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## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code: 200)

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021 as set out below.

#### **FINANCIAL HIGHLIGHTS**

1. Net revenues were HK\$15.64 billion, which represented an increase of HK\$2.21 billion or 16.5%, compared to HK\$13.42 billion for the year ended 31 December 2020. The increase in net revenues was mainly attributable to improved performance in our casino and hospitality operations primarily as a result of the year-over-year increase in inbound tourism in Macau.
2. The Group generated Adjusted EBITDA of HK\$1.54 billion for the year ended 31 December 2021, compared to negative Adjusted EBITDA of HK\$1.20 billion for the year ended 31 December 2020.
3. Loss after tax was HK\$7.94 billion for the year ended 31 December 2021, compared to loss after tax of HK\$12.38 billion for the year ended 31 December 2020.
4. Basic loss per share attributable to owners of the Company was HK\$2.52 for the year ended 31 December 2021, compared to basic loss per share attributable to owners of the Company of HK\$4.19 for the year ended 31 December 2020.
5. Net asset value per share attributable to owners of the Company was HK\$4.5 as of 31 December 2021, compared to HK\$7.1 as of 31 December 2020.
6. The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NET REVENUES	4	<b>15,638,846</b>	13,424,435
<b>OPERATING COSTS AND EXPENSES</b>			
Gaming tax and license fees		<b>(6,554,174)</b>	(5,856,534)
Employee benefits expenses		<b>(5,562,700)</b>	(5,921,358)
Depreciation and amortization		<b>(5,437,161)</b>	(5,706,046)
Other operating expenses, gains and losses, net	5	<b>(3,359,860)</b>	(4,173,091)
Total operating costs and expenses, net		<b>(20,913,895)</b>	(21,657,029)
OPERATING LOSS		<b>(5,275,049)</b>	(8,232,594)
<b>NON-OPERATING INCOME/(EXPENSES)</b>			
Interest income		<b>51,858</b>	42,422
Interest expenses, net of amounts capitalized		<b>(2,926,666)</b>	(2,869,289)
Losses on modification or extinguishment of debts, net		<b>(102,856)</b>	(133,419)
Other financing costs		<b>(88,684)</b>	(62,319)
Foreign exchange (losses)/gains, net		<b>(10,275)</b>	7,724
Other income/(expenses), net	6	<b>455,273</b>	(1,097,595)
Share of profits and losses of a joint venture	14	<b>(1,789)</b>	–
Share of profits and losses of associates		<b>(1,791)</b>	–
Total non-operating expenses, net		<b>(2,624,930)</b>	(4,112,476)
LOSS BEFORE TAX		<b>(7,899,979)</b>	(12,345,070)
Income tax expense	7	<b>(43,282)</b>	(32,858)
LOSS FOR THE YEAR		<b>(7,943,261)</b>	(12,377,928)

	<i>Note</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences:			
Exchange differences on translation of foreign operations		<b>(541,086)</b>	61,372
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain arising from defined benefit obligations		<b>3,028</b>	885
<b>OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX</b>		<b>(538,058)</b>	62,257
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(8,481,319)</b>	(12,315,671)
Loss for the year attributable to:			
Owners of the Company		<b>(3,808,968)</b>	(6,339,887)
Non-controlling interests		<b>(4,134,293)</b>	(6,038,041)
		<b>(7,943,261)</b>	(12,377,928)
Total comprehensive loss for the year attributable to:			
Owners of the Company		<b>(4,064,742)</b>	(6,343,777)
Non-controlling interests		<b>(4,416,577)</b>	(5,971,894)
		<b>(8,481,319)</b>	(12,315,671)
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	9		
Basic		<b>HK\$(2.52)</b>	HK\$(4.19)
Diluted		<b>HK\$(2.52)</b>	HK\$(4.20)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 31 DECEMBER 2021*

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>46,988,366</b>	45,173,939
Right-of-use assets		<b>7,069,510</b>	7,297,089
Investment properties	10	–	356,000
Gaming license and subconcession		<b>546,877</b>	1,635,880
Goodwill		<b>5,299,451</b>	5,299,451
Trademarks		<b>16,992,458</b>	16,992,458
Other intangible assets		<b>374,740</b>	428,987
Investment in a joint venture	14	<b>181,674</b>	–
Investments in associates		<b>29,278</b>	–
Prepayments, deposits and other receivables		<b>1,394,832</b>	2,193,534
Other financial assets	12	<b>20,320</b>	130,929
Restricted cash		<b>50,693</b>	122,038
Deferred tax assets		<b>31,423</b>	49,430
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>78,979,622</b>	79,679,735
<b>CURRENT ASSETS</b>			
Inventories		<b>230,824</b>	289,094
Trade receivables	11	<b>425,098</b>	1,005,073
Prepayments, deposits and other receivables		<b>931,860</b>	697,882
Tax recoverable		<b>758</b>	92
Bank deposits with original maturities over three months		–	39,500
Restricted cash		<b>3,170</b>	2,060
Cash and bank balances		<b>13,452,432</b>	13,821,297
		<hr/>	<hr/>
		<b>15,044,142</b>	15,854,998
Assets classified as held for sale	13	<b>169,513</b>	–
		<hr/>	<hr/>
<b>Total current assets</b>		<b>15,213,655</b>	15,854,998

	<i>Notes</i>	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	15	<b>46,779</b>	73,575
Other payables, accruals and deposits received	16	<b>7,345,052</b>	7,748,623
Tax payable		<b>105,123</b>	123,599
Interest-bearing borrowings	17	<b>4,712,947</b>	4,278,102
Lease liabilities		<b>509,977</b>	831,172
		<b>12,719,878</b>	13,055,071
Liabilities directly associated with assets classified as held for sale	13	<b>11,674</b>	–
<b>Total current liabilities</b>		<b>12,731,552</b>	13,055,071
<b>NET CURRENT ASSETS</b>		<b>2,482,103</b>	2,799,927
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>81,461,725</b>	82,479,662
<b>NON-CURRENT LIABILITIES</b>			
Other payables, accruals and deposits received	16	<b>239,858</b>	258,036
Interest-bearing borrowings	17	<b>53,163,654</b>	46,356,559
Lease liabilities		<b>3,201,416</b>	2,683,688
Deferred tax liabilities		<b>2,388,789</b>	2,404,083
<b>Total non-current liabilities</b>		<b>58,993,717</b>	51,702,366
<b>Net assets</b>		<b>22,468,008</b>	30,777,296
<b>EQUITY</b>			
Share capital		<b>5,696,445</b>	5,692,080
Reserves		<b>1,166,222</b>	5,072,107
Equity attributable to owners of the Company		<b>6,862,667</b>	10,764,187
Non-controlling interests		<b>15,605,341</b>	20,013,109
<b>Total equity</b>		<b>22,468,008</b>	30,777,296

## 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”). ICR Group is currently operating a temporary casino in Limassol and is licensed to operate four satellite casinos (“Cyprus Operations”) 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 and business operation**

The disruptions to the Group's business caused by the coronavirus (COVID-19) outbreak continue to have a material effect on its financial condition and operations during 2021.

In Macau, the Group's operations have been impacted by periodic travel restrictions and quarantine requirements being imposed by the governments of Macau, Hong Kong and the People's Republic of China ("PRC") in response to various outbreaks and also due to the PRC's "dynamic zero" policy. The appearance of COVID-19 cases in Macau in early August 2021 and late September 2021 led to city-wide mandatory testing, mandatory closure of most entertainment and leisure venues (casinos and gaming areas excluded), and strict travel restrictions and requirements being implemented to enter and exit Macau. Since 19 October 2021, authorities have eased pandemic prevention measures such that travelers are no longer required to undergo a 14-day quarantine on arrival in Zhuhai, and the validity of nucleic acid tests to enter Zhuhai was extended from 24 hours to 7 days. The validity of nucleic acid tests to enter Macau and quarantine requirements upon entry to Macau vary from time to time and is currently set at 24 hours for entry from Zhuhai. Health-related precautionary measures remain in place and non-Macau resident individuals who are not residents of Taiwan, Hong Kong, or the PRC continue to be unable to enter Macau, except if they have been in Hong Kong or the PRC in the preceding 21 days and are eligible for an exemption application.

In the Philippines, City of Dreams Manila's operations have been impacted by the on-and-off travel restrictions and was operated at limited operational capacity under different levels of community quarantine measures in Metro Manila as imposed by the Philippine government in response to COVID-19 cases. During the period from 29 March 2021 to 30 April 2021 and from 6 August 2021 to 16 September 2021, City of Dreams Manila's operations were closed due to a resurgence in COVID-19 cases. On 16 October 2021, the Philippine government downgraded the community quarantine measure to Alert Level 3, allowing hotels to take vaccinated local guests on staycation packages, and was further downgraded to Alert Level 2 on 5 November 2021 allowing hotels to take leisure guests. The Philippine government re-opened the borders to fully vaccinated international tourists with a negative RT-PCR test taken within 48 hours of departure of their country of origin effective on 10 February 2022 and lowered COVID-19 restrictions to Alert Level 1 effective on 1 March 2022 which allows casinos to operate at 100% capacity, subject to certain guidelines.

In Cyprus, the Group's Cyprus Operations were closed during the period from 1 January 2021 to 16 May 2021 due to the Cyprus government mandated lockdown. The Cyprus Operations were resumed on 17 May 2021 at limited capacities after the Cyprus government relaxed COVID-19 restrictions. With a surge in COVID-19 cases, authorities stepped up COVID-19 restrictions from the end of December 2021 by reducing the capacity at certain venues and increasing restrictions for unvaccinated people, however, the casinos of the Cyprus Operations remained open during the period and such restrictions have been eased after 21 February 2022.

The COVID-19 outbreak has also impacted the construction schedules of the remaining development project at Studio City and the City of Dreams Mediterranean project in Cyprus. As announced by SCiHL in May 2021, the Macau government granted an extension of the development period under the Studio City land concession to 27 December 2022. The opening of City of Dreams Mediterranean is now expected to be in the second half of 2022.

The pace of recovery from COVID-19-related disruptions continues to depend on future events, including duration of travel and visa restrictions, the pace of vaccination progress, development of new medicines for COVID-19 as well as customer sentiment and consumer behavior related to discretionary spending and travel, all of which remain highly uncertain.

Also, there have been concerns over the recent military conflict between Russia and Ukraine which has led to sanctions and export controls imposed by the U.S., the European Union, the United Kingdom and other countries targeting Russia, its financial system and major financial institutions and certain Russian entities and persons. Such military conflict and the new and growing lists of sanctions and measures are extensive and rapidly changing, could be difficult to comply with and could also significantly increase the Group's business and compliance costs as well as having a negative impact on the Group's business and ability to accept certain customers from Russia, and may materially and adversely affect the Group's business in Cyprus.

The Group is currently unable to reasonably estimate the financial impact to its future results of operations, cash flows and financial condition from these disruptions.

As at 31 December 2021, the Group had total cash and bank balances of HK\$13,452,432,000 and available unused borrowing capacity of HK\$13,380,737,000, 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 debt and equity offerings.

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

Unrelated to the COVID-19 outbreak, in December 2021, Melco Resorts (Macau) Limited ("Melco Resorts Macau"), a subsidiary of the Group, ceased all gaming promoter arrangements in Macau. The Group is currently unable to reasonably estimate the financial impact to its future results of operations, cash flows and financial condition from this change in its operations.

**(c) Macau gaming subconcession contract**

On 8 September 2006, Melco Resorts Macau entered into a subconcession contract to operate its gaming business in Macau. Melco Resorts Macau's subconcession contract expires on 26 June 2022. Under current applicable Macau gaming law, a concession or subconcession may be extended or renewed by order of the Macau Chief Executive, one or more times, up to a maximum of five years.



Melco Resorts Macau and Studio City Entertainment Limited (“Studio City Entertainment”), a subsidiary of the Group, entered into a services and right to use agreement dated 11 May 2007, as amended on 15 June 2012, together with related agreements (the “Services and Right to Use Arrangements”) under which Melco Resorts Macau agreed to operate the gaming area at Studio City (“Studio City Casino”) since Studio City Entertainment does not hold a gaming license in Macau. Under such arrangements, Melco Resorts Macau deducts gaming taxes and the costs incurred in connection with its operations from Studio City Casino’s gross gaming revenues. Studio City Entertainment receives the residual amount and recognizes such residual amount as its revenue from provision of gaming related services. These arrangements remain effective until 26 June 2022, and will be extended if Melco Resorts Macau obtains a gaming concession, subconcession or other right to legally operate gaming in Macau beyond 26 June 2022 and if the Macau government permits such extension.

In January 2022, the Macau government put forth a proposed law amending the Macau gaming law which is under review and a revised proposed law amending the Macau gaming law is expected to be put forth by the Macau government for final approval by the Macau Legislative Assembly in April 2022.

The Macau government has publicly stated that the concessions and subconcessions contracts may be extended until 31 December 2022 to enable the conclusion of the proposed amendments to Macau gaming law and the completion of the tender process for new concessions. On 11 March 2022, Melco Resorts Macau filed an application with the Macau government for the extension of its subconcession contract until 31 December 2022 and, in connection with such application, will be required to pay an extension premium of up to Macau Pataca (“MOP”) 47,000,000 (equivalent to HK\$45,631,000) and provide a bank guarantee in favor of the Macau government for the payment of potential labor liabilities should Melco Resorts Macau not be granted a new concession (or have its subconcession further extended) after 31 December 2022. The extension of the subconcession contract is subject to the approval of the Macau government and execution of an addendum to the subconcession contract.

Under the indentures of the Group’s senior notes, holders of the senior notes can require the respective issuer to repurchase all or any part of the senior notes at par, plus any accrued and unpaid interest (the “Special Put Option”) (i) upon the occurrence of any event after which none of Melco Resorts Finance Limited, a subsidiary of the Group, or any of its subsidiaries has such licenses, concessions, subconcessions or other permits or authorizations as are necessary to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as such relevant issuers and its subsidiaries were entitled, permitted or authorized to as of the issue date of the respective senior notes or, in the case of Studio City Finance Limited (“Studio City Finance”) and Studio City Company Limited (“Studio City Company”), subsidiaries of the Group, in which Melco Resorts Macau’s subconcession or other permits or authorizations as are necessary for the operation of the Studio City Casino in substantially the same manner and scope as operations were conducted at the issue date of the respective senior notes issued by Studio City Finance and Studio City Company cease to be in full force and effect, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties or results of operations of the respective issuers and its subsidiaries, taken as a whole; or (ii) if the termination, rescission, revocation or modification of Melco Resorts Macau’s subconcession has had a material adverse effect on the financial condition, business, properties, or results of operations of the respective issuer and its subsidiaries.

In addition, in relation to the Group's various credit facilities, any termination, revocation, rescission or modification of Melco Resorts Macau's subconcession which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, would constitute a mandatory prepayment event, which would result in (i) the cancellation of available commitments; and (ii) subject to each lender's election, such electing lender's share of all outstanding amounts under such facilities becoming immediately due and payable.

The Group believes Melco Resorts Macau is in a position to satisfy the requirements related to the extension of its subconcession and the award of a new concession as they may be established by the Macau government and, the Services and Right to Use Arrangements will be extended, at least for the transition period of three years. Accordingly, the accompanying consolidated financial statements are prepared on a going concern basis.

## **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, 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. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. 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 2021 and 2020 that are included in this announcement of annual results of 2021 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 2020 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 2021 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

In addition, the Group has early adopted the Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021 on 1 January 2021 but did not apply the practical expedient. Accordingly, the adoption of the amendment did not have any material impact on the Group's consolidated financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

Except for the early adoption of Amendment to HKFRS 16 Covid-19-Related Rent Concessions beyond 30 June 2021, the Group has not early adopted any new or amended HKFRSs that have been issued but are not yet effective in the consolidated financial statements for the year ended 31 December 2021.

### 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 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 and PremiumLeisure and Amusement, Inc. (collectively referred to as the “Philippine Parties”), corporate expenses, other non-operating income and expenses, share of profits and losses of a joint venture and share of profits and losses of associates. 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 2021

	Casino and Hospitality <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment net revenues</b>			
Sales to external customers (note 4)	15,633,143	5,703	15,638,846
Intersegment sales	10,446	98	10,544
	<u>15,643,589</u>	<u>5,801</u>	15,649,390
Elimination of intersegment sales			<u>(10,544)</u>
Total net revenues			<u>15,638,846</u>
<b>Adjusted EBITDA</b>	<u>1,552,521</u>	<u>(8,035)</u>	1,544,486
Operating costs and expenses			
Depreciation and amortization			(5,437,161)
Share-based compensation expenses			(690,531)
Pre-opening costs			(31,903)
Development costs			(243,388)
Property charges and other			(177,671)
Payments to the Philippine Parties			(204,929)
Corporate expenses			<u>(33,952)</u>
Operating loss			<u>(5,275,049)</u>
Non-operating income/(expenses)			
Interest income			51,858
Interest expenses, net of amounts capitalized			(2,926,666)
Losses on modification or extinguishment of debts, net			(102,856)
Other financing costs			(88,684)
Foreign exchange losses, net			(10,275)
Other income, net			455,273
Share of profits and losses of a joint venture			(1,789)
Share of profits and losses of associates			<u>(1,791)</u>
Total non-operating expenses, net			<u>(2,624,930)</u>
Loss before tax			(7,899,979)
Income tax expense			<u>(43,282)</u>
<b>LOSS FOR THE YEAR</b>			<u><u>(7,943,261)</u></u>

**Year ended 31 December 2020**

	Casino and Hospitality <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment net revenues</b>			
Sales to external customers (note 4)	13,414,853	9,582	13,424,435
Intersegment sales	<u>11,789</u>	<u>–</u>	<u>11,789</u>
	<u>13,426,642</u>	<u>9,582</u>	<u>13,436,224</u>
Elimination of intersegment sales			<u>(11,789)</u>
Total net revenues			<u>13,424,435</u>
<b>Adjusted EBITDA</b>	<u>(1,172,802)</u>	<u>(25,388)</u>	<u>(1,198,190)</u>
Operating costs and expenses			
Depreciation and amortization			(5,706,046)
Share-based compensation expenses			(596,081)
Pre-opening costs			(10,193)
Development costs			(193,987)
Property charges and other			(378,134)
Payments to the Philippine Parties			(100,945)
Corporate expenses			<u>(49,018)</u>
Operating loss			<u>(8,232,594)</u>
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			<u>(1,097,595)</u>
Total non-operating expenses, net			<u>(4,112,476)</u>
Loss before tax			(12,345,070)
Income tax expense			<u>(32,858)</u>
<b>LOSS FOR THE YEAR</b>			<u><u>(12,377,928)</u></u>

**31 December 2021**

	<b>Casino and Hospitality HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment assets</b>	<b>93,240,148</b>	<b>698,917</b>	<b>93,939,065</b>
Corporate and other unallocated assets			<b>254,212</b>
Total assets			<b>94,193,277</b>
<b>Segment liabilities</b>	<b>64,969,743</b>	<b>57,642</b>	<b>65,027,385</b>
Corporate and other unallocated liabilities			<b>6,697,884</b>
Total liabilities			<b>71,725,269</b>

**31 December 2020**

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

## Year ended 31 December 2021

	<b>Casino and Hospitality</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditures	6,073,032	–	6,073,032
Investment in a joint venture	–	181,674	181,674
Investments in associates	–	29,278	29,278
Share of profits and losses of a joint venture	–	(1,789)	(1,789)
Share of profits and losses of associates	–	(1,791)	(1,791)
	<u>6,073,032</u>	<u>(1,791)</u>	<u>6,071,241</u>

## Year ended 31 December 2020

	<b>Casino and Hospitality</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital expenditures	3,367,547	–	3,367,547
	<u>3,367,547</u>	<u>–</u>	<u>3,367,547</u>

## Geographical information

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

## Net revenues from external customers

	2021			2020		
	<b>Casino and Hospitality</b>	<b>Others</b>	<b>Total</b>	<b>Casino and Hospitality</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Macau	13,107,623	–	13,107,623	11,237,658	–	11,237,658
The Philippines	2,086,762	–	2,086,762	1,748,156	–	1,748,156
Cyprus	409,593	–	409,593	397,090	–	397,090
Hong Kong	–	5,703	5,703	–	9,582	9,582
Japan	29,165	–	29,165	31,949	–	31,949
	<u>15,633,143</u>	<u>5,703</u>	<u>15,638,846</u>	<u>13,414,853</u>	<u>9,582</u>	<u>13,424,435</u>



## Non-current segment assets

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Macau	71,083,086	72,785,605
The Philippines	3,157,927	3,316,051
Cyprus	3,136,894	2,062,468
Hong Kong	1,245,711	839,767
The PRC	181,677	–
Japan	10,153	363,211
The U.S.	29,278	–
	<u>78,844,726</u>	<u>79,367,102</u>
Total	<u>78,844,726</u>	<u>79,367,102</u>

## Net revenues from major products and services

The Group's net revenues from major products and services are disclosed in note 4.

## Information about major customers

During the years ended 31 December 2021 and 2020, no individual customer contributed over 10% of the total net revenues of the Group.

## 4. NET REVENUES

*For the year ended 31 December 2021*

Segments	Casino and Hospitality <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Casino revenue	13,030,429	–	13,030,429
Entertainment and resort facilities:			
Rooms	1,224,589	–	1,224,589
Catering service income	759,277	–	759,277
Entertainment, retail and other	618,848	–	618,848
Property rental income	–	5,703	5,703
	<u>15,633,143</u>	<u>5,703</u>	<u>15,638,846</u>
Sales to external customers (note 3)	<u>15,633,143</u>	<u>5,703</u>	<u>15,638,846</u>

*For the year ended 31 December 2020*

<b>Segments</b>	<b>Casino and Hospitality</b> <i>HK\$'000</i>	<b>Others</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
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
	<hr/>	<hr/>	<hr/>
Sales to external customers (note 3)	13,414,853	9,582	13,424,435
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

For the year ended 31 December 2021, entertainment, retail and other include rental income of HK\$389,585,000 (2020: HK\$291,684,000).

For the year ended 31 December 2021, the revenue from contracts with customers was HK\$15,243,558,000 (2020: HK\$13,126,763,000).

**5. OTHER OPERATING EXPENSES, GAINS AND LOSSES, NET**

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Repairs and maintenance	573,727	579,158
Utilities and fuel	449,442	420,104
Costs of inventories	369,297	311,228
Advertising and promotions	323,188	281,426
Other gaming operations expenses	310,212	227,250
Legal and professional fees	266,499	217,769
Payments to the Philippine Parties	204,929	100,945
Transportation expenses	175,544	158,917
Insurance	147,625	152,518
Other taxes and licenses	111,312	56,045
Impairment loss on goodwill	–	107,485
Allowances for credit losses, net	95,727	1,058,708
Operating supplies	68,402	63,599
Rental and other expenses	43,939	57,500
Impairment losses on property, plant and equipment	28,376	63,189
Auditor's remuneration		
– Audit services to the Company	1,550	1,402
– Audit services to the subsidiaries	14,581	22,450
Loss on disposal of property, plant and equipment	6,278	7,736
Loss/(gain) on lease modifications	847	(1,630)
Gain on disposal of investment properties	(54,300)	–
Bad debt recovery	(39,521)	(11,117)
Adjustment of lease liabilities	(29,702)	(63,487)
Gain on fair value change of investment properties	–	(8,000)
Others	291,908	369,896
	<u>3,359,860</u>	<u>4,173,091</u>

**6. OTHER INCOME/(EXPENSES), NET**

	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain/(loss) on fair value changes of financial assets at fair value through profit or loss	428,057	(1,221,988)
Dividend income from financial assets at fair value through profit or loss	–	101,980
Others	27,216	22,413
	<u>455,273</u>	<u>(1,097,595)</u>

## 7. INCOME TAX EXPENSE

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Macau Complementary Tax	1,342	49,632
Lump sum in lieu of Macau Complementary Tax on dividends	18,350	18,350
Hong Kong Profits Tax	431	301
Philippine Corporate Income Tax	3	455
Philippine withholding tax on dividends	22,906	–
Cyprus Corporate Income Tax	1,463	–
Other jurisdictions	2,517	18,498
	<u>47,012</u>	<u>87,236</u>
Sub-total		
	<u>47,012</u>	<u>87,236</u>
(Over)/under provision in prior years:		
Macau Complementary Tax	(6,800)	(4,214)
Hong Kong Profits Tax	137	21
Philippine Corporate Income Tax	(1,120)	(41)
Cyprus Corporate Income Tax	–	452
Other jurisdictions	112	3,730
	<u>(7,671)</u>	<u>(52)</u>
Sub-total		
	<u>(7,671)</u>	<u>(52)</u>
Deferred tax	3,941	(54,326)
	<u>3,941</u>	<u>(54,326)</u>
Total	<u><u>43,282</u></u>	<u><u>32,858</u></u>

## 8. DIVIDENDS

Dividends recognized as distributions during the year:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
2020 Final – nil (2020: 2019 Final of HK3.01 cents) per share	–	45,591
	<u>–</u>	<u>45,591</u>

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2021.

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss</b>		
Loss for the purpose of basic loss per share (Loss for the year attributable to owners of the Company)	<b>(3,808,968)</b>	(6,339,887)
Effect of dilutive potential ordinary shares:		
Parent's proportionate adjustment in relation to participation interest in a subsidiary of the Company	—	(10,565)
Loss for the purpose of diluted loss per share attributable to owners of the Company	<b><u>(3,808,968)</u></b>	<b><u>(6,350,452)</u></b>
	<b>2021</b> <i>'000</i>	2020 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<b><u>1,511,925</u></b>	<b><u>1,512,181</u></b>

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

Diluted 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 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 2021, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the outstanding share options and unvested awarded shares had an anti-dilutive effect on the basic loss per share amounts presented.

## 10. INVESTMENT PROPERTIES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
At 1 January	356,000	348,000
Net increase in fair value recognized in profit or loss	–	8,000
Disposal	<u>(356,000)</u>	<u>–</u>
At 31 December	<u>–</u>	<u>356,000</u>
Gain on fair value change of investment properties included in other operating expenses, gains and losses, net ( <i>note 5</i> )	<u>–</u>	<u>8,000</u>

The investment properties were car parking spaces in Hong Kong held by a subsidiary.

For the year ended 31 December 2020 and up to the date of disposal as disclosed below, the car parking spaces were rented out under operating leases to earn rentals or for capital appreciation purposes, measured using the fair value model. All of the Group's investment properties had been pledged to secure the Group's interest-bearing borrowings (*note 17*).

In June 2021, the Group initiated a public tender process to invite tenderer bids to purchase the car parking spaces. The tender offer was closed on 15 July 2021 and the Group accepted an offer contained in the tenders at an aggregate purchase price of HK\$410,300,000 on 22 July 2021. The transaction was completed in September 2021 and the Group recognized a gain on disposal of investment properties of HK\$54,300,000 during the year ended 31 December 2021.

## 11. TRADE RECEIVABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	167,894	827,455
More than 1 month but within 3 months	208,513	38,499
More than 3 months but within 6 months	222,600	30,331
More than 6 months	<u>1,387,949</u>	<u>1,661,909</u>
	<b>1,986,956</b>	2,558,194
Allowances for credit losses	<u>(1,561,858)</u>	<u>(1,553,121)</u>
	<b>425,098</b>	1,005,073
Non-current portion	<u>–</u>	<u>–</u>
Current portion	<u><b>425,098</b></u>	<u>1,005,073</u>

## 12. OTHER FINANCIAL ASSETS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Financial assets at fair value through profit or loss	<u><b>20,320</b></u>	<u>130,929</u>

### Senior Unsecured Convertible Note (the “Convertible Note”)

As at 31 December 2021, the amount represented an investment in the Convertible Note issued by an independent private limited liability company (the “Issuer”) which was subscribed for at par by the Group on 26 April 2021 in the principal amount of US\$2,500,000 (equivalent to approximately HK\$19,440,000) (the “Investment”).

In accordance with the relevant purchase agreement, within six months of the occurrence of a specific fundraising exercise to be conducted by the Issuer, the Group has the right to (a) convert the Convertible Note into shares or other securities of the Issuer; or (b) require the Issuer to redeem the principal amount of the Convertible Note together with redemption interest at a rate of 6.0% per annum on the principal amount.

As at 31 December 2021, the fair value of the Investment was US\$2,606,000 (equivalent to approximately HK\$20,320,000). For the year ended 31 December 2021, an increase in fair value of the Investment of HK\$880,000 was recognized in “Other income/(expenses), net” in the consolidated statement of profit or loss and other comprehensive income.

### **EHang Holdings Limited (“EHang”)**

As at 31 December 2020, the amount represented the equity investment in EHang. During the year ended 31 December 2021, the Company sold all the ADSs of EHang on the open market for an aggregate consideration of US\$71,983,000 (equivalent to approximately HK\$558,106,000). For the year ended 31 December 2021, an increase in fair value of EHang of HK\$427,177,000 (2020: HK\$63,944,000) was recognized as a profit in “Other income/(expenses), net” in the consolidated statement of profit or loss and other comprehensive income.

### **13. ASSETS CLASSIFIED AS HELD FOR SALE**

In September 2021, the Group announced discontinuing its pursuit of a Yokohama integrated resort development in Japan. In December 2021, an external advisor was engaged to locate potential buyers and prepare marketing materials for the disposal of the Group’s assets in Japan, including the Kabushiki Kaisha Okushiga Kogen Resort and a parcel of freehold land together with the accompanying building structures in Hakone, Japan (collectively be referred to as the “Disposal Group”). As of 31 December 2021, the disposal was in progress and was anticipated to be completed within one year. After consideration of the relevant facts, the Group concluded the assets and liabilities of the Disposal Group met the criteria for classification as held for sale which is reported under the Casino and Hospitality segment.

The major classes of assets of the Disposal Group classified as held for sale as at 31 December 2021 were mainly comprised of:

	<b>2021</b> <b>HK\$’000</b>
Property, plant and equipment	<b>155,358</b>
Right-of-use assets	<b>4,924</b>
Cash and bank balances	<b>1,822</b>
Others	<b>7,409</b>
	<hr/>
	<b>169,513</b>
	<hr/> <hr/>

Liabilities directly associated with assets classified as held for sale of HK\$11,674,000 as at 31 December 2021 mainly represented trade and other payables, lease liabilities and other current liabilities. As at 31 December 2021, other comprehensive loss of HK\$6,804,000 relating to the Disposal Group has been recognized and accumulated in equity.

During the year ended 31 December 2021, an impairment loss of HK\$8,947,000 was recognized for a parcel of freehold land included in the Disposal Group due to a decrease in its market value as of 31 December 2021.



#### 14. INVESTMENT IN A JOINT VENTURE

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Cost of investment in a joint venture	180,150	–
Share of loss	(1,789)	–
Share of changes in exchange reserve	3,313	–
	<u>181,674</u>	<u>–</u>

Particulars of the Group's joint venture are as follows:

Name	Particulars of registered capital	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Zhongshan Melco Yachuang Real Estate Development Co., Ltd.* 中山新濠雅創房地產開發有限公司	Renminbi 1,000,000,000	The PRC	51%	50%	Refer to below	Property development

\* *for identification purposes only*

Notwithstanding that the above joint venture is held as to 51% by the Group, under a cooperation agreement and its supplemental agreements (collectively, the “Joint Venture Cooperation Agreement”), the Group is solely entitled to all profits or losses arising from its ownership and operation of a theme park to be developed therein. The other joint venture partner is solely entitled to all profits or losses arising out of its ownership and operation of the remaining portion of the property, except for residential units of 5,000 square meters in aggregate to be constructed on the remaining portion which will be allocated to the Group at nil cost upon completion of construction.

The Company has agreed to provide a guarantee in favor of the joint venture partner to support the Group's obligations under the Joint Venture Cooperation Agreement. Similarly, the joint venture partner, Agile Group Holdings Limited, has agreed to provide a guarantee in favor of the Group, to support the obligations of the joint venture partner under the Joint Venture Cooperation Agreement.

Further details of the Joint Venture Cooperation Agreement are disclosed in the public announcement of the Company dated 23 June 2021.

As at 31 December 2021, certain interest in the joint venture held by the Group was pledged to a third party to secure against the financing of the joint venture partner. Notwithstanding the above, pursuant to the Joint Venture Cooperation Agreement, the Group's interests in the joint venture will not be affected by the pledge.

## 15. TRADE PAYABLES

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 1 month	36,096	26,098
More than 1 month but within 3 months	8,206	30,520
More than 3 months but within 6 months	1,288	7,034
More than 6 months	1,189	9,923
	<u>46,779</u>	<u>73,575</u>

## 16. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Current liabilities</b>		
Advance customer deposits and ticket sales	2,415,338	2,139,878
Construction cost payable	1,001,198	443,456
Interest payable	829,123	753,633
Accrued operating expenses and other liabilities	793,492	683,043
Gaming tax and license fee payables	666,520	676,980
Accrued employee benefits expenses	599,990	770,686
Outstanding gaming chips	562,637	1,609,730
Payable for acquisition of property, plant and equipment	283,837	378,099
Loyalty program liabilities	189,891	226,189
Dividends payable	3,026	66,929
	<u>7,345,052</u>	<u>7,748,623</u>
<b>Non-current liabilities</b>		
Other liabilities	175,334	187,302
Accrued employee benefits expenses	39,146	38,513
Deposits received	25,378	32,221
	<u>239,858</u>	<u>258,036</u>

## 17. INTEREST-BEARING BORROWINGS

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unsecured notes	a	48,151,277	42,016,516
Secured bank loans	b	6,608,324	6,680,645
Unsecured bank loans	c	<u>3,117,000</u>	<u>1,937,500</u>
		<b>57,876,601</b>	50,634,661
Non-current portion		<u>(53,163,654)</u>	<u>(46,356,559)</u>
Current portion		<u><b>4,712,947</b></u>	<u>4,278,102</u>
Analyzed into borrowings repayable:			
Within one year or on demand		4,712,947	4,303,099
In the second year		429,228	4,342,556
In the third to fifth years, inclusive		20,318,490	16,280,836
After five years		<u>32,754,645</u>	<u>25,971,808</u>
		<b>58,215,310</b>	50,898,299
Less: deferred financing costs and original issue premiums		<u>(338,709)</u>	<u>(263,638)</u>
		<u><b>57,876,601</b></u>	<u>50,634,661</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Fixed-rate borrowings	48,151,277	42,016,516
Variable-rate borrowings	<u>9,725,324</u>	<u>8,618,145</u>
	<u><b>57,876,601</b></u>	<u>50,634,661</u>

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

	<b>2021</b>	2020
	<i>HK\$’000</i>	<i>HK\$’000</i>
US\$	<b>54,757,601</b>	48,695,161
HK\$	<b>3,119,000</b>	1,939,500
	<b><u>57,876,601</u></b>	<b><u>50,634,661</u></b>

During the year ended 31 December 2021, the Group obtained new interest-bearing borrowings of HK\$20,405,948,000 (2020: HK\$20,982,599,000) and repaid interest-bearing borrowings of HK\$13,305,487,000 (2020: HK\$11,399,573,000).

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

On 21 July 2020, the Group issued US\$500,000,000 (equivalent to approximately 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 c) 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 approximately HK\$2,712,758,000) in aggregate principal amount of 5.75% senior notes due 2028 and priced at 101% (the “Additional 2028 Senior Notes”) in addition to the Original 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.

On 14 January 2021, the Group issued US\$750,000,000 (equivalent to approximately 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 “First 2029 Senior Notes”). The net proceeds from the offering of the First 2029 Senior Notes were used to (i) fund the conditional cash tender offer announced by the Group on 4 January 2021 to purchase any and all of its outstanding US\$600,000,000 (equivalent to approximately HK\$4,652,101,000) 7.25% senior notes due 2024 (the “2024 Senior Notes”) plus accrued and unpaid interest, out of which US\$347,056,000 (equivalent to approximately HK\$2,690,899,000) aggregate principal amount of the 2024 Senior Notes were tendered; (ii) fully redeem the remaining 2024 Senior Notes following the completion of the conditional cash tender offer as mentioned above, in aggregate principal amount of US\$252,944,000 (equivalent to approximately HK\$1,961,202,000) plus accrued and unpaid interest on 17 February 2021; and (iii) with the remaining balance to partially fund capital expenditures of the remaining development project of Studio City and for general corporate purposes. As a result of the full redemption of the 2024 Senior Notes, the Group recorded a loss on extinguishment of debt of HK\$177,088,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

On 21 January 2021, the Group issued US\$250,000,000 (equivalent to approximately HK\$1,938,375,000) in aggregate principal amount of 5.375% senior notes due 2029 at an issue price of 103.25% of the principal amount (the “Additional 2029 Senior Notes”) in addition to the original US\$900,000,000 (equivalent to approximately HK\$6,977,501,000) 5.375% senior notes due 2029 issued in December 2019 (the “2029 Senior Notes”). The net proceeds from the offering of the Additional 2029 Senior Notes were used to repay the outstanding principal amount of HK\$1,937,500,000 drawn under a revolving credit facility of the 2020 Credit Facilities (as defined in note c), together with accrued interest and associated costs. The Additional 2029 Senior Notes were consolidated and form a single series with the 2029 Senior Notes. On 29 June 2021, the 2029 Senior Notes and the Additional 2029 Senior Notes, which were originally listed on the Official List of the Singapore Exchange Securities Trading Limited (the “SGX”), were also listed on the Chongwa (Macao) Financial Asset Exchange Co., Limited.

On 20 May 2021, the Group issued an additional US\$350,000,000 (equivalent to approximately HK\$2,716,695,000) in aggregate principal amount of the First 2029 Senior Notes at an issue price of 101.50% of the principal amount (the “Additional First 2029 Senior Notes”). The net proceeds from the offering of the Additional First 2029 Senior Notes were used to partially fund capital expenditures for the remaining development project of Studio City and for general corporate purposes. The Additional First 2029 Senior Notes were consolidated and form a single series with the First 2029 Senior Notes. Certain subsidiaries of the Group and other future restricted subsidiaries as defined in the First 2029 Senior Notes and the Additional First 2029 Senior Notes are guarantors to guarantee the indebtedness under the First 2029 Senior Notes and the Additional First 2029 Senior Notes. On 26 July 2021, the First 2029 Senior Notes and the Additional First 2029 Senior Notes, which were originally listed on the SGX, were also listed on the Chongwa (Macao) Financial Asset Exchange Co., Limited.

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. In the events that relate to a change of control or a termination of the gaming subconcession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the unsecured notes, each holder of the unsecured notes will have the right to require the Group to repurchase all or any part of such holder's unsecured notes at a fixed redemption price.

- (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 2022 to 2028. 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.

On 19 March 2020, the Group drew down HK\$1,950,000,000 from revolving credit facilities under a senior secured credit facilities agreement (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 funded by the 2020 Credit Facilities (as defined in note c), 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 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. In the event of a change of control, the Group may be required, at the election of any lender under the facilities agreements, to repay such lender in full. In addition, termination or rescission of Melco Resorts Macau's subconcession contract or land concessions would constitute an event of default. As with substantially all of the undertakings and covenants under the respective agreements, however, these provisions are subject to continuing waiver under the terms of the waiver letter.

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 2021, following the full prepayment in 2021 disclosed below, the outstanding principal amount, net of deferred financing costs of the 2017 Credit Facilities was nil (2020: HK\$6,678,645,000).

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\$1,000,000 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 of the Group, including amending the threshold sizes and measurement dates of the covenants. In the event of a change of control, the Group may be required, at the election of any lender under the senior secured credit facilities, to repay such lender in full (other than the principal amount of the term loan facility). In addition, modification, expiry or termination of the gaming subconcession of Melco Resorts Macau in circumstances that have a material adverse effect on the borrowing group under the facility agreement (as a whole) will allow lenders to elect for the mandatory prepayment of all outstanding loan amounts.

On 7 June 2021, the Group entered into a US\$1.0 billion 5-year secured credit facility agreement (the “2021 Credit Facilities”) to fully refinance the 2017 Credit Facilities. The 2021 Credit Facilities consist of a term loan facility of US\$688,000,000 (equivalent to approximately HK\$5,340,952,000) and a revolving credit facility of US\$312,000,000 (equivalent to approximately HK\$2,422,059,000).

On 15 June 2021, the Group drew down US\$688,000,000 (equivalent to approximately HK\$5,340,952,000) from the term loan facility and US\$177,000,000 (equivalent to approximately HK\$1,374,053,000) from the revolving credit facility under the 2021 Credit Facilities, together with cash on hand, to fully prepay the outstanding loan principal amount under the 2017 Credit Facilities of US\$865,000,000 (equivalent to approximately HK\$6,715,005,000) and the accrued interest and associated costs. As a result of such prepayment, the Group recorded a net gain on modification or extinguishment of debts of HK\$74,232,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

The borrowings under the 2021 Credit Facilities bear interest at LIBOR plus a margin of 2.35% per annum. The term loan facility under the 2021 Credit Facilities is repayable in instalments within the period from 2022 to 2026. The revolving credit facility under the 2021 Credit Facilities is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally being one month, or rolled over subject to compliance with certain covenants and satisfaction of conditions precedent.

The indebtedness under the 2021 Credit Facilities is guaranteed by the Company and Melco Leisure and Entertainment Group Limited, a subsidiary of the Group. As at 31 December 2021, the outstanding principal amount, net of deferred financing costs of the 2021 Credit Facilities was US\$847,129,000 (equivalent to approximately HK\$6,606,324,000).

In the event of a change of control, the Group may be required, at the election of any lender under the 2021 Credit Facilities, to repay such lender in full. In addition, the Group may be required to repay the loan in full if Melco Resorts Macau's subconcession contract is terminated or otherwise expires on its terms.

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) On 29 April 2020, the Group entered into a senior credit facilities agreement with a syndicate of banks (the "2020 Credit Facilities") for a HK\$14,850,000,000 revolving credit facility with a term of five years. The 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. The Group 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, the Group may be required, at the election of any lender under the 2020 Credit Facilities, to repay such lender in full. As at 31 December 2021, the outstanding principal amount of the 2020 Credit Facilities was HK\$3,117,000,000 (2020: HK\$1,937,500,000).

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 the borrowing group as defined in the facility agreement under the 2020 Credit Facilities. The Group may select an interest period for borrowings under the 2020 Credit Facilities ranging from one to six months or any other agreed period.

On 26 November 2020, the Group received confirmation that the majority of lenders of the 2020 Credit Facilities 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 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 5 November 2021, the Group further received confirmation that the majority of lenders of the 2020 Credit Facilities 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 March 2022; (b) 30 June 2022; (c) 30 September 2022; and (d) 31 December 2022. Such consent become effective on 9 November 2021.

- (d) As at 31 December 2021, an unsecured credit facility amounting to Philippine Peso (“PHP”) 2,350,000,000 (equivalent to approximately HK\$360,941,000) (2020: PHP2,350,000,000 (equivalent to approximately HK\$379,278,000)) was available for future drawdown, subject to satisfaction of certain conditions precedent. The availability period of this facility was extended from 31 January 2021 to 31 January 2022 during the year ended 31 December 2021, and was further extended to 1 May 2022 in January 2022, on substantially similar terms as before.
- (e) As at 31 December 2021, the Group had a total available and unutilized borrowing capacity of HK\$13,380,737,000 (2020: HK\$13,704,092,000), subject to satisfaction of certain conditions precedent.

- (f) Borrowings amounting to HK\$6,608,324,000 (2020: HK\$6,680,645,000) as at 31 December 2021 are secured by the following assets of the Group:
- (i) certain property, plant and equipment;
  - (ii) certain land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);
  - (iii) certain bank deposits;
  - (iv) receivables and other assets including certain inter-group loans; and
  - (v) issued shares of certain subsidiaries of the Group.
- (g) The Group's subconcession contract ends on 26 June 2022 if the term of the subconcession is not extended or the subconcession is not replaced by a new gaming concession.

At the end of the reporting period, the interest-bearing borrowings with maturities of more than 12 months from the reporting period end (the "Borrowings") were classified as non-current liabilities as there was no breach of covenants associated with the Borrowings at 31 December 2021 and as at the date of approval of these consolidated financial statements; and the Group believes that its subconcession will be extended beyond 26 June 2022, and be awarded of a new gaming concession after the extension period.

## **18. CHANGE IN OWNERSHIP INTERESTS OF MELCO RESORTS**

For the year ended 31 December 2021, Melco Resorts repurchased 5,372,045 ADSs (equivalent to 16,116,135 ordinary shares) (2020: 3,148,824 ADSs (equivalent to 9,446,472 ordinary shares)) from the open market for an aggregate consideration of approximately US\$52,026,000 (equivalent to approximately HK\$405,387,000) (2020: 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 and to 57.10% on 31 December 2021. The Group recognized a decrease of HK\$165,182,000 (2020: HK\$98,718,000) in the Group's special reserve and a decrease of HK\$240,205,000 (2020: HK\$252,213,000) in non-controlling interests.

## 19. LITIGATION

### *Car parking spaces litigation*

Aberdeen Restaurant Enterprises Limited (“AREL”), a subsidiary of the Group is a plaintiff in a defence and counterclaim filed with the High Court of Hong Kong.

In relation to a sale and purchase agreement dated 17 March 2017 (the “Agreement”) signed between AREL as seller and Gain Premium Holdings Limited (“Gain Premium”) as purchaser for certain car parking spaces in Aberdeen, Hong Kong (“Property”) for HK\$500,000,000 (the “Purchase Consideration”) (the “Sale Transaction”), AREL received a deposit of HK\$50,000,000 (the “Deposit”) from Gain Premium and the Sale Transaction was to complete on or before 31 May 2017 (the “Completion Date”).

The Sale Transaction did not complete by the Completion Date. On 11 September 2017, AREL (as a plaintiff) commenced action against Gain Premium (as a defendant) in the High Court of Hong Kong (the “Court”) to seek declarations that AREL has validly and effectively terminated the Agreement and is entitled to forfeit the Deposit and claims damages. On 23 October 2017, Gain Premium filed a defence and counterclaim seeking among other things, full refund of the Deposit and damages of up to HK\$160,000,000. AREL and Gain Premium have obtained expert evidence on the market value of the Property as at the Completion Date (the “Market Value”) that ranged from HK\$356,900,000 to HK\$660,000,000. If the Court considers the Market Value is equivalent to, or below, the Purchase Consideration, AREL will be entitled to damages from Gain Premium if AREL is successful in its claims, and will not be liable to Gain Premium for damages even in the event that Gain Premium is successful in its defence and counterclaim.

The proceedings are currently pending.

Based on legal advice, the Group is of the view that the chance that Gain Premium is successful in its defence and counterclaim is less than 50% and therefore no provision for counterclaim liability has been made by the Group in these consolidated financial statements.

### *ILGA litigation*

On 7 December 2021, the Independent Liquor and Gaming Authority in Australia (“ILGA”) commenced proceedings in the Supreme Court of New South Wales against Melco Resorts and six individual directors and/or officers of Melco Resorts, principally seeking a payment of Australian dollars 3,676,000 (equivalent to approximately HK\$20,781,000) together with (i) the corresponding interest on such amount from 3 August 2020 to the date of judgment, and (ii) ILGA’s legal costs in the proceedings by ILGA allegedly associated with its seeking in its assessment of whether a major change was proposed or occurred as a result of Melco Resorts’ acquisition of shares in Crown Resorts Limited in 2019. Based on the progress of such proceedings to date, the Group is currently unable to determine the range of reasonably possible losses, if any, and believes that the outcomes of such proceedings will have no material financial impact on the Group. No provision for disputed costs has been made in these consolidated financial statements.

### *General litigation*

As of 31 December 2021, the Group was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impact on the Group's consolidated financial statements as a whole.

## **20. SUBSEQUENT EVENTS**

- (a) On 16 February 2022, the Group issued US\$350,000,000 (equivalent to approximately HK\$2,733,499,000) in aggregate principal amount of 7.00% senior secured notes due 2027 at an issue price of 100% of the principal amount (the "2027 Senior Notes"). The net proceeds will be used to fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes. All of the existing subsidiaries of Studio City Investments Limited (other than Studio City Company) and any other future restricted subsidiaries as defined in the 2027 Senior Notes are guarantors to guarantee the indebtedness under the 2027 Senior Notes.
- (b) During February and March 2022, SCIHL respectively announced and completed a series of private offers of its 400,000,000 Class A ordinary shares to certain existing shareholders and holders of its ADSs, including the Group, with gross proceeds amounting to US\$300,000,000 (equivalent to approximately HK\$2,342,999,000), of which approximately US\$134,944,000 (equivalent to approximately HK\$1,053,912,000) was from non-controlling interests and with approximately US\$165,056,000 (equivalent to approximately HK\$1,289,087,000) from the Group (the "2022 Private Placements"). The 2022 Private Placements increased the Group's shareholding in SCIHL which was funded by the Group's drawdown of US\$170,000,000 (equivalent to approximately HK\$1,327,700,000) from the 2020 Credit Facilities on 23 February 2022. The Group retains its controlling financial interests in SCIHL before and after the 2022 Private Placements.
- (c) In March 2022, the Group obtained confirmation from the facility agent that certain provisions contained in the facility agreement under the 2021 Credit Facilities are waived subject to certain conditions, including placing cash collateral of US\$220,000,000 (equivalent to approximately HK\$1,718,200,000). As of 21 March 2022, cash collateral of US\$20,000,000 (equivalent to approximately HK\$156,200,000) was placed in a pledged account and the remaining amount of US\$200,000,000 (equivalent to approximately HK\$1,562,000,000) is expected to be placed in the pledged account on or before 8 April 2022.
- (d) On 28 March 2022, the Company entered into a facility agreement (the "Facility Agreement") with Melco Resorts pursuant to which a US\$250,000,000 (equivalent to approximately HK\$1,952,500,000) revolving loan facility was granted by Melco Resorts as lender to the Company as borrower for a period of 12 months after the first utilization date (the last day of such period being the "Final Repayment Date"). The Company may request utilization of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of the Company and its subsidiaries (excluding Melco Resorts and its subsidiaries). Principal amounts outstanding under the Facility Agreement bear interest at an annual rate of 11%, with outstanding principal amounts and accrued interest payable by the Company on the Final Repayment Date. As at 31 March 2022, the Facility Agreement remains undrawn.

## CHAIRMAN & CEO'S STATEMENT

Dear Shareholders,

In the span of just two years, all facets of society and businesses, especially the tourism sectors have been reeling from COVID's aftermath. As for the Group, our 2021 results continued to reflect the pandemic's impact and the subsequent travel restrictions on our operations. Despite these challenging times, we have nonetheless been able to weather this unprecedented storm through determination, perseverance and pragmatism and have maintained strong cost discipline. Such efforts began to bear fruit as evidenced by higher EBITDA across each of our geographies in the fourth quarter of 2021. As many parts of the world have started to move beyond the pandemic situation and live with the new normal, we are confident that our customers will return in numbers once restrictions are eased.

Though the start of 2022 was less than auspicious, with sporadic cases of COVID leading up the Chinese New Year ("CNY") period, the initially weak sentiment soon gave way to better performance across all our businesses for the duration of the CNY holiday period, and this positive momentum continued well into the month of February. As one of the pioneers of the premium mass segment, and having invested significant resources and energy into the premium direct business in recent years, we are particularly pleased with the upturn witnessed at City of Dreams in Macau. Compared with the CNY period in 2021, the premium direct business more than doubled and continued to outperform into the weeks that followed, a clear testament to our ability to capitalize on the direct premium VIP strategy, on which we were an early adopter. The mass table segment also demonstrated resilience, increasing by approximately 20% when compared with the same time last year.

With respect to our foothold in the Philippines, our local operation also recorded encouraging metrics. After reopening for a full quarter in the fourth quarter of 2021, it delivered the strongest quarterly EBITDA since the COVID outbreak despite capacity restrictions. We will look forward to achieving still greater progress in 2022, as authorities have allowed fully vaccinated international tourists to enter the country since 10 February 2022. As of 1 March 2022, Metro Manila is operating under Alert Level 1, hence all of our venues can operate at full capacity. This also marks the first time that City of Dreams Manila has been able to operate at full capacity since March 2020.

A similar scenario is playing out in Cyprus. In the final quarter of 2021, Cyprus Casinos witnessed EBITDA growth on a sequential basis, driven by greater gaming spend per patron. Gaming volumes also took a favorable turn in the fourth quarter, reaching 90% of pre-COVID levels, a possible uptrend in the offing.

Even though the corollary of COVID is immeasurable, we are undaunted and bullish about the Group's prospects both in Macau and beyond her borders. Here at home, we are looking forward to the completion of Studio City Phase 2 by the end of 2022. This project is significant as it also heralds the beginning of a partnership with Marriott International, which will introduce the W Hotel brand to Studio City. Beyond Macau, construction of City of Dreams Mediterranean is proceeding well and we anticipate its opening in the second half of 2022.

Outside of our current projects, we are decidedly excited by the Greater Bay Area. With the central government's commitment to developing this region, the Greater Bay Area possesses tremendous potential which we are eager to tap. This is evident by the securing of a site in Zhongshan, Guangdong province. In line with our objective to increase the Group's non-gaming assets, the location will be transformed into a mixed-use development with a gross floor area of over 750,000 square meters. It will feature residential complexes, commercial space, hotels, wellness centers, shopping malls and a theme park. The theme park and potentially other components of the overall development are expected to leverage the intellectual properties of Melco Resorts.

In our ongoing pursuit of business progress, we have not lost sight of the importance of sustainability. We subscribe to the belief that both objectives are complementary. Through ongoing energy efficiency measures, we have achieved an accumulated annual savings of 53,579 MWh in Macau alone, which is equivalent to the electricity consumption of approximately 6,897 households per year. On the waste reduction front, we have installed Winnow, an artificial Intelligence (AI)-driven technology in food waste, in the kitchens and dining areas of our employee dining rooms to monitor food waste, inform our chefs on inventory management and menu planning, and create internal awareness on food waste reduction. Moreover, by replacing food and beverage containers with biodegradable and sustainable counterparts, we have been able to avoid using approximately 9.5 tonnes of single-use plastic per year.

Looking ahead, I continue to hold optimism for the Group's medium- and long-term prospects. Once travel restrictions are relaxed both locally and abroad, we will be fully prepared to address the pent-up demand of our many loyal customers. Beyond the Group's interests, we also look forward to contributing to Macau's ongoing development as the preeminent tourism destination. It is with this objective in mind that we have strived to work closely with the Macau Government. Prior to establishing a framework for new gaming laws, the authorities afforded us the opportunity to express our views during the consultation process. I would like to thank the Macau Government for that occasion, and wish to add that the Group will be committed to participating in upcoming public tenders. Furthermore, I can assure the authorities that the Group will continue to play a partnership role in the enclave's growth and diversification in the many years to come.

At this time, I would like to extend my sincere gratitude to the Board, shareholders, business partners and all our colleagues for their unstinting support. I trust that the Group will surmount whatever obstacles that may arise in the present, all the while paving the way for a future as befits a 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**

Over the past year, COVID has continued to impact the many markets in which we operate, leaving economies and the social fabric in tatters. The numerous restrictions on travel and public movement had a direct impact on our operations, as evident by the latest financial results. Nonetheless, a modest upswing was achieved in 2021, with the Group's property EBITDA realizing a meaningful improvement.

Overall, the Macau economy has enjoyed a steady recovery following the relaxation of travel restrictions, which in turn facilitated the return of visitors to the enclave during most of 2021. Just as business momentums began to build, however, COVID cases reappeared in early August and late September 2021, leading to compulsory city-wide testing and the mandatory closure of most entertainment and leisure venues, with the exception of casinos. Compounding matters, strict restrictions on entering and leaving Macau were enforced. These measures were relaxed on 19 October 2021, with travelers no longer required to quarantine for 14 days upon arrival in Zhuhai, and the validity of nucleic acid tests to enter Zhuhai were now extended from 24 hours to seven days. Precautionary measures that remained in place included a ban on non-Macau residents – excluding Taiwan, Hong Kong, or PRC residents, from entering Macau, unless they have been in Hong Kong or the PRC in the preceding 21 days, in which case they would be eligible for an exemption application.

In the Philippines, our business also operated under a disrupted environment. In the wake of stringent anti-epidemic measures imposed by the Philippine Government, City of Dreams Manila was closed from 29 March to 30 April 2021, and once again from 6 August to 16 September 2021. Despite these disruptions, City of Dreams Manila demonstrated tremendous resilience, quickly capitalizing on pent-up demand particularly from mass-market customers. In view of this trend, we promptly increased our gaming space for premium mass. As a consequence, the fourth quarter of 2021 marked the strongest quarterly EBITDA performance by City of Dreams Manila since the COVID outbreak, thanks to a full quarter of operations despite capacity restrictions.

Further afield, our casinos in Cyprus were closed from 1 January to 16 May 2021 in compliance with a government-mandated lockdown following a surge in COVID cases. The casinos were able to resume operation in the second half of 2021, facilitating a solid rebound from higher visitor arrivals over the summer months. Consequently, the Group soon returned to positive EBITDA in the third quarter of 2021, with both sequential EBITDA growth and a rise in per customer gaming spend achieved during the fourth quarter of 2021.



In contrast with the past financial year, the Group's balance sheet and liquidity profile have improved primarily as the result of our recent debt financing activity and a better operating environment. In June and July 2021, Melco Resorts Finance Limited and Studio City Finance Limited listed a total of US\$2.25 billion of senior notes on the Chongwa (Macao) Financial Asset Exchange Co., Limited, with the hope that this will aid the development and diversification of Macau's economy and bond market.

The Group remains fully committed to prioritizing the safety of colleagues and customers through the implementation of effective epidemic prevention measures. This includes promoting vaccination among our colleagues, with 95% of the Group's colleagues in Macau and 99% of colleagues in Manila now vaccinated.

## **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 at 31 December 2021, 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, 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 Holdings Limited ("ICR Cyprus") and is currently developing the City of Dreams Mediterranean integrated resort project. It is also operating a temporary casino in Limassol, the first authorized 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.

The Group's net revenues totaled HK\$15.64 billion for the year ended 31 December 2021, an increase of 16.5% compared with the HK\$13.42 billion recorded in 2020. The increase in net revenues was mainly attributable to improved performance in our casino and hospitality operations primarily as a result of the year-over-year increase in inbound tourism in Macau. Loss for the year was HK\$7.94 billion, compared with a loss for the year of HK\$12.38 billion in 2020.

### *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. In 2021, the property operated an average of approximately 511 gaming tables and 572 gaming machines.

The renovations at City of Dreams are progressing well. Nüwa was re-opened on 31 March 2021. The Countdown was closed in April 2021 in order to prepare for its transformation into a luxury hotel.

### *Studio City*

The Hollywood-inspired and cinematically themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. In 2021, the property operated an average of approximately 290 gaming tables and 645 gaming machines.

The Group remains dedicated to bringing exceptional entertainment to the city. The highly anticipated Studio City Water Park opened in May 2021 and received a very positive market response. Studio City also announced its first series of residency shows, which will feature top talents such as Aaron Kwok, Joey Yung and Leon Lai, who will be performing 90 exclusive shows at Studio City between 2022 and 2024.

Meanwhile, at the much-anticipated Studio City Phase 2, the tower structure has been topped out with completion scheduled before the end of December 2022. The US\$1.2 billion Studio City Phase 2 complex has been designed by leading international architecture firm Zaha Hadid Architects and is in harmony with the style of the integrated resort's existing Phase 1. The new leisure and entertainment hub will feature two new hotels with a total of 900 rooms, one of the largest indoor and outdoor water parks in Asia, a six-screen Cineplex complete with two regular screens and four VIP suites, and a state-of-the-art MICE space.

### ***Altira Macau***

Altira Macau is an integrated resort designed to provide a casino and hotel experience that caters to premium market customers and players. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. By delivering impeccable services customized for each guest, both Altira Macau and Altira Spa attained a Five-Star ranking from Forbes Travel Guide (“FTG”) for the 12th consecutive year in 2021. In 2021, Altira Macau operated an average of approximately 101 gaming tables and 121 gaming machines (operated as a Mocha Club at Altira Macau).

In the third quarter of 2021, the Group made the decision to reposition Altira Macau as a more mass and premium mass-focused property. This transition is expected to take approximately 12 months and will enable Altira Macau to become a more resilient and profitable property.

### ***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 invested in a series of innovative and top-quality electronic gaming machines from around the world to offer a contemporary entertainment mix to a broader range of visitors. In 2021, Mocha Clubs operated seven clubs with an average of approximately 813 gaming machines (excluding approximately 121 gaming machines at Altira Macau).

### ***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 the ultimate in entertainment, hotel, retail, dining, and lifestyle experiences and features 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 outbreak, the property operated an average of approximately 301 gaming tables and 2,338 gaming machines in 2021.

### *City of Dreams Mediterranean and Cyprus Casinos (“C2”)*

ICR Cyprus, a joint venture company 75% held by Melco Resorts, is developing the City of Dreams Mediterranean integrated resort project in Cyprus. ICR Cyprus holds a 30-year casino gaming license which commenced in June 2017, the first 15 years of which are on an exclusive basis. Construction on the project is ongoing and is expected to open in the second half of 2022. Once completed, City of Dreams Mediterranean will be the largest integrated resort in Europe, boasting approximately 500 luxury hotel rooms, around 100,000 square feet of cutting-edge MICE space, a family adventure park, an outdoor amphitheatre, and a variety of fine dining and luxury retail outlets.

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 outbreak, C2 operated an average of approximately 32 gaming tables and 440 gaming machines in 2021.

### **OUTLOOK**

The Group expects that COVID will continue to impact our operations, financial position and prospects over the coming months. The long-term recovery of the leisure and tourism industry will rely on the easing of travel restrictions and consumer sentiment, which in turn is dependent on COVID-related factors such as increased vaccination rates and the development of effective treatments. The recent military conflict between Russia and Ukraine, which has led to sanctions and export controls imposed by the United States, the European Union, the United Kingdom and other countries targeting Russia, its financial system and major financial institutions and certain Russian entities and persons, may also adversely affect the Group’s business in Cyprus.

Despite the continued uncertainties, we remain optimistic about the Group’s medium and long-term growth prospects. Macau is still home to the world’s most attractive integrated resort market, and the Group is set to reap the benefits of the Studio City Phase 2 development, due for completion by the end of 2022, and the renovations at City of Dreams. The coming months will also see the Group continuing the strategic repositioning of Altira Macau to better target the premium mass segment.

In the Philippines, the country's borders were reopened to fully vaccinated international visitors on 10 February 2022 and its COVID restrictions were lowered to Alert Level 1 on 1 March 2022, enabling casinos to operate at full capacity. The Group fully expects that the easing of these restrictions will be reflected in the business performance of City of Dreams Manila going forward.

We remain bullish on our expanding business development. In the Greater Bay Area, the majority of the Group's Zhongshan development project is due to be completed by 2025. The project is representative of the Group's commitment to participating in the development of the Greater Bay Area. We will leverage our abundant experience in creating extraordinary entertainment amenities and our own intellectual properties in Macau to ensure the successful development and management of the theme park, restaurants and other facilities in the complex. In Europe, meanwhile, the construction of City of Dreams Mediterranean is progressing with the launch date expected to fall in the second half of 2022.

Looking ahead, with our upgraded properties and upcoming new projects, we look forward to bringing new experiences to our guests and further strengthening our pioneering and innovative role in providing premium travel, leisure and entertainment. We will continue to reassure guests and colleagues around the world that their safety and security remain our highest priority while they experience our premium services and offerings.

## **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 resort operator. As a result, the Group's efforts have continued to be widely acknowledged through the receipt of a number of awards in 2021.

### **Corporate Governance**

In recognition of our good corporate governance practices, we have received prestigious leadership awards from the business and investment communities. In 2021, Melco International was awarded the "Icon on Corporate Governance" at the Asian ESG Awards by Corporate Governance Asia magazine for the 15th consecutive time. Our Group Chairman and Chief Executive Officer, Mr. Lawrence Ho, was honoured as one of the recipients of the "Asian Corporate Director Recognition Awards" by Corporate Governance Asia magazine for the ninth consecutive time since 2012 and awarded "Asia's Best CEO" at the Asian Excellence Awards for the tenth time in 2021. These awards further substantiate our determination to adopt the best corporate governance practices throughout our business operations, as well as the Group's unwavering commitment to ensuring accountability, fairness and transparency in our relationships with all stakeholders.

We recognize that colleagues are integral to our success and, therefore, place great importance on their professional and personal development. Our efforts were acknowledged by HR Asia magazine, with Melco Resorts chosen as one of the “Best Companies to Work for in Asia” for the third consecutive year in 2021 and honored as the recipient of the WeCare™ “HR Asia Most Caring Companies Award 2021”, highlighting the Group’s commitment to creating a positive, rewarding and compassionate workplace for the employees.

### **Corporate Social Responsibility**

The Group has continued to place great emphasis on ensuring we have a positive impact on local communities.

Shortly after the onset of COVID, Group Chairman and Chief Executive Officer Mr. Lawrence Ho deployed the Group’s workforce en masse to support the local community during work hours, encouraging all colleagues to care for the community through Simple Acts of Kindness. In 2021, over 16,000 colleague participants have taken part in volunteering. Our proactive and innovative corporate social responsibility volunteerism initiatives have been recognized by the Association of Volunteers Social Service Macao (“AVSM”) and was named “Outstanding Corporate for Volunteerism” at AVSM’s award ceremony.

In order to safeguard our colleagues, guests and the wider community, the Group is supporting government efforts for widespread vaccination. We launched the “Get the Jab” immunity incentive program at a cost of nearly MOP16 million, with the aim of encouraging colleagues to get inoculated. In addition to paid vaccine leave, special paid leave (up to three days) are granted for colleagues to support their children under 18 years of age and elderly parents who need to be accompanied to get their vaccinations. Health seminars were organized to promote the benefits of vaccination and to answer colleagues’ queries, and several onsite outreach vaccination sessions were hosted in coordination with the Macau Health Bureau, at which colleagues, family and friends were provided with vaccines to protect against COVID.

Responsible gaming continues to be at the core of the Group’s commitment to society, and we are committed to the development and maintenance of a culture of responsible gaming in every jurisdiction in which we operate, thereby respecting and fully cooperating with international government and gaming regulators. The Group has become the first and only integrated resort operator in the world to be recognized by RG Check in all its jurisdictions of operations, with its entire integrated resort portfolio, including Altira Macau, City of Dreams, Studio City, City of Dreams Manila and Cyprus’ C2 receiving certifications. Created by the Responsible Gambling Council, RG Check is the most thorough and exacting responsible gaming accreditation in the world headed by an independent panel of experts.

The Group's unwavering commitment to corporate social responsibility and ensuring a positive social impact has continued to earn recognition from the industry. In 2021, Melco International was awarded the "15 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service.

### **Business Operations**

The Group remains dedicated to providing guests with unique and superior hospitality experiences through a combination of creativity and innovation.

The Group was delighted to receive a total of 97 stars from the FTG in 2021, including 17 Five-Star awards, putting it in first place among Macau and Asia's integrated resort operators, with the Group's entire integrated resort portfolio having received top awards. The 2021 FTG Awards mark Altira Macau's 12th consecutive year as a FTG Five-Star award recipient in the Hotel and Spa categories.

The Group operates an array of exceptional fine-dining restaurants across our portfolio of integrated resorts. The Group has been honored by Michelin Guide Hong Kong Macau 2022 with seven Michelin stars awarded across four of our signature restaurants located in City of Dreams, Studio City and Altira Macau. The achievement establishes the Group as one of Macau's integrated resort operators with the highest number of Michelin stars. Cantonese fine dining restaurant Jade Dragon has received three Michelin stars for three consecutive years, while Alain Ducasse at Morpheus, a French cuisine offering gastronomy that pays homage to the great traditions and savoir-faire, has been awarded two Michelin stars for the fourth consecutive year.

The Group is committed to providing world-leading hospitality experiences to our guests and underpinning this in our exemplary food hygiene standards. These great efforts in food safety and quality have been further recognized in 2021, with Studio City achieving the Hazard Analysis Critical Control Point (HACCP) food safety certification. Following this achievement, the Group's entire integrated resort portfolio in Macau now has this internationally recognized certification.

### **Environmental Sustainability**

The Group's commitment to being a force for good across all of our integrated resorts globally has been further enforced by the introduction of the "Above & Beyond" strategy, which sets out our sustainability goals and targets, including becoming carbon neutral and achieving zero waste by 2030. The influence of these goals extends beyond the boundaries of the Group's business, inspiring guests to participate in the creation of a better, more sustainable future for all. This sustainability strategy has been celebrated by the Pacific Asia Travel Association ("PATA") through its PATA Gold Awards 2021 as the winner of the "Climate Change Initiative" category and the Group was also named "Sustainable Resort of the Year" by the International Gaming Awards 2021.

During the year, the Group has devoted substantial efforts to sustainability with a focus on energy and waste reduction. To highlight some of these achievements, the Group's ongoing efficiency measures have accumulated annual savings of 53,579 MWh in Macau alone, equivalent to the electricity consumption of approximately 6,897 households per year. Our commitment to the Global Tourism Plastics Initiative led by the UN Environment Program and the World Tourism Organization in collaboration with the Ellen MacArthur Foundation has seen us replace single use plastic bottles in guest rooms and restaurants with the NORDAQ water filtration and bottling system. We will gradually eliminate an estimated 14.8 million plastic bottles annually in Macau alone. By replacing food and beverage containers with biodegradable and sustainable alternatives, we can avoid the use and wastage of approximately 9.5 tonnes of single-use plastic per year.

The Group's commitment to sustainability was further highlighted when Studio City Phase 2 received the "Regional Award, Asia" at the 2021 BREEAM Awards in recognition of the sustainability related measures implemented during the project, as well as its contribution to the Group's carbon neutral and zero waste goals. The Group also currently holds "Excellent" ratings from BREEAM for the design of both Studio City Phase 2 in Macau and City of Dreams Mediterranean in Cyprus, showcasing our dedication to the environment and sustainability measures during the design process.

In addition, Nüwa Manila, Nobu Hotel and Hyatt Regency Manila, City of Dreams Manila were recognized with the 2022-2024 ASEAN Green Hotel Award in the ASEAN Tourism Forum, honouring our commitment to the highest standards of sustainable operations and corporate social responsibility initiatives.



## FINANCIAL REVIEW

### Results

<i>HK\$' million</i>	2021	2020	YoY%
Net revenues	<b>15,638.8</b>	13,424.4	16.5%
Adjusted EBITDA	<b>1,544.5</b>	(1,198.2)	228.9%
Loss attributable to owners of the Company	<b>(3,809.0)</b>	(6,339.9)	39.9%
Basic loss per share attributable to owners of the Company (HK\$)	<b>(2.52)</b>	(4.19)	39.9%

### Financial Position

<i>HK\$' million</i>	2021	2020	YoY%
Total assets	<b>94,193.3</b>	95,534.7	-1.4%
Total liabilities	<b>71,725.3</b>	64,757.4	10.8%
Equity attributable to owners of the Company	<b>6,862.7</b>	10,764.2	-36.2%
Net asset value per share attributable to owners of the Company (HK\$)	<b>4.5</b>	7.1	-36.3%
Gearing ratio (%)	<b>61.4%</b>	53.0%	N/A

### Net Revenues

Net revenues of the Group increased by 16.5% from HK\$13.42 billion for the year ended 31 December 2020 to HK\$15.64 billion for the year ended 31 December 2021. The increase in net revenues was mainly attributable to improved performance in our casino and hospitality operations primarily as a result of the year-over-year increase in inbound tourism in Macau.

<i>HK\$' million</i>	2021	2020	YoY%
Casino revenue	<b>13,030.4</b>	11,417.8	14.1%
Entertainment and resort facilities:			
Rooms	<b>1,224.6</b>	842.6	45.3%
Catering service income	<b>759.3</b>	581.3	30.6%
Entertainment, retail and other	<b>618.8</b>	576.1	7.4%
Property rental income	<b>5.7</b>	6.0	-4.8%
Others	<b>–</b>	0.6	-100.0%
	<b><u>15,638.8</u></b>	<b><u>13,424.4</u></b>	<b><u>16.5%</u></b>

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

The Company generated Adjusted EBITDA of HK\$1.54 billion for the year ended 31 December 2021, compared to negative Adjusted EBITDA of HK\$1.20 billion for the year ended 31 December 2020. The change in Adjusted EBITDA was mainly attributable to improved performance in our casino and hospitality operations primarily as a result of the year-over-year increase in inbound tourism in Macau in the year ended 31 December 2021, as well as lower operating costs as a result of our cost containment efforts.

### **Loss Attributable to Owners of the Company**

Loss attributable to owners of the Company was HK\$3.81 billion for the year ended 31 December 2021, compared to loss attributable to owners of the Company of HK\$6.34 billion for the year ended 31 December 2020. The change was mainly attributable to improved performance in our casino and hospitality operations and lower operating costs as a result of our costs containment efforts, as well as fair value gains on other financial assets in the year ended 31 December 2021 as compared to fair value losses on other financial assets in the year ended 31 December 2020.

### **Basic Loss Per Share Attributable to Owners of the Company**

Basic loss per share attributable to owners of the Company was HK\$2.52 per share for the year ended 31 December 2021, compared to basic loss per share attributable to owners of the Company of HK\$4.19 per share for the year ended 31 December 2020.

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<sup>(1)</sup> 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, other non-operating income and expenses, share of profits and losses of a joint venture and share of profits and losses of associates. 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.

## Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 31 December 2021, contributed the 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\$2.01 billion for the year ended 31 December 2021 versus US\$1.73 billion for the year ended 31 December 2020. The increase in total operating revenues was primarily attributable to improved performances in the mass market table games and gaming machine segments as well as higher non-gaming revenues, partially offset by softer performance in the rolling chip segment.

The operating loss for 2021 was US\$577.5 million, compared with an operating loss of US\$940.6 million for 2020.

Melco Resorts generated Adjusted Property EBITDA<sup>(2)</sup> of US\$235.1 million for the year ended 31 December 2021, compared with negative Adjusted Property EBITDA of US\$104.3 million for the same period in 2020.

Net loss attributable to the financial performance of Melco Resorts for 2021 was US\$811.8 million, compared with a net loss attributable to the financial performance of Melco Resorts of US\$1.26 billion for 2020.

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

### *City of Dreams*

For the year ended 31 December 2021, total operating revenues at City of Dreams were US\$1,146.9 million, compared to US\$985.6 million in 2020. City of Dreams generated Adjusted Property EBITDA of US\$202.0 million in 2021, compared with negative Adjusted Property EBITDA of US\$1.3 million in 2020.

### *Gaming Performance*

<i>US\$'million</i>	<b>2021</b>	2020	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>14,596.8</b>	15,698.8	-7.0%
Win rate	<b>2.54%</b>	4.21%	N/A
<b>Mass Market</b>			
Table drop	<b>2,846.3</b>	1,441.4	97.5%
Hold percentage	<b>30.8%</b>	32.1%	N/A
<b>Gaming Machine</b>			
Handle	<b>1,803.6</b>	1,170.9	54.0%
Win rate	<b>3.3%</b>	3.4%	N/A

### *Non-Gaming Performance*

Total non-gaming revenue at City of Dreams in 2021 was US\$180.4 million, compared with US\$125.9 million in 2020.

### *Altira Macau*

For the year ended 31 December 2021, total operating revenues at Altira Macau were US\$56.2 million, compared to US\$108.9 million in 2020. Altira Macau generated negative Adjusted Property EBITDA of US\$54.0 million in 2021, compared with negative Adjusted Property EBITDA of US\$58.8 million in 2020.

### *Gaming Performance*

<i>US\$'million</i>	<b>2021</b>	2020	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>1,962.3</b>	3,035.1	-35.3%
Win rate	<b>1.61%</b>	4.11%	N/A
<b>Mass Market</b>			
Table drop	<b>159.2</b>	143.1	11.3%
Hold percentage	<b>24.5%</b>	23.2%	N/A
<b>Gaming Machine</b>			
Handle	<b>235.3</b>	181.6	29.6%
Win rate	<b>3.8%</b>	3.2%	N/A

### *Non-Gaming Performance*

Total non-gaming revenue at Altira Macau in 2021 was US\$10.4 million, compared with US\$10.3 million in 2020.

### ***Mocha Clubs***

Total operating revenues from Mocha Clubs were US\$85.0 million in 2021, compared to US\$65.3 million in 2020. Mocha Clubs generated Adjusted Property EBITDA of US\$17.1 million in 2021, compared with Adjusted Property EBITDA of US\$3.6 million in 2020.

#### *Gaming Performance*

<i>US\$'million</i>	<b>2021</b>	2020	YoY%
<b>Gaming Machine</b>			
Handle	<b>1,932.9</b>	1,460.9	32.3%
Win rate	<b>4.4%</b>	4.5%	N/A

### ***Studio City***

For the year ended 31 December 2021, total operating revenues at Studio City were US\$372.3 million, compared to US\$266.5 million in 2020. Studio City generated negative Adjusted Property EBITDA of US\$20.5 million in 2021, compared with negative Adjusted Property EBITDA of US\$79.0 million in 2020.

#### *Gaming Performance*

<i>US\$'million</i>	<b>2021</b>	2020	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>1,837.9</b>	2,206.7	-16.7%
Win rate	<b>2.00%</b>	2.28%	N/A
<b>Mass Market</b>			
Table drop	<b>1,132.9</b>	728.3	55.6%
Hold percentage	<b>27.7%</b>	26.6%	N/A
<b>Gaming Machine</b>			
Handle	<b>1,111.6</b>	735.7	51.1%
Win rate	<b>2.7%</b>	2.8%	N/A

#### *Non-Gaming Performance*

Total non-gaming revenue at Studio City in 2021 was US\$78.6 million, compared with US\$59.9 million in 2020.

### *City of Dreams Manila*

For the year ended 31 December 2021, total operating revenues at City of Dreams Manila were US\$268.6 million, compared to US\$224.7 million in 2020. City of Dreams Manila generated Adjusted Property EBITDA of US\$89.0 million in 2021, compared with Adjusted Property EBITDA of US\$29.0 million in 2020.

#### *Gaming Performance*

<i>US\$'million</i>	<b>2021</b>	2020	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>775.7</b>	2,107.9	-63.2%
Win rate	<b>4.83%</b>	3.34%	N/A
<b>Mass Market</b>			
Table drop	<b>364.6</b>	327.7	11.3%
Hold percentage	<b>32.4%</b>	33.1%	N/A
<b>Gaming Machine</b>			
Handle	<b>2,312.8</b>	1,709.7	35.3%
Win rate	<b>5.5%</b>	4.7%	N/A

#### *Non-Gaming Performance*

Total non-gaming revenue at City of Dreams Manila in 2021 was US\$57.3 million, compared with US\$50.1 million in 2020.

### *Cyprus Operations*

For the year ended 31 December 2021, total operating revenues at Cyprus Operations were US\$52.6 million, compared to US\$51.0 million in 2020. Cyprus Operations generated Adjusted Property EBITDA of US\$1.6 million in 2021, compared with Adjusted Property EBITDA of US\$2.3 million in 2020.

### *Gaming Performance*

<i>US\$'million</i>	<b>2021</b>	2020	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>5.6</b>	0.3	1,690.1%
Win rate	<b>9.09%</b>	-28.07%	N/A
<b>Mass Market</b>			
Table drop	<b>76.2</b>	62.8	21.4%
Hold percentage	<b>18.0%</b>	19.6%	N/A
<b>Gaming Machine</b>			
Handle	<b>782.7</b>	764.2	2.4%
Win rate	<b>5.0%</b>	5.1%	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 2021, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK\$13,452.4 million (2020: HK\$13,860.8 million).

As at 31 December 2021, the Group had a total available and unutilized borrowing capacity of HK\$13.38 billion (2020: HK\$13.70 billion), subject to satisfaction of certain conditions precedent.

In March 2022, the Group's non-wholly owned subsidiary, Studio City International Holdings Limited completed a US\$300.0 million (equivalent to approximately HK\$2.34 billion) private placement. The net proceeds from this private placement were approximately US\$299.2 million (equivalent to approximately HK\$2.33 billion), out of which approximately US\$134.9 million (equivalent to approximately HK\$1.05 billion) was from shareholders outside the Group.

Major changes in our indebtedness during the year ended and subsequent to 31 December 2021 are summarized below.

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 at an issue price of 100% of the principal amount (the "First 2029 Senior Notes"). The net proceeds from the offering of the First 2029 Senior Notes were used to (i) fund the conditional cash tender offer announced by the Group on 4 January 2021 to purchase any and all of its outstanding US\$600.0 million (equivalent to approximately HK\$4.65 billion) 7.25% senior notes due 2024 (the "2024 Senior Notes") plus accrued and unpaid interest, out of which US\$347.1 million (equivalent to approximately HK\$2.69 billion) aggregate principal amount of the 2024 Senior Notes were tendered; (ii) fully redeem the remaining 2024 Senior Notes following the completion of the conditional cash tender offer as mentioned above, in aggregate principal amount of US\$252.9 million (equivalent to approximately HK\$1.96 billion) plus accrued and unpaid interest on 17 February 2021; and (iii) with the remaining balance to partially fund capital expenditures of the remaining development project of Studio City and for general corporate purposes.

On 21 January 2021, the Group issued US\$250.0 million (equivalent to approximately HK\$1.94 billion) in aggregate principal amount of 5.375% senior notes due 2029 at an issue price of 103.25% of the principal amount (the “Additional 2029 Senior Notes”) which have been consolidated and form a single series with the US\$900.0 million (equivalent to approximately HK\$6.98 billion) 5.375% senior notes due 2029 issued in December 2019 (the “2029 Senior Notes”). The net proceeds from the offering of the Additional 2029 Senior Notes were used to repay the outstanding principal amount of HK\$1.94 billion drawn under a revolving credit facility of the Group, together with accrued interest and associated costs. On 29 June 2021, the 2029 Senior Notes and the Additional 2029 Senior Notes, which were originally listed on the Official List of the Singapore Exchange Securities Trading Limited (the “SGX”), were also listed on the Chongwa (Macao) Financial Asset Exchange Co., Limited.

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 of the Group, including amending the threshold sizes and measurement dates of the covenants.

On 20 May 2021, the Group issued an additional US\$350.0 million (equivalent to approximately HK\$2.72 billion) in aggregate principal amount of the First 2029 Senior Notes at an issue price of 101.50% of the principal amount (the “Additional First 2029 Senior Notes”). The net proceeds from the offering of the Additional First 2029 Senior Notes were used to partially fund capital expenditures for the remaining development project of Studio City and for general corporate purposes. The Additional First 2029 Senior Notes were consolidated and form a single series with the First 2029 Senior Notes. Certain subsidiaries of the Group and other future restricted subsidiaries as defined in the First 2029 Senior Notes and the Additional First 2029 Senior Notes are guarantors to guarantee the indebtedness under the First 2029 Senior Notes and the Additional First 2029 Senior Notes. On 26 July 2021, the First 2029 Senior Notes and the Additional First 2029 Senior Notes, which were originally listed on the SGX, were also listed on the Chongwa (Macao) Financial Asset Exchange Co., Limited.

On 7 June 2021, the Group entered into a US\$1.0 billion 5-year secured credit facility agreement (the “2021 Credit Facilities”) to fully refinance the existing credit facility (the “2017 Credit Facilities”). The 2021 Credit Facilities consist of a term loan facility of US\$688.0 million (equivalent to approximately HK\$5.34 billion) and a revolving credit facility of US\$312.0 million (equivalent to approximately HK\$2.42 billion).

On 15 June 2021, the Group drew down US\$688.0 million (equivalent to approximately HK\$5.34 billion) from the term loan facility and US\$177.0 million (equivalent to approximately HK\$1.37 billion) from the revolving credit facility under the 2021 Credit Facilities, together with cash on hand, to fully prepay the outstanding loan principal amount under the 2017 Credit Facilities of US\$865.0 million (equivalent to approximately HK\$6.72 billion) and the accrued interest and associated costs.

On 1 December 2021, the Group drew down HK\$1.17 billion and, on 15 December 2021, drew down HK\$1.95 billion under a revolving credit facility.

On 16 February 2022, the Group issued US\$350.0 million (equivalent to approximately HK\$2.73 billion) in aggregate principal amount of 7.00% senior secured notes due 2027.

On 23 February 2022, the Group drew down US\$170.0 million (equivalent to approximately HK\$1.33 billion) under a revolving credit facility to fund the private placement of Studio City International Holdings Limited.

The availability period of an unsecured credit facility amounted to Philippine Peso2.35 billion (equivalent to approximately HK\$360.9 million) was extended from 31 January 2021 to 31 January 2022 during the year ended 31 December 2021, and was further extended to 1 May 2022 in January 2022, 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 61.4% as at 31 December 2021 (2020: 53.0%).

### **Pledges of assets**

As at 31 December 2021, borrowings amounting to HK\$6,608.3 million (2020: HK\$6,680.6 million) were secured by the following assets of the Group:

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

### **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 December 2021.

## **FINANCIAL RISK**

### **Foreign exchange risk**

The Group's principal operations are primarily conducted and recorded in Hong Kong dollars ("HK\$"), Macau Patacas ("MOP"), United States dollars ("US\$"), Philippine Pesos ("Peso") and Euros ("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 17,897 as of 31 December 2021 (2020: 19,769). Among these employees, 225 are located in Hong Kong and the remaining 17,672 are located in Macau, the Philippines, Cyprus, the PRC, Japan, and Taiwan. The related staff costs for the year ended 31 December 2021, including directors' emoluments and share-based compensation expenses amounted to HK\$5,562.7 million (2020: HK\$5,921.4 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, the Company 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 our business, we will be able to create opportunities and deliver value to our people. Thus, the Group encourages its employees to do their best at work and grow with the Group. The Company builds employees' loyalty through recognition, involvement and participation. The Company's people policy, systems and practices are directly aligned with the Group's mission and values which contribute to our success.

### ***Recruitment***

The Company 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. We identify and validate talent through different recruitment exercises and regularly review our recruitment policies and assessment criteria.

### ***Performance and Rewards***

The Company seeks and appreciates high performance. Our reward principle is primarily performance based, and we reward our 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***

The Company 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 our 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 2021 (2020: Nil).

### **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Tuesday, 7 June 2022. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 1 June 2022 to Tuesday, 7 June 2022 (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 Tuesday, 31 May 2022.

## **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 2021, apart from the deviations mentioned below.

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.

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](http://www.melco-group.com) under the “Corporate Governance” section.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has a code for dealing in the Company’s securities by the directors 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 2021.

## **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 Independent Non-executive Directors, 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 2021 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 2021 as set out in this results announcement have been agreed by the Company's auditors, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this results announcement.

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

During the year ended 31 December 2021, 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 of the Company purchased on the Hong Kong Stock Exchange a total of 11,409,000 shares of the Company at a total consideration of approximately HK\$120,596,000 to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Purchase Scheme of the Company.



## **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](http://www.melco-group.com)) and the Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2021 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 Independent Non-executive Directors, 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 2022