liabilities		**13,055,071**	12,447,122
NET CURRENT ASSETS		**2,799,927**	2,703,198
TOTAL ASSETS LESS CURRENT LIABILITIES		**82,479,662**	87,914,451
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	13	**258,036**	173,637
Interest-bearing borrowings	14	**46,356,559**	40,907,850
Lease liabilities		**2,683,688**	2,729,820
Deferred tax liabilities		**2,404,083**	2,435,452
Total non-current liabilities		**51,702,366**	46,246,759
Net assets		**30,777,296**	41,667,692
EQUITY			
Share capital		**5,692,080**	5,669,692
Reserves		**5,072,107**	11,280,631
Equity attributable to owners of the Company		**10,764,187**	16,950,323
Non-controlling interests		**20,013,109**	24,717,369
Total equity		**30,777,296**	41,667,692

NOTES

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 subsidiaries, including Studio City International Holdings Limited (“SCIHL”), which is majority-owned by Melco Resorts and 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 (“ICR Cyprus”) 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”) and 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.

(b) Recent developments related to COVID-19

In connection with the outbreak of the coronavirus (COVID-19) in the first quarter of 2020, 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 or regions 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 its casino and resort operations.

In Macau, on 5 February 2020, the Group's Macau casino operations were suspended for a 15-day period and resumed operations only on a reduced basis on 20 February 2020 with limited visitations from Hong Kong, Taiwan and certain regions of the PRC among other countries and Altira Macau resumed operation on 24 February 2020. In March 2020, the governments in Macau, Hong Kong and certain provinces in the PRC, including Guangdong, imposed further entry bans, restrictions and quarantine requirements on nearly all visitors traveling to and from Macau.

Commencing from 15 July 2020, certain travelers entering Guangdong from Macau were no longer subject to mandatory quarantine, while from 12 August 2020, those entering the PRC from Macau were generally no longer subject to mandatory quarantines. On 26 August 2020, the Chinese authorities resumed the issuance of Individual Visit Scheme ("IVS") visas for Guangdong residents, while the nationwide resumption of IVS visa issuances commenced on 23 September 2020. On 21 December 2020, the Macau government announced that, generally, individuals who have been to countries and regions other than the PRC and Taiwan in the preceding 21 days are required to undergo a mandatory 21-day quarantine upon entry into Macau from the PRC, Taiwan or Hong Kong. Foreigners continue to be unable to enter Macau, except if they have been in the PRC in the preceding 21 days and are eligible for an exemption application. Despite these developments, the Group's operations continue to be impacted by significant travel bans, restrictions, and quarantine requirements imposed by the governments in Macau, Hong Kong and certain provinces in the PRC on visitors traveling to and from Macau, and such bans, restrictions and requirements have been, and may continue to be, modified by the relevant authorities from time to time as COVID-19 developments unfold.

In the Philippines, City of Dreams Manila was closed due to the Enhanced Community Quarantine for the entire island of Luzon including Metro Manila, which began on 16 March 2020. However, since 19 June 2020, as permitted by the Philippine Amusement and Gaming Corporation ("PAGCOR"), City of Dreams Manila has conducted a dry run of its gaming and hospitality operations with 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, a Modified Enhanced Community Quarantine was re-imposed in Metro Manila due to the rising number of COVID-19 cases and the dry run was halted for more than two weeks. 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 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 limited operational capacity. The General Community Quarantine in Metro Manila was originally extended to until 31 March 2021. However, on 27 March 2021, the Philippine government re-imposed the Enhanced Community Quarantine over Metro Manila and adjacent provinces from 29 March 2021 to 4 April 2021 to stem the recent surge of COVID-19 cases. City of Dreams Manila was temporarily closed beginning on 29 March 2021, and will remain closed for the duration of the Enhanced Community Quarantine Period.

In Cyprus, as instructed by the government, the casino operations were closed with effect from 16 March 2020 and resumed on 13 June 2020 except for the satellite casino in Larnaca which was expected to be reopened once it moved to a new location. Commencing from 23 October 2020, the cities of Limassol and Paphos were subject to curfews and from 5 November 2020, the curfew was extended throughout the rest of Cyprus. As a result, the operations in Cyprus are required to be closed during those hours while the curfew remains in place. On 12 November 2020, as part of the regional lockdown, the casino operations in Limassol and Paphos were suspended and from 30 November 2020, in an effort to prevent the spread of COVID-19, the Cyprus government announced a measure which included the closure of the casino operations in Cyprus. The operations in Cyprus are currently closed and will remain closed while such measures remain in place.

The COVID-19 outbreak has also impacted on the construction schedules of the remaining development project at Studio City and the City of Dreams Mediterranean project in Cyprus. 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 year ended 31 December 2020. As the disruptions are ongoing, such adverse effects have continued beyond the 2020 year 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, successful development of safe and effective vaccines and treatment of COVID-19, travel restrictions, customer sentiment and other events related to the COVID-19 outbreak.

As at 31 December 2020, the Group had total cash and bank balances (including bank deposits with original maturities over three months) of HK$13,860,797,000 and available borrowing capacity of HK$13,704,092,000, 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 outflows for non-essential items, rationalizing the Group's capital expenditure programs with deferrals and reductions, refinancing certain existing borrowings and raising additional capital through new senior note offerings.

The Group believes it will be able to support continuing operations and capital expenditures for at least twelve months from the reporting period end date of these consolidated financial statements.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. These consolidated financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

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 consolidated financial statements.

The financial information relating to the years ended 31 December 2020 and 2019 that are included in this announcement of annual results of 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated 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 set out below.

The Company 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 and will deliver the consolidated financial statements in its annual report for the year ended 31 December 2020 in due course.

The Company's auditors have reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report, and did not contain statements under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 16	*COVID-19-Related Rent Concessions*

The adoption of these revised HKFRSs had no material impact on the consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early adopted any new or amended HKFRSs or interpretation that has been issued but is not yet effective in the consolidated financial statements for the year ended 31 December 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 year 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 ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (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.

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

Year ended 31 December 2020

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers (note 4)	**13,414,853**	**9,582**	**13,424,435**
Intersegment sales	**11,789**	**–**	**11,789**
	13,426,642	**9,582**	**13,436,224**
Elimination of intersegment sales			**(11,789)**
Total net revenues			**13,424,435**
Adjusted EBITDA	**(1,172,802)**	**(25,388)**	**(1,198,190)**
Operating costs and expenses			
Depreciation and amortization			**(5,706,046)**
Share-based compensation expenses			**(596,082)**
Pre-opening costs			**(10,193)**
Development costs			**(193,987)**
Property charges and other			**(378,134)**
Payments to the Philippine Parties			**(100,945)**
Corporate expenses			**(49,017)**
Operating loss			**(8,232,594)**
Non-operating income/(expenses)			
Interest income			**42,422**
Interest expenses, net of amounts capitalized			**(2,869,289)**
Losses on modification or extinguishment of debts, net			**(133,419)**
Other financing costs			**(62,319)**
Foreign exchange gains, net			**7,724**
Other expenses, net			**(1,097,595)**
Total non-operating expenses, net			**(4,112,476)**
Loss before tax			**(12,345,070)**
Income tax expense			**(32,858)**
LOSS FOR THE YEAR			**(12,377,928)**

Year ended 31 December 2019

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers (note 4)	44,923,164	64,604	44,987,768
Intersegment sales	20,974	158	21,132
	44,944,138	64,762	45,008,900
Elimination of intersegment sales			(21,132)
Total net revenues			44,987,768
Adjusted EBITDA	12,498,829	(1,179)	12,497,650
Operating costs and expenses			
Depreciation and amortization			(6,065,756)
Share-based compensation expenses			(403,937)
Pre-opening costs			(29,667)
Development costs			(441,607)
Property charges and other			(124,806)
Payments to the Philippine Parties			(449,850)
Corporate expenses			(97,053)
Operating income			4,884,974
Non-operating income/(expenses)			
Interest income			77,032
Interest expenses, net of amounts capitalized			(2,746,954)
Losses on modification or extinguishment of debts, net			(124,357)
Other financing costs			(22,808)
Foreign exchange losses, net			(40,688)
Other expenses, net			(193,148)
Total non-operating expenses, net			(3,050,923)
Profit before tax			1,834,051
Income tax expense			(65,893)
PROFIT FOR THE YEAR			1,768,158

31 December 2020

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	**94,641,475**	**437,357**	**95,078,832**
Corporate and other unallocated assets			**455,901**
Total assets			**95,534,733**
Segment liabilities	**57,902,919**	**100,787**	**58,003,706**
Corporate and other unallocated liabilities			**6,753,731**
Total liabilities			**64,757,437**

31 December 2019

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

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.

Net revenues from external customers

	2020			2019		
	Casino and Hospitality	**Others**	**Total**	Casino Hospitality	Others	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Macau	**11,237,658**	**–**	**11,237,658**	39,456,905	–	39,456,905
The Philippines	**1,748,156**	**–**	**1,748,156**	4,719,683	564	4,720,247
Cyprus	**397,090**	**–**	**397,090**	742,082	–	742,082
Hong Kong	**–**	**9,582**	**9,582**	–	64,040	64,040
Japan	**31,949**	**–**	**31,949**	4,494	–	4,494
Total	**13,414,853**	**9,582**	**13,424,435**	44,923,164	64,604	44,987,768

Non-current segment assets

	2020	2019
	HK$'000	*HK$'000*
Macau	**72,785,605**	73,014,941
The Philippines	**3,316,051**	4,896,226
Cyprus	**2,062,468**	1,346,537
Hong Kong	**839,767**	787,473
Japan	**363,211**	472,717
Total	**79,367,102**	80,517,894

Information about major customers

During the years ended 31 December 2020 and 2019, no individual customer contributed over 10% of the total net revenues of the Group.

4. NET REVENUES

For the year ended 31 December 2020

Segments	**Casino and Hospitality**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Casino revenue	**11,417,797**	**–**	**11,417,797**
Entertainment and resort facilities:			
Rooms	**842,625**	**–**	**842,625**
Catering service income	**578,282**	**2,986**	**581,268**
Entertainment, retail and other	**576,149**	**–**	**576,149**
Property rental income	**–**	**5,988**	**5,988**
Others	**–**	**608**	**608**
Sales to external customers (note 3)	**13,414,853**	**9,582**	**13,424,435**

For the year ended 31 December 2019

Segments	**Casino and Hospitality**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Casino revenue	38,989,486	–	38,989,486
Entertainment and resort facilities:			
Rooms	2,741,164	–	2,741,164
Catering service income	1,841,843	57,903	1,899,746
Entertainment, retail and other	1,350,671	–	1,350,671
Property rental income	–	5,200	5,200
Electronic gaming machines participation	–	564	564
Others	–	937	937
Sales to external customers (note 3)	44,923,164	64,604	44,987,768

For the year ended 31 December 2020, entertainment, retail and other include rental income of HK$291,684,000 (2019: HK$401,483,000).

For the year ended 31 December 2020, the revenue from contracts with customers was HK$13,126,763,000 (2019: HK$44,581,085,000).

5. OTHER OPERATING EXPENSES, GAINS AND LOSSES, NET

	2020	2019
	HK$'000	*HK$'000*
Allowances for credit losses, net	**1,058,708**	281,260
Repairs and maintenance	**579,158**	647,577
Utilities and fuel	**420,104**	589,344
Costs of inventories	**311,228**	866,898
Advertising and promotions	**281,426**	859,639
Other gaming operations expenses	**227,250**	652,929
Legal and professional fees	**217,769**	414,100
Transportation expenses	**158,917**	234,912
Impairment loss on goodwill	**107,485**	–
Payments to the Philippine Parties	**100,945**	449,850
Operating supplies	**63,599**	188,645
Impairment losses on property, plant and equipment	**63,189**	82,425
Rental and other expenses	**57,500**	94,829
Loss/(gain) on disposal of property, plant and equipment	**7,736**	(1,297)
Impairment losses on other assets	**–**	62,321
Gains on lease modifications	**(1,630)**	(45,359)
Gains on fair value change of investment properties	**(8,000)**	(38,000)
Bad debt recovery	**(11,117)**	(23,804)
Adjustment of lease liabilities	**(63,487)**	–
Others	**602,311**	1,147,039
	4,173,091	6,463,308

6. OTHER EXPENSES, NET

	2020	2019
	HK$'000	*HK$'000*
Loss on fair value changes of financial assets at fair value through profit or loss	**1,221,988**	335,381
Loss on disposal of investment in an associate (note)	**–**	7,593
Dividend income from financial assets at fair value through profit or loss	**(101,980)**	(116,604)
Service fees from the provision of consultancy services	**–**	(5,699)
Others	**(22,413)**	(27,523)
	1,097,595	193,148

Note:

On 20 May 2019, the Group disposed of all of its equity interest in Oriental Regent Limited ("Oriental Regent"), a former associate, and assigned its outstanding shareholder's loan to Oriental Regent to an independent third party for an aggregate consideration of HK$52,000,000, resulting in a loss on disposal of HK$7,593,000 recognized in profit or loss.

7. INCOME TAX EXPENSE

An analysis of the income tax expense for the year is as follows:

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
Macau Complementary Tax	**49,632**	8,841
Lump sum in lieu of Macau Complementary Tax on dividends	**18,350**	18,350
Hong Kong Profits Tax	**301**	500
Philippine Corporate Income Tax	**455**	–
Cyprus Corporate Income Tax	**–**	13,277
Other jurisdictions	**18,498**	14,648
Sub-total	**87,236**	55,616
Under/(over) provision in prior years:		
Macau Complementary Tax	**(4,214)**	298
Hong Kong Profits Tax	**21**	(23)
Philippine Corporate Income Tax	**(41)**	–
Cyprus Corporate Income Tax	**452**	–
Other jurisdictions	**3,730**	4,635
Sub-total	**(52)**	4,910
Deferred tax	**(54,326)**	5,367
Total	**32,858**	65,893

8. DIVIDENDS

Dividends recognized as distributions during the year:

	2020	2019
	HK$'000	*HK$'000*
2020 Interim – nil (2019: 2019 Interim of HK6.11 cents) per share	**–**	92,501
2019 Final – HK3.01 cents (2019: 2018 Final of HK2.35 cents) per share	**45,591**	35,577
	45,591	128,078

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 a final dividend for the year ended 31 December 2020 (2019: HK3.01 cents per share, totalling approximately HK$45,591,000).

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:

	2020	2019
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share ((loss)/profit for the year attributable to owners of the Company)	**(6,339,887)**	689,772
Effect of dilutive potential ordinary shares:		
Parent's proportionate adjustment in relation to participation interest in a subsidiary of the Company	**(10,565)**	–
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	**–**	(8,720)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share attributable to owners of the Company	**(6,350,452)**	681,052

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,512,181**	1,513,806
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	**–**	6,643
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,512,181**	1,520,449

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 a trust arrangement 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)/earnings as adjusted to reflect the dilution effect of the share options and awarded shares issued by the subsidiaries of the Company. For the year ended 31 December 2019, the Group had outstanding share options and awarded shares that would potentially dilute the earnings per share.

10. TRADE RECEIVABLES

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

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**827,455**	1,398,460
More than 1 month but within 3 months	**38,499**	226,623
More than 3 months but within 6 months	**30,331**	278,720
More than 6 months	**1,661,909**	926,054
	2,558,194	2,829,857
Allowances for credit losses	**(1,553,121)**	(583,613)
	1,005,073	2,246,244
Non-current portion	**–**	(30,200)
Current portion	**1,005,073**	2,216,044

11. OTHER FINANCIAL ASSETS

	Notes	2020	2019
		HK$'000	*HK$'000*
Current assets			
Financial assets at fair value through profit or loss	(a)	**–**	384,539
Non-current assets			
Financial assets at fair value through profit or loss	(b)	**130,929**	4,498,436

Notes:

(a) As at 31 December 2019, the amount represented investments in mutual funds that mainly invested in bonds and fixed interest securities which were considered as marketable equity securities. During the year ended 31 December 2020, the Group sold all mutual funds units amounting to HK$394,882,000 (2019: certain mutual funds units amounting to HK$389,352,000). For the year ended 31 December 2020, a decrease in fair value of HK$4,354,000 (2019: increase in fair value of HK$52,267,000) was recognized in "Other expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

(b) As at 31 December 2020 and 2019, the amount represents the investments in the marketable equity securities, which comprised investments in Crown Resorts Limited ("Crown") of nil (2019: HK$4,431,451,000) and EHang Holdings Limited ("EHang") of HK$130,929,000 (2019: HK$66,985,000).

Investment in Crown

On 30 May 2019, Melco Resorts executed a definitive purchase agreement, as amended on 28 August 2019 (collectively, the "Share Sale Agreement") pursuant to which Melco Resorts agreed to, through its subsidiary, acquire and an independent third party, CPH Crown Holdings Pty Limited ("CPH"), agreed to sell, an aggregate of 135,350,000 shares of Crown, an Australian-listed corporation, representing approximately 19.99% of the issued shares of Crown, in two equal tranches at Australian dollars ("AUD") 13.00 per share and as to which the first tranche of the acquisition of approximately 9.99% issued shares of Crown was completed on 6 June 2019 and, accordingly, the Group recognized HK$4,832,282,000 as financial assets at fair value through profit or loss on 6 June 2019.

On 6 February 2020, Melco Resorts agreed with CPH to terminate the obligation to purchase a second tranche of approximately 9.99% issued shares of Crown as contemplated under the Share Sale Agreement at no consideration.

Pursuant to a board resolution passed on 12 March 2020, 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 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 year ended 31 December 2020, a decrease in fair value of HK$1,281,578,000 (2019: HK$376,353,000) was recognized in "Other expenses, net" in the consolidated statement of profit or loss and other comprehensive income.

Investment in EHang

On 12 December 2019, the Company acquired 800,000 ADSs (1,600,000 Class A ordinary shares) at the offer price of US$12.50 per ADS in the initial public offering of EHang, a company with its ADSs listed on the Nasdaq Global Market. The 1,600,000 Class A ordinary shares held by the Company represented approximately 1.46% of the total issued ordinary shares (including both Class A and Class B ordinary shares) of EHang on 12 December 2019. The Group recognized the investment as a financial asset at fair value through profit or loss of HK$78,280,000 on 12 December 2019. For the year ended 31 December 2020, an increase in fair value of HK$63,944,000 (2019: decrease in fair value of HK$11,295,000) was recognized in "Other expenses, net" in the consolidated statement of profit or loss and other comprehensive income. Subsequent to the year ended 31 December 2020, the Company sold all the ADSs of E-Hang as disclosed in note 17 of this announcement.

12. TRADE PAYABLES

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

	2020	2019
	HK$'000	*HK$'000*
Within 1 month	**46,363**	154,728
More than 1 month but within 3 months	**12,992**	13,898
More than 3 months but within 6 months	**4,911**	3,351
More than 6 months	**9,309**	–
	73,575	171,977

13. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2020	2019
	HK$'000	*HK$'000*
Current liabilities		
Advance customer deposits and ticket sales	**2,139,878**	1,993,084
Outstanding gaming chips and tokens liabilities	**1,609,730**	3,686,769
Accrued employee benefits expenses	**770,686**	1,330,459
Interest payable	**753,633**	395,866
Accrued operating expenses and other liabilities	**682,603**	1,022,433
Gaming tax and license fee payables	**676,980**	1,696,236
Construction cost payable	**443,456**	222,630
Payable for acquisition of property, plant and equipment	**378,099**	538,195
Loyalty program liabilities	**226,189**	308,375
Dividends payable	**66,929**	1,221
Amounts due to related companies	**440**	3,740
	7,748,623	11,199,008
Non-current liabilities		
Other liabilities	**187,302**	86,353
Accrued employee benefits expenses	**38,513**	61,804
Deposits received	**32,221**	25,480
	258,036	173,637

14. INTEREST-BEARING BORROWINGS

	Notes	2020 HK$'000	2019 HK$'000
Unsecured notes	a	**42,016,516**	27,881,900
Secured bank loans	b	**6,680,645**	6,826,258
Secured notes	c	**–**	6,620,659
Unsecured bank loans	d	**1,937,500**	–
		50,634,661	41,328,817
Non-current portion		**(46,356,559)**	(40,907,850)
Current portion		**4,278,102**	420,967
Analyzed into borrowings repayable:			
Within one year or on demand		**4,303,099**	442,756
In the second year		**4,342,556**	7,070,603
In the third to fifth years, inclusive		**16,280,836**	10,651,968
After five years		**25,971,808**	23,367,033
		50,898,299	41,532,360
Less: deferred financing costs and original issue premiums		**(263,638)**	(203,543)
		50,634,661	41,328,817

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

	2020 HK$'000	2019 HK$'000
Fixed-rate borrowings	**42,016,516**	34,502,559
Variable-rate borrowings	**8,618,145**	6,826,258
	50,634,661	41,328,817

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

	2020	2019
	HK$'000	*HK$'000*
US$	**48,695,161**	41,304,400
HK$	**1,939,500**	24,417
	50,634,661	41,328,817

During the year ended 31 December 2020, the Group obtained new interest-bearing borrowings of HK$20,982,599,000 (2019: HK$25,232,502,000) and repaid interest-bearing borrowings of HK$11,399,573,000 (2019: HK$22,400,500,000).

Notes:

(a) The unsecured notes bear interest rates ranging from 4.875% to 7.25% per annum and are repayable at maturities from 2024 to 2029. The unsecured notes are denominated in US$.

On 11 February 2019, the Group issued US$600,000,000 (equivalent to HK$4,709,687,000) in an aggregate principal amount of 7.25% senior notes due 2024 (the "2024 Senior Notes"). The net proceeds were used to redeem the remaining outstanding senior notes due 2020 in an aggregate principal amount of US$425,000,000 (equivalent to HK$3,336,131,000) with accrued interest in 2019.

On 26 April 2019, the Group issued US$500,000,000 (equivalent to HK$3,922,000,000) in an aggregate principal amount of 5.25% senior notes due 2026 (the "2026 Senior Notes"). On 8 May 2019, the Group used the net proceeds of the 2026 Senior Notes and cash on hand to partially repay an outstanding revolving credit facility under the 2015 Credit Facilities (as described in note b) in aggregate principal amount of HK$3,983,000,000, together with accrued interest and associated costs.

On 17 July 2019, the Group issued US$600,000,000 (equivalent to HK$4,694,395,000) in an aggregate principal amount of 5.625% senior notes due 2027 (the "2027 Senior Notes"). On 24 July 2019, the Group used the net proceeds of the 2027 Senior Notes and cash on hand to partially repay an outstanding revolving credit facility under the 2015 Credit Facilities in aggregate principal amount of HK$4,638,000,000, together with accrued interest and associated costs.

On 4 December 2019, the Group issued US$900,000,000 (equivalent to HK$7,010,110,000) in an aggregate principal amount of 5.375% senior notes due 2029 (the "2029 Senior Notes"). On 10 December 2019 and 12 December 2019, the Group used the net proceeds of the 2029 Senior Notes and cash on hand to fully repay an outstanding revolving credit facility in aggregate principal amount of HK$4,232,500,000 and partially prepay an outstanding term loan facility in aggregate principal amount of HK$2,750,000,000, respectively, both under the 2015 Credit Facilities together with accrued interest and associated costs.

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 (the "2025 Senior Notes") and US$500,000,000 (equivalent to HK$3,875,368,000) in aggregate principal amount of 6.50% senior notes due 2028 (the "2028 Senior Notes"). On 14 August 2020, the Group used a portion of the net proceeds to redeem in full the 2021 Senior Notes (as described in note c), 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 2028 Senior 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 (as defined in note d) 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 and priced at 101% in addition to the Original 2028 Senior Notes (the "Additional 2028 Senior Notes"). The Additional 2028 Senior Notes were consolidated and formed a single series with the Original 2028 Senior Notes with the net proceeds to be used for general corporate purposes.

The indenture governing the unsecured notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of the issuer of the unsecured notes to, among other things, effect a consolidation or merger or sell assets. The indenture governing the unsecured notes also contains conditions and events of default customary for such financings.

(b) The secured bank loans bear interest at Hong Kong Interbank Offered Rate ("HIBOR") or London Interbank Offered Rate ("LIBOR") plus applicable margins ranging from 1.00% to 4.00% per annum. The secured bank loans are denominated in HK$ or US$ and are repayable in instalments or at maturity within the period from 2021 to 2022. Certain of the secured bank loans consisted of term loan facilities and revolving credit facilities. The secured bank loans are guaranteed by certain subsidiaries of the Group.

In 2019, the Group drew down HK$4,317,501,000 from revolving credit facilities under a senior secured credit facilities agreement (the "2015 Credit Facilities"), of which HK$3,925,000,000 was used to partly fund the acquisition of the first tranche of shares of Crown on 6 June 2019 as disclosed in note 11(b).

On 19 March 2020, the Group drew down HK$1,950,000,000 from revolving credit facilities under the 2015 Credit Facilities. On 7 May 2020, following the repayment of all outstanding loan amounts under the 2015 Credit Facilities together with accrued interest and associated costs (note d), other than HK$1,000,000 which remained outstanding under the term loan facility, 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. The Group recorded a net loss on modification or extinguishment of debts of HK$25,281,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

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 ("Melco Resorts Macau") as borrower, a subsidiary of the Group, which became effective on 7 May 2020, BOC Macau agreed, among other things, to relax the borrower's obligations under the 2015 Credit Facilities by way of a waiver of (i) to extend the maturity date of the 2015 Credit Facilities to 24 June 2022; (ii) the repayment term of the 2015 term loan facility; (iii) interest rate of the borrowings change to HIBOR plus a margin of 1% per annum; (iv) the requirement to comply with substantially all information undertakings, financial covenants, general undertakings and mandatory prepayment provisions, (v) the requirement to make substantially all of the representations, and (vi) 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 and 3 December 2020, the Group obtained consents from lenders of a senior secured term loan and revolving credit facilities agreement (the "2017 Credit Facilities") to amend the repayment schedule of the term loan by deferring instalments totaling US$70,000,000 (equivalent to approximately HK$542,695,000) from the years 2020 and 2021 to February 2022. The consent obtained on 3 December 2020 also permits the Group to withdraw no more than US$14,000,000 (equivalent to approximately HK$108,539,000) from the Debt Service Account as defined in the 2017 Credit Facilities until 3 Business Days prior to the date falling 54 months after the first utilization date as long as no Event of Default as defined in the 2017 Credit Facilities is outstanding at the time of withdrawal. The Group recorded a loss on modification of debts of HK$1,752,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. As at 31 December 2020, the outstanding principal amount, net of deferred financing costs of the 2017 Credit Facilities was HK$6,678,645,000.

On 28 December 2020, the Group used existing cash on hand to fully repay an outstanding secured bank loan in aggregate principal amount of HK$9,785,000.

Certain agreements governing the secured bank loans, as the case may be, contain covenants that, subject to certain exceptions and conditions, limit the ability of respective borrowing groups to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) issue or sell capital stock; (iv) transfer, lease or sell assets; (v) create or incur certain liens; (vi) impair the security interests in the collateral; (vii) enter into agreements that restrict the ability of the restricted subsidiaries of relevant borrowing groups to pay dividends, transfer assets or make intercompany loans; (viii) change the nature of the business of the relevant group; (ix) enter into transactions with shareholders or affiliates; and (x) effect a consolidation or merger. The agreements governing the secured bank loans also contain conditions and events of default customary for such financings. Certain secured bank loans also contain financial covenants including leverage ratios, gearing ratios, interest cover ratio and minimum net assets requirements.

(c) As at 31 December 2019, the Group had US$850,000,000 in aggregate principal amount of 7.25% secured senior notes due 2021 (the "2021 Senior Notes"). The 2021 Senior Notes were guaranteed by certain subsidiaries of the Group.

On 14 August 2020, the Group used a portion of the net proceeds from the 2025 Senior Notes and 2028 Senior Notes to redeem in full the 2021 Senior Notes (equivalent to HK$6,588,126,000), together with accrued interest and redemption premium. Accordingly, the Group recorded a loss on extinguishment of debt of HK$106,386,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

Certain indentures or agreements governing the secured notes, as the case may be, contain covenants that, subject to certain exceptions and conditions, limit the ability of respective borrowing groups to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) issue or sell capital stock; (iv) transfer, lease or sell assets; (v) create or incur certain liens; (vi) impair the security interests in the collateral; (vii) enter into agreements that restrict the ability of the restricted subsidiaries of relevant borrowing groups to pay dividends, transfer assets or make intercompany loans; (viii) change the nature of the business of the relevant group; (ix) enter into transactions with shareholders or affiliates; and (x) effect a consolidation or merger. The indentures or agreements governing the secured notes also contain conditions and events of default customary for such financings.

(d) On 29 April 2020, MCO Nominee One Limited ("MCO Nominee One"), a subsidiary of 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 maturity date of the 2020 Credit Facilities is 29 April 2025. Each loan made under the 2020 Credit Facilities is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent. MCO Nominee One is also subject to mandatory prepayment requirements in respect of various amounts as specified in the 2020 Credit Facilities. In the event of a change of control or if Melco Resorts Macau's subconcession contract or land concessions are terminated or otherwise expire on its terms, MCO Nominee One may be required, at the election of any lender under the 2020 Credit Facilities, to repay such lender in full.

The indebtedness under the 2020 Credit Facilities is guaranteed by Melco Resorts Macau and MCO Investments Limited ("MCO Investments"), a subsidiary of the Group. The 2020 Credit Facilities are unsecured.

The 2020 Credit Facilities contain certain covenants customary for such financings including, but not limited to, limitations on, except as permitted (i) incurring additional liens; (ii) incurring additional indebtedness (including guarantees); (iii) the disposal of certain key assets; and (iv) carrying on businesses which are not the permitted business activities of MCO Investments and its subsidiaries. The 2020 Credit Facilities also contain conditions and events of default customary for such financings and the financial covenants including a leverage ratio, total leverage ratio and interest cover ratio.

Borrowings under the 2020 Credit Facilities bear interest at HIBOR plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. MCO Nominee One may select an interest period for borrowings under the 2020 Credit Facilities ranging from one to six months or any other agreed period. MCO Nominee One is obligated to pay a commitment fee quarterly in arrears from 29 April 2020 on the undrawn amount of the 2020 Credit Facilities and recognized loan commitment fees of HK$46,673,000 during the year ended 31 December 2020.

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 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.

On 29 July 2020, the Group used a portion of the net proceeds of the Original 2028 Senior Notes to repay the principal amount outstanding for the revolving credit facility under the 2020 Credit Facilities.

On 23 September 2020, the Group drew down HK$1,937,500,000 from the revolving credit facility under the 2020 Credit Facilities.

On 26 November 2020, MCO Nominee One received confirmation that the majority of lenders of the 2020 Credit Facilities have consented and agreed to waive certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities, in each case in respect of the relevant periods ended or ending on the following applicable test dates: (a) 31 December 2020; (b) 31 March 2021; (c) 30 June 2021; (d) 30 September 2021; and (e) 31 December 2021. Such consent became effective on 2 December 2020.

As at 31 December 2020, the outstanding principal amount of the 2020 Credit Facilities was HK$1,937,500,000.

(e) As at 31 December 2020, an unsecured credit facility amounting to Philippine Peso ("PHP")2,350,000,000 (equivalent to HK$379,278,000) (2019: PHP2,350,000,000 (equivalent to HK$360,715,600)) was available for future drawdown, subject to satisfaction of certain conditions precedent. The availability period of this facility was extended from 31 May 2020 to 31 January 2021 during the year ended 31 December 2020, and was further extended to 1 May 2021 in January 2021, on substantially similar terms as before.

(f) As at 31 December 2020, the Group had a total available borrowing capacity of HK$13,704,092,000 (2019: HK$10,522,863,000), subject to satisfaction of certain conditions precedent. In January 2021, the Group refinanced certain existing borrowings and raised additional capital through the issuance of new senior notes as disclosed in note 17.

(g) Borrowings amounting to HK$6,680,645,000 (2019: HK$13,446,917,000) as at 31 December 2020 are 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.

15. 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 to as a result of his or her participation in the Schemes by his or her own cash.

During the year ended 31 December 2020, to enhance administration flexibility of the Board in the implementation of the Schemes, the Company revised 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 was approved by the Board on 31 March 2020 and further approved by the shareholders of the Company for 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 with all other terms unchanged (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 shares of the Company on the Modification Date were the same, and no incremental share-based compensation expenses resulted.

As at 31 December 2020, the accrued liability associated with the cash-settled awarded shares was HK$16,246,000 (2019: nil). Remeasurement loss of the liability associated with the cash-settled awarded shares of HK$87,000 was recognized for the year ended 31 December 2020.

16. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES

Melco Resorts

For the year ended 31 December 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 31 December 2020. The Group recognized an increase of HK$38,542,000 in the Group’s special reserve and a decrease of HK$389,473,000 in non-controlling interests.

SCIHL

During July and August 2020, SCIHL announced and completed a series of private offers of its 72,185,488 Class A ordinary shares and 14,087,299 ADSs, representing 56,349,196 Class A ordinary shares, to certain existing shareholders and holders of its ADSs, including the Group, with gross proceeds amounting 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.

As a result of the above transactions and aforesaid change in the Group’s ownership interest in Melco Resorts, the Group’s ownership interest in SCIHL increased from 30.84% on 1 January 2020 to 31.24% on 31 December 2020. The Group recognized an increase of HK$3,514,000 in the Group’s special reserve and an increase of HK$1,687,176,000 in non-controlling interests.

17. SUBSEQUENT EVENTS

(a) On 4 January 2021, Studio City Finance Limited ("Studio City Finance"), a subsidiary of the Group, initiated a conditional tender offer (the "Conditional Tender Offer") to purchase for cash any and all of the outstanding 2024 Senior Notes with accrued interest. The Conditional Tender Offer was conditional upon, among other things, Studio City Finance raising sufficient funding from the completion of one or more financing transactions, together with cash on hand, to fund the purchase of validly tendered notes. The Conditional Tender Offer expired on 11 January 2021 with US$347,056,000 (equivalent to HK$2,690,899,000) aggregate principal amount of the 2024 Senior Notes tendered.

(b) On 14 January 2021, Studio City Finance issued US$750,000,000 (equivalent to HK$5,815,126,000) in aggregate principal amount of 5.00% senior notes due 2029 at an issue price of 100% of the principal amount (the "Studio City 2029 Senior Notes"). The net proceeds from the offering of the Studio City 2029 Senior Notes were used to fund the Conditional Tender Offer and, on 17 February 2021, redeem the 2024 Senior Notes in aggregate principal amount of US$252,944,000 (equivalent to HK$1,961,202,000) which remained outstanding following the completion of the Conditional Tender Offer, together with accrued interest. The remaining proceeds will be used to partially fund the capital expenditures of the remaining development project of Studio City and for general corporate purposes. All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries as defined in the Studio City 2029 Senior Notes are guarantors to guarantee the indebtedness under the Studio City 2029 Senior Notes.

(c) On 21 January 2021, Melco Resorts Finance Limited, a subsidiary of the Group, issued an additional US$250,000,000 (equivalent to HK$1,938,375,000) in aggregate principal amount of the 2029 Senior Notes at an issue price of 103.25% of the principal amount (the "Additional 2029 Senior Notes"). The net proceeds from the offering of the Additional 2029 Senior Notes were used to repay the outstanding principal amount drawn under the 2020 Credit Facilities of HK$1,937,500,000, together with accrued interest and associated costs. The Additional 2029 Senior Notes are consolidated and form a single series with the 2029 Senior Notes.

(d) On 15 March 2021, Studio City Company Limited, a subsidiary of the Group, amended the terms of a senior secured credit facilities agreement, including the extension of the maturity date for a term loan facility of HK$1,000,000 and a revolving credit facility of HK$233,000,000 from 30 November 2021 to 15 January 2028 (the "Extended Maturity Date"). The term loan facility shall be repaid at the Extended Maturity Date with no interim amortization payments. The revolving credit facility is available up to the date that is one month prior to the Extended Maturity Date. Changes have also been made to the covenants in order to align them with those of certain other financings at Studio City Finance, including amending the threshold sizes and measurement dates of the covenants.

(e) As a result of the disruptions caused by the COVID-19 pandemic, on 22 March 2021, Melco Resorts Leisure (PHP) Corporation ("Melco Resorts Leisure"), a subsidiary of the Group, and Belle entered into a supplemental agreement to a lease agreement to make certain adjustments to the rental payments paid and payable by Melco Resorts Leisure for 2020 and 2021. Accordingly, Melco Resorts Leisure is entitled to rent concession of approximately PHP2,060,000,000 (equivalent to HK$332,587,000) for 2020 and a maximum rent concession of approximately PHP1,670,000,000 (equivalent to HK$269,037,000) for 2021 which will be recognized in 2021 and over the remaining terms of the lease until July 2033 in accordance with the applicable accounting standards. Additionally, on the same date, Melco Resorts Leisure and PLAI entered into a supplemental agreement to an operating agreement where the monthly payments paid or payable by Melco Resorts Leisure from 2019 to 2022 have been adjusted.

(f) In February 2021, a subsidiary of ICR Cyprus entered into a land sale agreement and an electricity transmission substation construction work agreement (collectively the "EAC Agreements") with Electricity Authority Cyprus ("EAC"). Pursuant to the EAC Agreements, the subsidiary will sell and EAC will purchase a parcel of freehold land (the "Land") for a consideration of EUR850,000 (equivalent to HK$8,104,000) and the subsidiary is engaged by EAC to be a project manager in the design and construction of a transmission substation building situated on the Land for a consideration of EUR2,576,000 (equivalent to HK$24,559,000).

(g) Pursuant to a board resolution passed on 27 January 2021, the Company sold all the ADSs of EHang on the open market with aggregate consideration of US$71,983,000 (equivalent to HK$558,106,000) after the year ended 31 December 2020. A fair value gain of approximately HK$427,177,000 was recognized.

(h) On 26 March 2021, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") was signed by President Duterte of the Philippines as Republic Act (RA) No. 11534 which was published in the Official Gazette of the Philippines on 27 March 2021 and is set to take effect 15 days after such publication in the Official Gazette. As of 31 March 2021, the implementing rules and regulations have not been finalized. Management determined that this is a non-adjusting event for 2020 financial reporting purposes. Management identified that the main change of CREATE is the reduction of minimum corporate income tax in the Philippines from 2% to 1% starting 1 July 2020 until 30 June 2023 and the corporate income tax rate in the Philippines from 30% to 25% starting 1 July 2020. Management believes that these changes in the tax rates will not have a significant impact to the consolidated financial statements of the Group as at 31 December 2020 as Melco Resorts Leisure which operates City of Dreams Manila is in a net loss and taxable loss position as at 31 December 2020.

CHAIRMAN & CEO'S STATEMENT

Dear Shareholders,

The outbreak of COVID-19 in late 2019, which continued throughout the full 2020 year, has impacted society on an unprecedented scale. With social distancing measures, lockdowns and travel restrictions imposed by governments around the world, it was inevitable that the travel and tourism industry would be severely impacted by the pandemic.

In Macau, through the government's prompt action in containing the virus, the issuance of Individual Visit Scheme visa was able to resume nationwide in September 2020, which, in turn, opened the way for the return of visitors to the enclave. With the loosening of travel restrictions, our mass table games operations experienced a gradual yet progressive recovery towards the latter half of the year. This was substantiated by the positive Property EBITDA for the Macau operations, as well as our global operations as a whole in the fourth quarter of 2020. The encouraging metrics extended to City of Dreams Manila, which also delivered positive Property EBITDA despite its gaming and hospitality operations running on a limited basis.

Based on recent developments, we hold a positive view particularly towards Macau's recovery, and expect a faster rebound and growth in the local market driven by greater visitor arrivals from Mainland China, catalyzed by quarantine-free travel and the establishment of travel bubbles with neighboring jurisdictions. Our portfolio of luxury integrated resorts, which cater for the premium mass and premium direct segments, will be ready and able to meet the pent-up demand. While buoyed by the prospect of a business upswing, we will not grow complacent, especially in protecting the health of our employees, patrons and the community at large, and will take all and any measure deemed necessary in ensuring their wellbeing.

This assiduousness is part of our corporate culture and underpins all our pursuits, particularly with respect to financial and business management. In the wake of the pandemic, this has taken the form of cost reduction programs to minimize cash outflows, and rationalization efforts to control capital expenditures. Furthermore, we have issued senior notes and completed private placements to reinforce our balance sheet as well as enhance our ability to fund development projects that are integral to our long-term growth.

While COVID-19 has brought unprecedented challenges, we will not bow to its headwinds. We remain steadfast in realizing our asset enhancement goals, as evidenced by Studio City Phase 2, our next major project in Macau. Construction is ongoing, and upon completion, the Phase 2 expansion will offer approximately 900 luxury rooms and suites, thus augmenting Studio City's hotel room inventory by approximately 60 percent. In addition, new gaming spaces and non-gaming attractions will ensure wide demographic reach.

Our competitiveness is set to be further enhanced with the upgrade of City of Dreams, including the fully renovated Nüwa which recently reopened at the end of March this year. Still other developments in the pipeline, including the renovation and rebranding of The Countdown, are expected to further reinforce our leading position in the Macau leisure and entertainment sector.

The enthusiasm we hold for the future is not restricted to our traditional stronghold. The development of City of Dreams Mediterranean in Cyprus continues to progress and is set to become the largest integrated resort in Europe once fully completed. To achieve such distinction, it will offer visitors over 500 luxury hotel rooms, approximately 10,000 square metres of MICE space, a striking outdoor amphitheater, a fun-filled family adventure park, and an impressive array of fine-dining and luxury retail options.

For those who long for excitement and desire a unique destination in Asia offering the best of both the East and West, we are committed to tapping the Japan market with this objective in mind. With Japan's tremendous potential, it continues to be our goal to bring an exceptional integrated resort with a uniquely Japanese touch to this new frontier.

Looking ahead, it is difficult to predict how and when the pandemic will pass. Nonetheless, we remain confident that with the rollout of vaccines around the world, the worst is behind us. As for Macau, we are confident that the enclave will achieve a sooner rather than later turnaround, as it remains the most attractive integrated resort market in the world. In respect of the Group, we trust that with the strengthening of our financial position through recent capital market transactions, we can overcome whatever adversities which may transpire in the near term, while concurrently investing for the future.

At this time, I would like to extend my sincere gratitude to the Board, shareholders, business partners and our colleagues for their generous support. Having faced one of the most perilous periods of our times, we will soldier on as we remain committed to making the Group the preeminent developer, owner and operator of integrated resort facilities.

With best wishes,

Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

The year 2020 posed unprecedented challenges to the Group as the COVID-19 pandemic wreaked havoc nearly everywhere and it continues to plague the tourism industry across Asia and the rest of the world.

During the year, our operations were impacted by significant travel bans, restrictions, and quarantine requirements imposed by governments in Macau, Hong Kong, and various China provinces on visitors traveling to and from Macau. Despite these challenges, our integrated resorts in Macau posted moderate business recoveries in the fourth quarter of 2020, benefitting from the nationwide resumption of the issuance of Individual Visit Scheme visas in September 2020.

Our casino gaming operations in the Philippines were closed due to the Enhanced Community Quarantine across the entire island of Luzon, including Metro Manila, which began on 16 March 2020. Except for a short period in August 2020 when Metro Manila was placed under Modified Enhanced Community Quarantine, City of Dreams Manila's casino has been open since 19 June 2020, allowing a limited capacity of guests while strictly adhering to the new guidelines on social distancing, hygiene and sanitation procedures imposed by the Philippine government. However, City of Dreams Manila was temporarily closed beginning on 29 March 2021 as the Enhanced Community Quarantine over Metro Manila and adjacent provinces was re-imposed from 29 March 2021 to 4 April 2021 to stem the recent surge of COVID-19 cases. It will remain closed for the duration of the Enhanced Community Quarantine period.

In Cyprus, all gaming operations of Cyprus Casinos ("C2") were suspended from 16 March to 13 June 2020, in full compliance with the Cypriot government's measures to curb the spread of COVID-19. The Group further suspended the gaming operations of C2 between 12 November and 30 November 2020 in Limassol and Paphos in line with a regional lockdown. All C2 casinos were closed during December 2020 and remain closed as part of the government's nationwide measures, aimed at preventing the spread of COVID-19.

Despite the global pandemic, our long-term philosophies and values remain steadfast. We continue to be focused on building and improving our assets for the future. In Macau, construction on the expansion of the Studio City complex is progressing, and our facility upgrade work on City of Dreams is also ongoing. In Europe, City of Dreams Mediterranean, set to become the continent's largest integrated resort, is advancing well towards completion, and is scheduled to open in the summer of 2022, subject to fulfilling all conditions under the Cyprus License and obtaining all requisite regulatory approvals.

While we continue to see improvements in our business volumes, ensuring the safety and well-being of our colleagues, customers and the communities in which we operate remains our highest priority. We continue to support the government's anti-epidemic measures as we remain fully dedicated to providing the most memorable luxury hospitality experiences to all guests.

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 31 December 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 operator 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, Melco Resorts holds a 75% equity interest in ICR Cyprus and is currently developing the City of Dreams Mediterranean integrated resort project. It is operating a temporary casino in Limassol, the first authorised casino in Cyprus, and is 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.

Due to the weaker performance of all gaming segments and non-gaming operations amid the COVID-19 pandemic which resulted in temporary casino closures and a significant decline in inbound tourism in 2020, net revenues for 2020 were HK$13.42 billion and the loss after tax for the year amounted to HK$12.38 billion.

City of Dreams

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property that targets high-end customers and rolling chip players from regional markets across Asia. Excluding gaming tables and gaming machines that were not operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, the property operated an average of 496 gaming tables and 487 gaming machines in 2020.

As part of the Group's unrelenting efforts to create world-leading hospitality and entertainment in Macau to attract new and quality tourism to the city, facility upgrade work at City of Dreams is ongoing, with the fully renovated Nüwa recently reopening at the end of March this year. The Countdown will be closed for renovations as part of its rebranding.

The property's signature spectacle, The House of Dancing Water, has been temporarily suspended since late June 2020 to be re-imagined by its legendary creative director, Franco Dragone. The new show will 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 operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, the property operated an average of 282 gaming tables and 586 gaming machines in 2020. A VIP rolling chip area has been built at Studio City with up to 45 VIP tables authorized for VIP rolling chip operations as of 31 December 2020. Such VIP rolling chip operations are operated by Melco Resorts, through Melco Resorts Macau. In December 2020, SCIHL announced that Melco Resorts Macau would continue VIP rolling chip operations at Studio City until 31 December 2021, subject to early termination with 30 days' prior notice.

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, Studio City 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 for 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. By delivering impeccable services customised for each guest, both Altira Macau and Altira Spa have attained the highest Forbes Travel Guide ("FTG") Five-Star recognition for the 12th consecutive year in 2021. Excluding gaming tables and gaming machines that were not operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, Altira Macau operated an average of 97 gaming tables, and 110 gaming machines (operated as a Mocha Club at Altira Macau) in 2020.

Mocha Clubs

Mocha Clubs comprises the largest non-casino based operator 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 operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, Mocha Clubs operated eight clubs with an average total of 870 gaming machines (including 110 gaming machines at Altira Macau) in 2020.

City of Dreams Manila

Beyond Macau, City of Dreams Manila, which is strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asian market and continues to set the benchmark for the Group's robust capacity to execute its international vision. This dynamic property boasts of ultimate entertainment, hotel, retail, dining, and lifestyle experiences with an extensive gaming space, including VIP and mass-market gaming facilities. Excluding gaming tables and gaming machines that were not operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, the property operated an average of 302 gaming tables and 2,262 gaming machines in 2020.

City of Dreams Mediterranean and Cyprus Casinos

ICR Cyprus, a joint venture company held 75% by Melco Resorts, is developing the City of Dreams Mediterranean integrated resort project in Cyprus. ICR Cyprus holds a 30-year casino-gaming licence that commenced from June 2017, of which the first 15 years are exclusive.

Construction work at City of Dreams Mediterranean, the first integrated resort in Cyprus, was suspended temporarily from March 2020 due to the COVID-19 outbreak, but it resumed from May 2020. Upon completion, it is expected to become Europe's largest premier integrated resort and will help enhance the aspiration of Cyprus 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 will provide over 100 tables and over 1,000 state-of-the-art slot machines. The property will also offer more than 500 luxury hotel rooms, large recreation and wellness facilities, a variety of fine-dining outlets and luxury retail luxury retail outlets, an outdoor amphitheatre, a family adventure park, and approximately 10,000 square metres of MICE facilities along with an Expo Centre.

Ahead of the opening of City of Dreams Mediterranean, the temporary casino C2 Limassol opened its doors in June 2018. 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 operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, C2 operated an average of 28 gaming tables and 336 gaming machines in 2020.

OUTLOOK

The COVID-19 pandemic has wreaked havoc across the world and created unprecedented challenges for the hospitality industry. Travel restrictions and quarantine requirements in Macau and across the world have led to a dramatic reduction in the number of visitors to all of the Group's integrated resorts. In 2020, Macau suffered the first year-on-year decline in visitor arrivals since 2015 as the city's full-year annual visitor arrival tally fell below 6 million.

Being severely impacted by a dramatic decline in tourism, temporary closure of casinos since COVID-19's outbreak at the start of 2020 and ensuing travel restrictions, gross gaming revenues in Macau plunged by 79.3% year-on-year last year. For the first two months of 2021 combined, Macau's gross gaming revenues were down 39.2% year-on-year.

As COVID-19 continues to exact a heavy toll on economies around the world, any recovery from such disruptions will depend on an array of future events, including the successful production, distribution and wide acceptance of safe and effective vaccines, the development of effective treatments for COVID-19, including those for new virus strains, the duration of travel and visa restrictions as well as customer sentiment and behaviour, including the length of time before customers resume travels and participate in entertainment and leisure activities at high-density venues and the impact of potential higher unemployment, declines in income levels and erosion of personal wealth from COVID-19 on consumer behaviour relating to discretionary spending and travel, which can all be highly uncertain.

Nonetheless, we remain optimistic on the recovery of Macau and expect increased visitation in the near-term. In February 2021, all quarantine restrictions were lifted for those traveling from mainland China to Macau. More notably, there are no quarantine restrictions for those mainland Chinese citizens who are returning from Macau. Also, the rollout of COVID-19 vaccines in Macau and many other countries after possible easing of travel restrictions are also expected to soon facilitate the tourism industry's recovery.

While impacted by COVID-19, we remain committed to our global development program. Construction of the Studio City Phase 2 development and the City of Dreams Mediterranean project are progressing well. Japan remains a focus of the Group, and we are committed to bringing to the country a world-leading integrated resort. Though the process has been delayed and remains complex due to COVID-19, momentum has returned as jurisdictions are again initiating RFP processes. We will continue to stay patient as we evaluate the landscape to ensure that the Group pursues the right opportunity to leverage its core strengths to drive strong value creation.

Looking ahead, with the Group's portfolio of world-class integrated resorts and the unwavering support from the Board, shareholders, employees and partners, we are confident in bolstering our pioneering and innovative role in providing premium travel, leisure and entertainment. We will continue to reassure guests and employees around the world that their safety and security remain our highest priority while we expect to soon emerge from this pandemic.

ACHIEVEMENTS AND AWARDS

Melco International consistently employs and adheres to the highest corporate governance and corporate social responsibility standards, as both elements are integral to our commitment to strengthening the Group's position and stature as a leading global leisure and entertainment integrated resorts operator. Our efforts have continued to be widely acknowledged in 2020.

Corporate Governance

In recognition of our outstanding 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. Ho, Lawrence Yau Lung, was conferred with the "Outstanding Individual Award" at the Industry Community Awards. He was named "Asia's Best CEO" for the ninth time at the Asian Excellence Awards by Corporate Governance Asia, and honoured as one of the recipients of the "Asian Corporate Director Recognition Awards" by Corporate Governance Asia magazine for nine consecutive years since 2012.

The Group was cited and distinguished for having the "Best Investor Relations by a Hong Kong Company" at the Asian Excellence Awards for the ninth time in 2020. We were also awarded the "Corporate Governance Asia Annual Recognition Award – Icon on Corporate Governance" by Corporate Governance Asia magazine for 15 consecutive years in 2021. These awards further substantiate our determination to adopt the best corporate governance practices throughout our business operations, and they also reflect the Group's unwavering commitment to ensuring accountability, fairness and transparency in its relationships with all stakeholders.

We place our colleagues at the centre of our corporate strategy, and a strong emphasis is placed on their careers and personal growth. Consequently, HR Asia magazine selected Melco Resorts as one of the "Best Companies to Work for in Asia". Melco Resorts also garnered the Gold Award for "Excellence in Internship Recruitment/Development" at the HR Distinction Awards 2020, and the Bronze Award for "Best In-house Recruitment Team" at the Asia Recruitment Awards 2020. These awards highlighted acknowledgment of the Group's market insights, top-notch services and achievements of its recruitment team.

Business Operations

The Group constantly strives to curate the most unique journeys in the hospitality industry by integrating breakthrough ideas and innovative offerings to transform guest experiences. Such dedication and commitment have 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" at the TTG China Travel Awards 2020.

The Group was honoured by 2021 FTG with a collective total of 97 stars, including 17 Five-Star awards, leading among Macau and Asia's integrated resort operators. Our entire integrated resort portfolio, including City of Dreams, Studio City, Altira Macau and City of Dreams Manila have received the top tier recognitions. Notably, Altira Macau celebrates its 12th consecutive year as FTG Five-Star award recipient across both Hotel and Spa categories.

The Group is home to a collection of impeccable award-winning restaurants. Four signature restaurants across our properties have been honoured by Michelin Guide Hong Kong Macau 2021 with a collective total of seven Michelin-stars. Our Chinese fine dining restaurant Jade Dragon was awarded the prestigious three Michelin-stars for the third consecutive year in 2021, while Pearl Dragon and Ying were honoured with one Michelin-star each. Furthermore, paying homage to the great traditions and savoir-faire of French gastronomy, Alain Ducasse at Morpheus was awarded two Michelin-stars for the third consecutive year. Pearl Dragon was also selected as a Regional Winner in the "Chinese Cuisine" category at the 2020 World Luxury Restaurant Award.

While we are dedicated to providing the best-in-class hospitality experience, safeguarding the wellbeing of our guests and colleagues has always been our top priority. Morpheus and Nüwa at City of Dreams, Star Tower at Studio City, Altira Macau and Nüwa at City of Dreams Manila were among the first in the world to achieve the Sharecare Health Security VERIFIED® with FTG certification, a comprehensive facility verification for compliance with expert-validated best practices on health and safety protocols.

Corporate Social Responsibility

The Group has remained steadfast in its commitment to being a responsible partner to its employees and local communities.

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 the "Simple Acts of Kindness" program. Thousands of colleagues took part in a multitude of volunteering events during work hours to support our community partners, SMEs and groups such as the elderly, single families, long-term patients, children and more.

The Group deployed nearly 8,000 colleague participants to volunteer in the community during work hours and reached out to over 1,600 organizations through over 600 activities, with up to 17 activities and up to 150 volunteers deployed each day, supporting non-governmental organizations, SMEs and other aforementioned local groups in need.

In partnership with the 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 provide beneficiaries access to a broad range of donated goods, which are either new or almost brand new, from the Group and its colleagues, representing their collective efforts to contribute to the community. The Group and its colleagues have donated over 72,000 items to continuously replenish the inventory of the stores.

We have long been committed to the development and advancement of local SMEs for Macau's sustainable growth. Throughout the pandemic, we did not back down on this commitment, and instead leaned in and worked to strengthen relationships with our suppliers across our value chain. For instance, the Group offered innovative additional revenue opportunities to local SMEs to sell direct to our colleagues through roadshows in the employee areas of City of Dreams, Studio City and Altira Macau.

In recognition of our commitment in caring for the community, employees and the environment over the past year, Melco International was awarded the "15 Years Plus Caring Company Logo" in 2021. Melco Resorts was named winner of the 2020 Industry Community Awards's "Community Award – Asia", which recognizes our proactive and innovative corporate social responsibility initiatives, especially in our efforts to support the local community through the "Simple Acts of Kindness" program. It was also selected as "Asia's Best CSR" by Corporate Governance Asia Magazine, underscoring our efforts in the area of corporate social responsibility.

Environmental Sustainability

Our "Above & Beyond" programme is a sustainability strategy which aims to further elevate the Group's commitment to being a force for good across all of our resorts globally. We remain fully committed to our sustainability goals, including becoming carbon neutral and achieving zero waste by 2030. Such goals have become an integral part of our business strategy as well as part of the daily operations of our entire workforce.

Our efforts and commitment to sustainability and positive social impact have earned accolades from the industry. Reflecting acknowledgement of the high priority that the Group places on the sustainability of its operations, the title "Best Environmental Responsibility" has been bestowed for eight consecutive years to Melco Resorts at the Asian Excellence Awards.

In recognition of our energy conservation efforts as part of its corporate vision of promoting sustainability, the Group has been honoured with four accolades at the Macau Energy Saving Activity 2020. Studio City and City of Dreams were awarded 1st Runner-up and Excellence Award, respectively, at the Hotel Group B category, and Studio City and Altira Macau were recipients of the "Continuous Energy Saving Award (Hotel Group)".

Studio City Phase 2 has been named winner of the 'Regional Award, Asia' at the BREEAM Awards 2021. The accolade recognizes the project's targeted sustainability strategy, as well as its contribution towards achieving the Group's carbon neutral and zero waste goals. In addition, the Group currently holds BREEAM "Excellent" ratings for the design stage for both Studio City Phase 2 in Macau and City of Dreams Mediterranean in Cyprus, highlighting our commitment to incorporating the very highest sustainability standards into the project designs.

In 2020, Melco Resorts was named "Best First Time Performer" and received an A-score by CDP, the global non-profit environmental organization, crediting our efforts in environmental protection, as well as the dedication and commitment to mitigating climate risks.

All of these accolades serve as an acknowledgment by the industry and the community of our steadfast commitment to excellence in all aspects of our business that span from corporate governance and operational performance, up to our relentless pursuit of customer-centric experiences. Upholding the highest level of excellence across all facets of the Group and maintaining a market-leading position well into the future remains our top priority.

FINANCIAL REVIEW

Results

HK$' million	**2020**	2019	YoY%
Net revenues	**13,424.4**	44,987.8	–70.2%
Adjusted EBITDA	**(1,198.2)**	12,497.7	N/A
(Loss)/profit attributable to owners of the Company	**(6,339.9)**	689.8	N/A
Basic (loss)/earnings per share attributable to owners of the Company (HK$)	**(4.19)**	0.46	N/A

Financial Position

HK$' million	**2020**	2019	YoY%
Total assets	**95,534.7**	100,361.6	–4.8%
Total liabilities	**64,757.4**	58,693.9	10.3%
Equity attributable to owners of the Company	**10,764.2**	16,950.3	–36.5%
Net assets value per share attributable to owners of the Company (HK$)	**7.1**	11.2	–36.6%
Gearing ratio (%)	**53.0%**	41.2%	N/A

Net Revenues

Net revenues of the Group decreased by 70.2% from HK$44.99 billion for the year ended 31 December 2019 to HK$13.42 billion for the year ended 31 December 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.

HK$' million	**2020**	2019	YoY%
Casino revenue	**11,417.8**	38,989.5	–70.7%
Entertainment and resort facilities:			
Rooms	**842.6**	2,741.2	–69.3%
Catering service income	**581.3**	1,899.7	–69.4%
Entertainment, retail and other	**576.1**	1,350.7	–57.3%
Property rental income	**6.0**	5.2	15.2%
Electronic gaming machines participation	**–**	0.6	–100.0%
Others	**0.6**	0.9	–35.1%
	13,424.4	44,987.8	–70.2%

Adjusted EBITDA [1]

The Group generated negative Adjusted EBITDA of HK$1.20 billion for the year ended 31 December 2020, compared to Adjusted EBITDA of HK$12.50 billion for the year ended 31 December 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$6,339.9 million for the year ended 31 December 2020, compared to profit attributable to owners of the Company of HK$689.8 million for the year ended 31 December 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$4.19 per share for the year ended 31 December 2020, compared to basic earnings per share attributable to owners of the Company of HK$0.46 per share for the year ended 31 December 2019.

Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 31 December 2020, contributed the most majority of the financial results of the Group.

The performance of Melco Resorts during the year is described below.

According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, it recorded total operating revenues of US$1.73 billion for the year ended 31 December 2020, versus US$5.74 billion for the year ended 31 December 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 COVID-19 pandemic, which resulted in temporary casino closures and a significant decline in inbound tourism in 2020.

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(1) *Adjusted EBITDA is the profit/loss for the year 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 announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.*

Operating loss for 2020 was US$940.6 million, compared with operating income of US$747.7 million for 2019.

Melco Resorts generated negative Adjusted Property EBITDA[2] of US$0.10 billion for the year ended 31 December 2020, compared with Adjusted Property EBITDA of US$1.69 billion in 2019.

Net loss attributable to the financial performance of Melco Resorts for 2020 was US$1.26 billion, compared with a net income attributable to the financial performance of Melco Resorts of US$373.2 million for 2019.

City of Dreams

For the year ended 31 December 2020, total operating revenues at City of Dreams were US$985.6 million, compared to US$3,050.5 million in 2019. City of Dreams generated negative Adjusted Property EBITDA of US$1.3 million in 2020, compared with Adjusted Property EBITDA of US$922.8 million in 2019.

Gaming Performance

US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**15,698.8**	58,285.0	–73.1%
Win rate	**4.21%**	2.93%	N/A
Mass Market			
Table drop	**1,441.4**	5,509.2	–73.8%
Hold percentage	**32.1%**	32.3%	N/A
Gaming Machine			
Handle	**1,170.9**	4,419.5	–73.5%
Win rate	**3.4%**	3.8%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams in 2020 was US$125.9 million, compared with US$404.2 million in 2019.

(2) 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 announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Altira Macau

For the year ended 31 December 2020, total operating revenues at Altira Macau were US$108.9 million, compared to US$465.1 million in 2019. Altira Macau generated negative Adjusted Property EBITDA of US$58.8 million in 2020, compared with Adjusted Property EBITDA of US$51.5 million in 2019.

Gaming Performance

US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**3,035.1**	17,577.6	–82.7%
Win rate	**4.11%**	3.45%	N/A
Mass Market			
Table drop	**143.1**	611.0	–76.6%
Hold percentage	**23.2%**	21.7%	N/A
Gaming Machine			
Handle	**181.6**	304.6	–40.4%
Win rate	**3.2%**	4.2%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau in 2020 was US$10.3 million, compared with US$27.5 million in 2019.

Mocha Clubs

Total operating revenues from Mocha Clubs were US$65.3 million in 2020, compared to US$117.5 million in 2019. Mocha Clubs generated Adjusted Property EBITDA of US$3.6 million in 2020, compared with Adjusted Property EBITDA of US$23.3 million in 2019.

US$'million	**2020**	2019	YoY%
Gaming Machine			
Handle	**1,460.9**	2,510.7	–41.8%
Win rate	**4.5%**	4.7%	N/A

Studio City

For the year ended 31 December 2020, total operating revenues at Studio City were US$266.5 million, compared to US$1,355.3 million in 2019. Studio City generated negative Adjusted Property EBITDA of US$79.0 million in 2020, compared with Adjusted Property EBITDA of US$415.1 million in 2019.

Gaming Performance *US$'million*	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**2,206.7**	10,994.6	–79.9%
Win rate	**2.28%**	3.08%	N/A
Mass Market			
Table drop	**728.3**	3,488.7	–79.1%
Hold percentage	**26.6%**	29.1%	N/A
Gaming Machine			
Handle	**735.7**	2,598.2	–71.7%
Win rate	**2.8%**	3.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City in 2020 was US$59.9 million, compared with US$189.3 million in 2019.

City of Dreams Manila

For the year ended 31 December 2020, total operating revenues at City of Dreams Manila were US$224.7 million, compared to US$602.5 million in 2019. City of Dreams Manila generated Adjusted Property EBITDA of US$29.0 million in 2020, compared with Adjusted Property EBITDA of US$247.1 million in 2019.

Gaming Performance *US$'million*	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**2,107.9**	8,641.0	–75.6%
Win rate	**3.34%**	2.94%	N/A
Mass Market			
Table drop	**327.7**	795.4	–58.8%
Hold percentage	**33.1%**	31.0%	N/A
Gaming Machine			
Handle	**1,709.7**	3,936.4	–56.6%
Win rate	**4.7%**	5.4%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila in 2020 was US$50.1 million, compared with US$126.0 million 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 ("Cyprus Casinos"), of which three satellite casinos are planned to reopen after the current government restrictions are lifted. Upon the completion and opening of City of Dreams Mediterranean, Melco Resorts will continue to operate the satellite casinos while operation of the temporary casino will cease.

For the year ended 31 December 2020, total operating revenues at Cyprus Casinos were US$51.0 million, compared to US$94.7 million in 2019. Cyprus Casinos generated Adjusted Property EBITDA of US$2.3 million in 2020, compared with Adjusted Property EBITDA of US$29.8 million in 2019.

Gaming Performance *US$'million*	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**0.3**	61.9	–99.5%
Win rate	**–28.07%**	6.68%	N/A
Mass Market			
Table drop	**62.8**	143.7	–56.3%
Hold percentage	**19.6%**	20.8%	N/A
Gaming Machine			
Handle	**764.2**	1,176.1	–35.0%
Win rate	**5.1%**	5.2%	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 and financial management. As at 31 December 2020, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK$13,860.8 million (2019: HK$11,213.1 million).

As at 31 December 2020, the Group had available borrowing capacity of HK$13.70 billion (2019: HK$10.52 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) was from shareholders outside the Group.

Major changes in our indebtedness during the year ended and subsequent to 31 December 2020 are summarized below.

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

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

On 6 May 2020, the Group drew down HK$2.73 billion of its 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 aggregated 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.

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 2028 Senior 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 2028 Senior Notes (the "Additional 2028 Senior Notes"). The Additional 2028 Senior Notes were consolidated and formed a single series with the Original 2028 Senior Notes and the net proceeds will be used for general corporate purposes.

On 23 September 2020, the Group drew down HK$1.94 billion from the revolving credit facility under the 2020 Credit Facilities. On 26 November 2020, MCO Nominee One Limited received confirmation that the majority of lenders of the 2020 Credit Facilities have consented and agreed to waive the following financial condition covenants contained in the facility agreement under the Facility Agreement: (i) meet or exceed the interest cover ratio (ratio of consolidated EBITDA to consolidated net finance charges as such terms are defined in the Facility Agreement) of 2.50 to 1.00; (ii) not exceed the senior leverage ratio (ratio of consolidated total debt to consolidated EBITDA as such terms are defined in the Facility Agreement) of 3.50 to 1.00; and (iii) not exceed the total leverage ratio (ratio of consolidated total debt to consolidated EBITDA as such terms are defined in the Facility Agreement) of 4.50 to 1.00, in each case in respect of the relevant periods ended or ending on the following applicable test dates: (a) 31 December 2020; (b) 31 March 2021; (c) 30 June 2021; (d) 30 September 2021; and (e) 31 December 2021. Such consent became effective on 2 December 2020.

On 8 May 2020 and 3 December 2020, the Group obtained consents from lenders of a senior secured term loan and revolving credit facilities agreement (the "2017 Credit Facilities") to amend the repayment schedule of the term loan by deferring instalments totaling US$70.0 million (equivalent to approximately HK$542.7 million) from the years 2020 and 2021 to February 2022. The consent obtained on 3 December 2020 also permits the Group to withdraw no more than US$14.0 million (equivalent to approximately HK$108.5 million) from the Debt Service Account as defined in the 2017 Credit Facilities until 3 Business Days prior to the date falling 54 months after the first utilization date, so long as no Event of Default as defined in the 2017 Credit Facilities is outstanding at the time of withdrawal.

On 28 December 2020, the Group used existing cash on hand to fully repay an outstanding secured bank loan in aggregate principal amount of HK$9.8 million.

On 14 January 2021, the Group issued US$750.0 million (equivalent to approximately HK$5.82 billion) in aggregate principal amount of 5.00% senior notes due 2029 (the "Studio City 2029 Senior Notes"). Net proceeds from the issuance of the Studio City 2029 Senior Notes were used to fund the conditional cash tender offer announced by the Group on 4 January 2021 for any and all of its outstanding 7.25% senior notes due 2024 (the "2024 Senior Notes") and fully redeem the 2024 Senior Notes which remained outstanding following the completion of such conditional cash tender offer. The remaining balance will be used to partially fund the capital expenditures and for general corporate purposes.

On 21 January 2021, the Group issued an additional US$250.0 million (equivalent to approximately HK$1.94 billion) in aggregate principal amount of its 5.375% senior notes due 2029 (the "Additional 2029 Senior Notes"). Net proceeds from the issuance of the Additional 2029 Senior Notes were used for repayment of the principal amount drawn under the 2020 Credit Facilities, together with accrued interest and associated costs. The remaining balance will be used for general corporate purposes.

On 15 March 2021, the Group amended the terms of a senior secured credit facilities agreement, including the extension of the maturity date for a term loan facility of HK$1.0 million and a revolving credit facility of HK$233.0 million from 30 November 2021 to 15 January 2028 (the "Extended Maturity Date"). The term loan facility shall be repaid at the Extended Maturity Date with no interim amortization payments. The revolving credit facility is available up to the date that is one month prior to the Extended Maturity Date. Changes have also been made to the covenants in order to align them with those of certain other financings, including amending the threshold sizes and measurement dates of the covenants.

The availability period of an unsecured credit facility amounted to Philippine Peso2.35 billion (equivalent to approximately HK$379.3 million) was extended from 31 May 2020 to 31 January 2021 during the year ended 31 December 2020, and was further extended to 1 May 2021 in January 2021, on substantially similar terms as before.

Gearing Ratio

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 53.0% as at 31 December 2020 (2019: 41.2%).

Pledges of assets

As at 31 December 2020, borrowings amounting to HK$6,680.6 million (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 31 December 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 the 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 its 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 the future should it be deemed appropriate.

HUMAN RESOURCES

Headcount and Employees' Information

The total number of the Group's employees was 19,769 as of 31 December 2020 (2019: 23,261). Among these employees, 281 are located in Hong Kong and the remaining 19,488 are located in the Philippines, Japan, Cyprus, Macau, Taiwan and the PRC. The related staff costs for the year ended 31 December 2020, including directors' emoluments and share-based compensation expenses amounted to HK$5,921.4 million (2019: HK$7,590.4 million).

Human Resources

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 start 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 employees' 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 contribute to its success.

Recruitment

Melco International recruits talented people with the necessary professional competencies, desirable personal qualities and commitments to the Group. The Group hires the right people to shape its future. It identifies and validates talent through different recruitment exercises and regularly reviews its recruitment policies and assessment criteria.

Performance and Rewards

Melco International seeks and appreciates high performance. Its reward principle is primarily performance based, and it rewards its people competitively and based on their job responsibilities, performances and contributions to the Group's development as well as their professional and managerial competencies.

Training and Development

Melco International provides training for employees to develop the skills required to satisfy business needs, which would improve performance, deliver value and enhance personal growth. The Group adopts a systematic approach in designing its training programmes with a special focus on individual and corporate needs. Training objectives and the desired outcomes are first established and the subsequent results from any training are continually reviewed.

FINAL 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 a final dividend for the year ended 31 December 2020 (2019: HK3.01 cents per share).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Friday, 4 June 2021. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 1 June 2021 to Friday, 4 June 2021 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 31 May 2021.

CORPORATE GOVERNANCE CODE

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2020, apart from the deviations mentioned below.

(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)") of the Company 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 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 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
g. Regulatory Compliance Committee

Terms of reference of the aforesaid committees have been posted on the Company's website at 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 of the Company (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 for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standards set out in the Code of Securities Dealings throughout the year of 2020, except for a non-compliance case in relation to Ms. Karuna Evelyne Shinsho ("Ms. Shinsho") as described below.

On 10 September 2020, 1,066 shares of the Company held by Ms. Shinsho were sold (the "Transaction") without first obtaining clearance to deal from the Company's Securities Dealings Committee in accordance with the Code of Securities Dealings. Ms. Shinsho's failure to act in full compliance with the Code of Securities Dealings did not arise from Ms. Shinsho's own action but arose from a sale effected by her broker without first obtaining her prior approval. Upon Ms. Shinsho becoming aware of the Transaction on 15 March 2021, the Transaction was promptly disclosed to the Hong Kong Stock Exchange and the public on 17 March 2021. The Company has been informed by Ms. Shinsho that she has put in place necessary measures with her broker to ensure that no trade of the Company's securities will take place without her prior approval so as to prevent any similar incident occurring in the future.

AUDIT COMMITTEE

The Company has an Audit Committee, which was established for the purpose of reviewing and providing supervision over the Group's financial reporting processes and overseeing the Group's risk management and internal control systems.

The Audit Committee, made up of a Non-executive Director and two INEDs, met two times during the year. At the meetings, the Audit Committee reviewed the accounting principles and practices adopted by the Group, the interim and annual reports of the Group and discussed with the internal auditor, external auditor and management the auditing, risk management, internal control and financial reporting matters.

The Group's annual results for the year ended 31 December 2020 have been reviewed by the Audit Committee and audited by the independent auditor of the Group, Ernst & Young.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and, consequently, no assurance has been expressed by Ernst & Young on this results announcement.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except that 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.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE HONG KONG STOCK EXCHANGE

This announcement is published on the Company's website (www.melco-group.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk). The 2020 annual report will be available on the websites of the Company and the Hong Kong Stock Exchange and printed copies of the annual report will be sent to the shareholders of the Company who have elected to receive printed copies in due course in accordance with the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (President and Managing Director) and Mr. Chung Yuk Man, Clarence; one Non-executive Director, namely Mr. Ng Ching Wo; and three INEDs, namely Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.

By Order of the Board of
Melco International Development Limited
Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 31 March 2021