MELCO

Melco International Development Limited

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

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023 as set out below.

FINANCIAL HIGHLIGHTS

1. Net revenues were HK$29.53 billon, which represented an increase of HK$18.97 billion or 179.5%, compared to HK$10.57 billion for the year ended 31 December 2022. The increase in net revenues was primarily attributable to the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City in 2023 which led to improved performance in our casino and hospitality operations in the year ended 31 December 2023.

2. The Group generated Adjusted EBITDA of HK$7.51 billion for the year ended 31 December 2023, compared to negative Adjusted EBITDA of HK$362.0 million for the year ended 31 December 2022.

3. Loss after tax was HK$3.49 billion for the year ended 31 December 2023, compared to loss after tax of HK$9.99 billion for the year ended 31 December 2022.

4. Basic loss per share attributable to owners of the Company was HK$1.16 for the year ended 31 December 2023, compared to basic loss per share attributable to owners of the Company of HK$3.40 for the year ended 31 December 2022.

5. Net asset value per share attributable to owners of the Company was HK$0.4 as of 31 December 2023, compared to HK$1.2 as of 31 December 2022.

6. The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
NET REVENUES	4	**29,531,635**	10,565,657
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		**(11,662,205)**	(3,833,337)
Employee benefits expenses		**(6,171,188)**	(5,186,974)
Depreciation and amortisation		**(4,445,793)**	(4,586,000)
Other operating expenses, gains and losses, net	5	**(6,537,329)**	(3,760,037)
Total operating costs and expenses, net		**(28,816,515)**	(17,366,348)
OPERATING INCOME/(LOSS)		**715,120**	(6,800,691)
NON-OPERATING INCOME/(EXPENSES)			
Interest income		**214,560**	108,024
Interest expense, net of amounts capitalised		**(4,298,758)**	(3,262,133)
Other financing costs		**(37,981)**	(53,885)
Losses on modification or extinguishment of debts, net		**(69,650)**	–
Foreign exchange gains, net		**51,182**	179
Other income, net		**36,846**	33,416
Share of losses of a joint venture	10	**(631)**	(543)
Share of losses of associates		**(6,446)**	(6,050)
Total non-operating expenses, net		**(4,110,878)**	(3,180,992)
LOSS BEFORE INCOME TAX		**(3,395,758)**	(9,981,683)
Income tax expense	6	**(98,363)**	(5,634)
LOSS FOR THE YEAR		**(3,494,121)**	(9,987,317)

	Note	**2023** HK$'000	2022 HK$'000
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**63,400**	(270,760)
Other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods:			
Actuarial (loss)/gain arising from defined benefit obligations		**(6,111)**	1,686
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**57,289**	(269,074)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,436,832)**	(10,256,391)
Loss for the year attributable to:			
Owners of the Company		**(1,743,932)**	(5,113,127)
Non-controlling interests		**(1,750,189)**	(4,874,190)
		(3,494,121)	(9,987,317)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(1,721,808)**	(5,227,636)
Non-controlling interests		**(1,715,024)**	(5,028,755)
		(3,436,832)	(10,256,391)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		**HK$(1.16)**	HK$(3.40)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000 (Restated)	1 January 2022 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment		**44,989,049**	47,347,230	46,988,366
Right-of-use assets		**5,079,373**	5,581,446	7,069,510
Intangible assets	9	**19,357,150**	17,319,114	17,914,075
Goodwill		**5,299,451**	5,299,451	5,299,451
Investment in a joint venture	10	**161,860**	167,033	181,674
Investments in associates		**18,556**	44,581	29,278
Prepayments, deposits and other receivables		**801,381**	1,271,584	1,394,832
Restricted cash		**975,076**	2,752,241	50,693
Deferred tax assets		**–**	4,986	31,423
Other financial assets		**–**	–	20,320
Total non-current assets		**76,681,896**	79,787,666	78,979,622
CURRENT ASSETS				
Inventories		**229,874**	206,292	230,824
Trade receivables	12	**715,857**	437,273	425,098
Prepayments, deposits and other receivables		**938,336**	999,938	931,860
Other financial assets		**–**	21,168	–
Tax recoverable		**759**	112	758
Restricted cash		**79,249**	1,254,390	3,170
Cash and bank balances		**10,765,478**	14,317,506	13,452,432
		12,729,553	17,236,679	15,044,142
Assets classified as held for sale	11	**–**	67,273	169,513
Total current assets		**12,729,553**	17,303,952	15,213,655

	Notes	**31 December 2023 HK$'000**	31 December 2022 HK$'000 (Restated)	1 January 2022 HK$'000 (Restated)
CURRENT LIABILITIES				
Trade payables	13	**91,807**	52,557	46,779
Other payables, accruals and deposits received	14	**7,982,093**	6,338,282	7,345,052
Tax payable		**220,739**	91,562	105,123
Interest-bearing borrowings	15	**1,000**	420,794	215,616
Lease liabilities		**430,475**	373,589	509,977
		8,726,114	7,276,784	8,222,547
Liabilities directly associated with assets classified as held for sale		**–**	–	11,674
Total current liabilities		**8,726,114**	7,276,784	8,234,221
NET CURRENT ASSETS		**4,003,439**	10,027,168	6,979,434
TOTAL ASSETS LESS CURRENT LIABILITIES		**80,685,335**	89,814,834	85,959,056
NON-CURRENT LIABILITIES				
Other payables, accruals and deposits received	14	**2,527,612**	267,586	239,858
Interest-bearing borrowings	15	**63,556,455**	71,790,213	57,660,985
Lease liabilities		**1,885,781**	1,985,986	3,201,416
Deferred tax liabilities		**2,342,280**	2,384,984	2,388,789
Total non-current liabilities		**70,312,128**	76,428,769	63,491,048
Net assets		**10,373,207**	13,386,065	22,468,008
EQUITY				
Share capital		**5,701,853**	5,701,853	5,696,445
(Deficit)/reserves		**(5,036,855)**	(3,910,548)	1,166,222
Equity attributable to owners of the Company		**664,998**	1,791,305	6,862,667
Non-controlling interests		**9,708,209**	11,594,760	15,605,341
Total equity		**10,373,207**	13,386,065	22,468,008

NOTES

1. ORGANISATION 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 through Melco Resorts & Entertainment Limited ("Melco Resorts"), a majority-owned subsidiary of the Company and its American depositary shares ("ADSs") are listed on the Nasdaq Global Select Market in the United States of America (the "U.S."). Melco Resorts currently operates City of Dreams and Altira Macau, integrated resorts located at Cotai and Taipa, respectively, the Macau Special Administrative Region of the People's Republic of China ("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, which is majority-owned by Melco Resorts and its ADSs are 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 subsidiary, ICR Cyprus Holdings Limited ("ICR Cyprus") and its subsidiaries (collectively referred to as "ICR Cyprus Group"), operates City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus ("Cyprus"), which had a soft opening on 12 June 2023 and a full public opening on 10 July 2023. In addition to City of Dreams Mediterranean, ICR Cyprus Group also operates licensed satellite casinos in Cyprus, and prior to the soft opening of City of Dreams Mediterranean, a licensed temporary casino in Limassol until its closure on 9 June 2023.

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 business operations and COVID-19

The Group completed construction of its Studio City Phase 2 expansion before the extended deadline of 30 June 2023 for the development period under the Studio City land concession. The first stage of Studio City Phase 2 was opened in April 2023 while the second stage was opened in September 2023.

City of Dreams Mediterranean commenced operations before the extended deadline of 30 June 2023 under the terms of its granted gaming license. Since the opening, City of Dreams Mediterranean has been impacted by, amongst other things, the Israel-Hamas military conflict. This, together with the on-going military conflict between Russia and Ukraine and restrictions on the ability to accept certain customers from Russia, continues to have a negative impact on the Group's business and may materially and adversely affect the Group's business in Cyprus.

While the Group's business continues to recover from the impact of, and disruptions caused by, COVID-19, the pace of recovery of its business from COVID-19 could vary from current estimates and could materially affect the Group's business, prospects, financial condition and results of operations.

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

As at 31 December 2023, the Group had total cash and bank balances of HK$10,765,478,000 and available unused borrowing capacity of HK$8,246,959,000, subject to the satisfaction of certain conditions precedent.

The Group continues to take cash preservation measures such as implementing cost reduction programs to minimise cash outflows for non-essential items and rationalising the Group's capital expenditure programs with deferrals and reductions.

The Group believes it is able to support continuing operations and capital expenditures for at least 12 months after the reporting period end date of these consolidated financial statements. Accordingly, these 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 and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for 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 dollars ("HK$") except when otherwise indicated.

The financial information relating to the years ended 31 December 2023 and 2022 that are included in this announcement of annual results for 2023 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 2022 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 2023 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contract*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current*; and Amendments to HKAS 1 *Non-current Liabilities with Covenants*

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply, on or before the reporting date, affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively with earlier applications permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa.

The Group early adopted the 2020 Amendments and 2022 Amendments from 1 January 2023 and in accordance with the transition provisions of the amendments, the Group adopted the amendments retrospectively and restated certain comparative figures. Accordingly, the outstanding principal amount of the revolving credit facility under the Restated 2021 Credit Facilities (as defined in note 15) of United States dollars ("US$") 177,000,000 (equivalent to approximately HK$1,382,683,000) as at 31 December 2023 was classified as non-current interest-bearing borrowings and US$177,000,000 (equivalent to approximately HK$1,382,283,000) revolving credit facility as at 31 December 2022 and US$177,000,000 (equivalent to approximately HK$1,380,331,000) and HK$3,117,000,000 revolving credit facilities as at 1 January 2022 were reclassified from current interest-bearing borrowings to non-current interest-bearing borrowings in the consolidated statement of financial position.

The adoption of the other new and revised HKFRSs had no material impact on the consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

Except for the early adoption of the 2020 Amendments and 2022 Amendments, the Group has not applied any revised HKFRSs that have been issued but are not yet effective in these consolidated financial statements for the year ended 31 December 2023.

3. SEGMENT INFORMATION

For management purposes, the Group is organised 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 casinos and the provision of hospitality services and facilities through Melco Resorts; and

(b) the "Others" segment comprises investments in a joint venture and associates and other.

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 amortisation, 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, share of losses of a joint venture, share of losses of associates and other non-operating income and expenses. This is the measure reported to the chief operating decision-maker for the purposes of resource allocations and performance assessments. Not all companies calculate Adjusted EBITDA in the same manner. As a result, Adjusted EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

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

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

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

Segment net revenues and results
Year ended 31 December 2023

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers (note 4)	**29,531,635**	**–**	**29,531,635**
Intersegment sales	**17,222**	**–**	**17,222**
	29,548,857	**–**	**29,548,857**
Elimination of intersegment sales			**(17,222)**
Total net revenues			**29,531,635**
Adjusted EBITDA	**7,511,984**	**(6,871)**	**7,505,113**
Operating costs and expenses			
Depreciation and amortisation			**(4,445,793)**
Share-based compensation expenses			**(356,298)**
Pre-opening costs			**(327,948)**
Development costs			**(9,393)**
Property charges and other			**(1,271,794)**
Payments to the Philippine Parties			**(332,455)**
Corporate expenses			**(46,312)**
Operating income			**715,120**
Non-operating income/(expenses)			
Interest income			**214,560**
Interest expense, net of amounts capitalised			**(4,298,758)**
Other financing costs			**(37,981)**
Losses on modification or extinguishment of debts, net			**(69,650)**
Foreign exchange gains, net			**51,182**
Other income, net			**36,846**
Share of losses of a joint venture			**(631)**
Share of losses of associates			**(6,446)**
Total non-operating expenses, net			**(4,110,878)**
Loss before income tax			**(3,395,758)**
Income tax expense			**(98,363)**
LOSS FOR THE YEAR			**(3,494,121)**

Year ended 31 December 2022

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers (note 4)	10,565,657	–	10,565,657
Intersegment sales	17,140	–	17,140
	10,582,797	–	10,582,797
Elimination of intersegment sales			(17,140)
Total net revenues			10,565,657
Adjusted EBITDA	(356,846)	(5,133)	(361,979)
Operating costs and expenses			
Depreciation and amortisation			(4,586,000)
Share-based compensation expenses			(604,028)
Pre-opening costs			(121,399)
Property charges and other			(866,111)
Payments to the Philippine Parties			(226,535)
Corporate expenses			(34,639)
Operating loss			(6,800,691)
Non-operating income/(expenses)			
Interest income			108,024
Interest expense, net of amounts capitalised			(3,262,133)
Other financing costs			(53,885)
Foreign exchange gains, net			179
Other income, net			33,416
Share of losses of a joint venture			(543)
Share of losses of associates			(6,050)
Total non-operating expenses, net			(3,180,992)
Loss before income tax			(9,981,683)
Income tax expense			(5,634)
LOSS FOR THE YEAR			(9,987,317)

31 December 2023

	Casino and Hospitality *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**88,545,958**	**274,396**	**88,820,354**
Corporate and other unallocated assets			**591,095**
Total assets			**89,411,449**
Segment liabilities	**73,787,002**	**51,843**	**73,838,845**
Corporate and other unallocated liabilities			**5,199,397**
Total liabilities			**79,038,242**

31 December 2022

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	93,974,093	314,173	94,288,266
Corporate and other unallocated assets			2,803,352
Total assets			97,091,618
Segment liabilities	77,135,904	57,809	77,193,713
Corporate and other unallocated liabilities			6,511,840
Total liabilities			83,705,553

Other segment information

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 December 2023			
Capital expenditures	**1,984,670**	**–**	**1,984,670**
Share of losses of a joint venture	**–**	**(631)**	**(631)**
Share of losses of associates	**–**	**(6,446)**	**(6,446)**
31 December 2023			
Investment in a joint venture	**–**	**161,860**	**161,860**
Investments in associates	**–**	**18,556**	**18,556**

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Year ended 31 December 2022			
Capital expenditures	4,667,449	–	4,667,449
Share of losses of a joint venture	–	(543)	(543)
Share of losses of associates	–	(6,050)	(6,050)
31 December 2022			
Investment in a joint venture	–	167,033	167,033
Investments in associates	–	44,581	44,581

Geographical information

The Group's operations are mainly located in Macau, the Philippines, Cyprus, Singapore and Hong Kong. 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 their head offices.

Net revenues from external customers

	2023	2022
	HK$'000	*HK$'000*
Casino and Hospitality		
Macau	**24,405,158**	6,710,105
The Philippines	**3,876,579**	3,104,302
Cyprus	**1,249,898**	714,958
Japan	**–**	36,292
Total	**29,531,635**	10,565,657

Non-current segment assets

	2023	2022
	HK$'000	*HK$'000*
Macau	**69,662,303**	71,881,648
The Philippines	**1,081,819**	1,325,559
Cyprus	**5,347,000**	4,097,745
Hong Kong	**384,024**	447,477
The People's Republic of China (the "PRC")	**161,860**	167,033
Others	**21,162**	55,006
Total	**76,658,168**	77,974,468

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 2023 and 2022, no individual customer contributed over 10% of the total net revenues of the Group.

4. NET REVENUES

	2023	2022
	HK$'000	*HK$'000*
Casino revenues	**24,090,362**	8,425,961
Entertainment and resort facilities:		
Rooms	**2,647,559**	912,720
Food and beverage	**1,635,027**	669,673
Entertainment, retail and other	**1,158,687**	557,303
Sales to external customers (note 3)	**29,531,635**	10,565,657

For the year ended 31 December 2023, entertainment, retail and other include rental income of HK$410,407,000 (2022: HK$342,479,000).

For the year ended 31 December 2023, the revenue from contracts with customers was HK$29,121,228,000 (2022: HK$10,223,178,000).

5. OTHER OPERATING EXPENSES, GAINS AND LOSSES, NET

	2023	2022
	HK$'000	*HK$'000*
Advertising and promotions	**1,150,997**	243,298
Impairment of non-financial assets (note)	**1,113,883**	568,249
Repairs and maintenance	**701,837**	609,157
Costs of inventories	**645,780**	271,010
Utilities and fuel	**626,809**	474,048
Other gaming operations expenses	**600,418**	252,177
Payments to the Philippine Parties	**332,455**	226,535
Transportation expenses	**173,338**	128,265
Insurance	**173,159**	169,863
Operating supplies	**138,137**	70,670
Legal and professional fees	**124,405**	116,272
Other taxes and licenses	**104,326**	140,451
Rental and other expenses	**55,755**	62,637
Impairment of assets classified as held for sale	**–**	53,267
Auditor's remuneration		
– Audit services to the Company	**2,615**	3,651
– Audit services to subsidiaries	**32,882**	24,328
Loss on disposal of property, plant and equipment	**3,448**	3,728
(Gain)/loss on disposal of assets classified as held for sale, net	**(34,752)**	3,248
Gain on lease modifications	**(5,539)**	(4)
Reversal of allowances for credit losses, net	**(23,200)**	(5,628)
Others	**620,576**	344,815
	6,537,329	3,760,037

Note:

As a result of change in forecasted performance of Altira Macau, a cash generating unit (the "Altira CGU") under the Casino and Hospitality segment, given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the Group's earlier cessation of arrangements with gaming promoters in Macau, during the year ended 31 December 2023, the Group recognised an impairment of non-financial assets in relation to the Altira CGU of HK$1,113,883,000 (2022: HK$540,036,000). Such amount included the impairment and reversal of impairment of Altira CGU's property, plant and equipment of HK$579,048,000 (2022: HK$372,503,000) and HK$13,384,000 (2022: nil), respectively, and the full impairment of right-of-use assets and intangible assets for the Altira CGU of HK$310,468,000 (2022: impairment of HK$167,533,000) and HK$237,751,000 (2022: nil), respectively. During the year ended 31 December 2023, the additional impairment allocated to certain property, plant and equipment in relation to the Altira

CGU is based on the estimated recoverable amounts of individual assets. The recoverable amounts were determined based on their fair values less costs of disposal of HK$63,091,000 as at 31 December 2023, estimated based on the cost approach which considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets with allowance for accrued depreciation or obsolescence, based on certain key assumptions including assets useful life of 5 years to 8 years, trend multipliers in the range of approximately 0.28 to 1.73 to the original costs and residual value of 5% to the depreciated replacement cost which were considered as level 3 inputs under the fair value hierarchy. The impairment allocated to the right-of-use assets and intangible assets in relation to the Altira CGU are based on their carrying amounts as at 31 December 2023.

During the year ended 31 December 2022, impairment in relation to the Altira CGU was based on the recoverable amount of HK$875,115,000 as at 31 December 2022 which was estimated by value-in-use calculations by discounting the forecasted cash flows of the Altira CGU at 14.11% on a pre-tax basis and reflected specific risks relating to such operation.

6. INCOME TAX EXPENSE

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

	2023	2022
	HK$'000	*HK$'000*
Current tax:		
Macau Complementary Tax	**–**	74
Lump sum in lieu of Macau Complementary Tax on dividends	**44,165**	18,350
Hong Kong Profits Tax	**90,780**	4,126
Philippine Corporate Income Tax	**37**	925
Philippine withholding tax on dividends	**20,041**	–
Other jurisdictions	**523**	1,713
Sub-total	**155,546**	25,188
(Over)/under provision in prior years:		
Macau Complementary Tax	**(3,991)**	(16,241)
Lump sum in lieu of Macau Complementary Tax on dividends	**(10,420)**	–
Hong Kong Profits Tax	**(3,531)**	(31)
Philippine Corporate Income Tax	**(1,737)**	3,323
PRC Capital Gains Tax	**–**	(31,980)
Other jurisdictions	**391**	762
Sub-total	**(19,288)**	(44,167)
Deferred tax	**(37,895)**	24,613
Total	**98,363**	5,634

Pursuant to Dispatches of the Macau Chief Executive dated 17 February 2022 and 1 September 2022, Melco Resorts (Macau) Limited ("Melco Resorts Macau"), a subsidiary of the Company, was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations under the previous gaming subconcession for the period from 1 January 2022 to 26 June 2022 and from 27 June 2022 to 31 December 2022, respectively. Melco Resorts Macau continues to benefit from the Macau Complementary Tax exemption on profits generated from gaming operations under the Concession (as defined in note 9) for the period from 1 January 2023 to 31 December 2027 pursuant to a Dispatch of the Macau Chief Executive dated 29 January 2024. Studio City Entertainment Limited ("Studio City Entertainment"), a subsidiary of the Company, was also exempted from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau for five years from 2017 to 2021, to the extent that such income was derived from Studio City gaming operations and had been subject to gaming tax pursuant to a notice issued by the Macau government in January 2017. The exemption coincided with Melco Resorts Macau's exemption from Macau Complementary Tax. Studio City Entertainment applied for an extension of the Macau Complementary Tax exemption for 2022 and for the period from 1 January 2023 through 31 December 2027. These applications are subject to the discretionary approval of the Macau government. The non-gaming profits and dividend distributions of Studio City Entertainment to its shareholders continue to be subject to the Macau Complementary Tax. Melco Resorts Macau's non-gaming profits remain subject to the Macau Complementary Tax and its casino revenues remain subject to the Macau special gaming tax and other levies in accordance with the Concession (as defined in note 9) effective on 1 January 2023.

In December 2022 and March 2023, Melco Resorts Macau received extensions of the agreements with the Macau government for an amount of Macau Pataca ("MOP") 4,000,000 (equivalent to approximately HK$3,883,000) and MOP4,167,000 (equivalent to approximately HK$4,046,000) as payments in lieu of Macau Complementary Tax which would otherwise be borne by the shareholders of Melco Resorts Macau on dividend distributions from gaming profits ("Payments in lieu of Macau Complementary Tax on Dividend Distributions") for the period from 1 January 2022 to 26 June 2022 and from 27 June 2022 to 31 December 2022, respectively. Such annual payment was required regardless of whether dividends were actually distributed or whether Melco Resorts Macau had distributable profits in the relevant year. In February 2024, Melco Resorts Macau entered into an agreement with the Macau government in relation to the Payments in lieu of Macau Complementary Tax on Dividend Distributions from 1 January 2023 to 31 December 2025. During the year ended 31 December 2023, an estimated amount of HK$44,165,000 was provided for such arrangement.

7. DIVIDENDS

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 any dividends for the years ended 31 December 2023 and 2022.

8. 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:

	2023	2022
	HK$'000	*HK$'000*
Loss for the year		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	**(1,743,932)**	(5,113,127)
Effect of dilutive potential ordinary shares:		
Parent's proportionate adjustment in relation to participation interest in a subsidiary of the Company	**–**	(2,754)
Loss attributable to owners of the Company for the purpose of diluted loss per share	**(1,743,932)**	(5,115,881)

	2023	2022
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,509,678**	1,505,575

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 years ended 31 December 2023 and 2022, no adjustment was made to the basic loss per share amount 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 amount presented.

9. INTANGIBLE ASSETS

	2023	2022
	HK$'000	*HK$'000*
Concession and licenses (note)	**2,040,079**	13,335
Trademarks	**16,992,458**	16,992,458
Other intangible assets	**324,613**	313,321
	19,357,150	17,319,114

Note:

	Concession *HK$'000* *(note a)*	Cyprus License *HK$'000* *(note b)*	Macau gaming subconcession *HK$'000* *(note c)*	Regular License *HK$'000* *(note d)*	Total *HK$'000*
Cost:					
At 1 January 2022	–	–	6,680,606	21,709	6,702,315
Additions	–	–	45,631	–	45,631
At 31 December 2022 and 1 January 2023	–	–	6,726,237	21,709	6,747,946
Additions	1,877,704	579,505	–	–	2,457,209
Write-off	–	–	(6,726,237)	–	(6,726,237)
Exchange adjustments	–	8,775	–	–	8,775
At 31 December 2023	1,877,704	588,280	–	21,709	2,487,693
Accumulated amortisation:					
At 1 January 2022	–	–	6,148,324	7,114	6,155,438
Charge for the year	–	–	577,913	1,260	579,173
At 31 December 2022 and 1 January 2023	–	–	6,726,237	8,374	6,734,611
Charge for the year	187,770	12,239	–	1,257	201,266
Write-off	–	–	(6,726,237)	–	(6,726,237)
Impairment	237,751	–	–	–	237,751
Exchange adjustments	–	223	–	–	223
At 31 December 2023	425,521	12,462	–	9,631	447,614
Net carrying values:					
At 31 December 2023	1,452,183	575,818	–	12,078	2,040,079
At 31 December 2022	–	–	–	13,335	13,335

(a) Concession

On 16 December 2022, the Macau government awarded a ten-year concession to operate games of fortune and chance in casinos in Macau (the "Concession") to Melco Resorts Macau. The term of the Concession commenced on 1 January 2023 and ends on 31 December 2032 and Melco Resorts Macau is authorised to operate the Altira Casino, the City of Dreams Casino and the Studio City Casino as well as the Grand Dragon Casino and the Mocha Clubs. Under the Concession, Melco Resorts Macau is obligated to pay the Macau government a fixed annual premium of MOP30,000,000 (equivalent to approximately HK$29,126,000) plus a variable annual premium calculated in accordance with the number and type of gaming tables (subject to a minimum of 500 tables) and electronic gaming machines (subject to a minimum of 1,000 machines) operated by Melco Resorts Macau. The variable annual premium is MOP300,000 (equivalent to approximately HK$291,000) for each gaming table reserved exclusively to certain kinds of games or players, MOP150,000 (equivalent to approximately HK$146,000) for each gaming table not so exclusively reserved and MOP1,000 (equivalent to approximately HK$971) for each electronic gaming machine.

On 30 December 2022, in accordance with the obligations under the letters of undertakings dated 23 June 2022, Melco Resorts Macau and certain subsidiaries of Melco Resorts, which hold the land lease rights for the properties on which the Altira Casino, City of Dreams Casino and Studio City Casino are located, executed a public deed pursuant to which the gaming and gaming support areas comprising the Altira Casino, City of Dreams Casino and Studio City Casino with an area of 17,128.8 square meters, 31,227.3 square meters and 28,784.3 square meters, respectively, and related gaming equipment and utensils (collectively referred to as the "Reversion Assets"), reverted to the Macau government, without compensation and free and clear from any charges or encumbrances, at the expiration of the previous gaming subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Under the terms of the Macau gaming law and the Concession, effective as at 1 January 2023, the Reversion Assets were transferred by the Macau government to Melco Resorts Macau for use in its operations during the Concession for a fee of MOP750 (equivalent to approximately HK$730) per square meter of the casino for years 1 to 3 of the Concession, subject to a consumer price index increase in years 2 and 3 of the Concession and such fee will increase to MOP2,500 (equivalent to approximately HK$2,400) per square meter of the casino for years 4 to 10 of the Concession, subject to a consumer price index increase in years 5 to 10 of the Concession (the "Fee").

On 1 January 2023, the Group recognised an intangible asset and financial liability of MOP1,934,035,000 (equivalent to approximately HK$1,877,704,000), representing the right to use and operate the Reversion Assets, the right to conduct games of fortunes and chance in Macau and the unconditional obligation to make payments under the Concession. This intangible asset comprises the contractually obligated annual payments of fixed premium and variable premiums, as well as the Fee without considering the consumer price index under the Concession. The contractually obligated annual variable premium payments associated with the intangible asset were determined using the total number of gaming tables and the total number of electronic gaming machines that Melco Resorts Macau is currently approved to operate by the Macau government. In the consolidated statement of financial position, the current and non-current portion of the financial liability of the Concession is included in "Other payables, accruals and deposits received". The intangible asset is being amortised on a straight-line basis over the period of the Concession, being 10 years.

(b) Cyprus License

On 26 June 2017, the Cyprus government granted a gaming license (the "Cyprus License") to a subsidiary of ICR Cyprus (the "Cyprus Subsidiary") to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and, up until completion and opening of City of Dreams Mediterranean, a temporary casino facility) and up to four satellite casino premises in Cyprus for a term of 30 years, the first 15 years of which are exclusive. Pursuant to the Cyprus License agreement, the Cyprus Subsidiary is obligated to pay the Cyprus government an annual license fee for the integrated casino resort (and prior to opening of City of Dreams Mediterranean, the temporary casino) and any operating satellite casinos (the "Cyprus License Fee"). The annual license fee for the integrated casino resort is Euro ("EUR") 2,500,000 (equivalent to approximately HK$21,618,000) for the first four years, and EUR5,000,000 (equivalent to approximately HK$43,236,000) for the next four years. Upon the completion of the first eight years and thereafter every four years during the term of the Cyprus License, the Cyprus government may review the annual license fee, with minimum of EUR5,000,000 (equivalent to approximately HK$43,236,000) per year and any increase in the annual license fee may not exceed 20% of the annual license fee paid annually during the previous four-year period. The Cyprus License required City of Dreams Mediterranean to open by the extended deadline of 30 June 2023 as approved by the Cyprus government (the "Cyprus License Requirement"), failing which the Cyprus government would have been entitled to terminate the Cyprus License.

On 28 June 2023, upon fulfilment of the Cyprus License Requirement, to better reflect the future economic benefits arising from the Cyprus License, the Group recognised an intangible asset of EUR68,031,000 (equivalent to approximately HK$579,505,000) and financial liability of EUR67,231,000 (equivalent to approximately HK$572,691,000), representing the right under the Cyprus License and the unconditional obligation to pay (i) a minimum annual license fee for City of Dreams Mediterranean of EUR5,000,000 (equivalent to approximately HK$42,591,000) per year; and (ii) an aggregate annual license fee for three operating satellite casinos of EUR2,000,000 (equivalent to approximately HK$17,037,000), during the term of the Cyprus License from 28 June 2023. In the consolidated statement of financial position, the current and non-current portion of the financial liability of the Cyprus License is included in "Other payables, accruals and deposits received". The intangible asset is being amortised on a straight-line basis over the remaining period of the Cyprus License until June 2047. Prior to the fulfilment of the Cyprus License Requirement, the Cyprus License Fee was expensed as incurred and included in gaming taxes and license fees.

(c) Macau gaming subconcession

The deemed cost of the previous gaming subconcession in Macau was capitalised based on the fair value of the gaming subconcession agreement as of the date of acquisition of Melco Resorts Macau in 2006, and amortised on a straight-line basis over the term of the agreement, which expired on 26 June 2022. Melco Resorts Macau paid a premium of MOP47,000,000 (equivalent to approximately HK$45,631,000) to the Macau government in June 2022 for the extension of the gaming subconcession contract to 31 December 2022 and such premium was amortised on a straight-line basis from 27 June 2022 to the extended expiration date on 31 December 2022.

(d) Regular License

Regular License is a casino gaming license issued by the Philippine Amusement and Gaming Corporation in the Philippines on 29 April 2015 and expires on 11 July 2033 to operate City of Dreams Manila in the Philippines.

10. INVESTMENT IN A JOINT VENTURE

	2023	2022
	HK$'000	*HK$'000*
Cost of investment in a joint venture	**180,150**	180,150
Share of losses	**(2,963)**	(2,332)
Share of changes in exchange reserve	**(15,327)**	(10,785)
	161,860	167,033

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

Name	Particulars of registered capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Principal activities
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%	Property development

* *for identification purposes only*

A notice dated 13 July 2022 from the Group was served to the joint venture partner to terminate a cooperation agreement and its supplemental agreements (collectively, the "Joint Venture Cooperation Agreement") in accordance with the Civil Code of the PRC (the "JV Termination") because certain provisions in the Joint Venture Cooperation Agreement were not met by the joint venture partner. On 30 June 2023, the Group entered into a framework agreement, as further supplemented on 29 November 2023, with the joint venture partner for the separation plan regarding the JV Termination. Management currently expects that the Group will be able to recover the carrying amount of its investment in the joint venture.

11. ASSETS CLASSIFIED AS HELD FOR SALE

As at 31 December 2022, a parcel of freehold land together with the accompanying building structures in Hakone, Japan (the "Hakone Assets") classified as assets held for sale were comprised of property, plant and equipment with aggregate carrying values of HK$66,402,000. Due to a significant decrease in the market value of the freehold land included in the Hakone Assets as of 31 December 2022, an impairment of assets held for sale of HK$53,267,000 was provided during the year ended 31 December 2022. The recoverable amount of JPY917,000,000 (equivalent to approximately HK$54,559,000) was its fair value less costs to sell. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach. A key input under this approach is the sale rate, which was adjusted by certain factors including location and size of the comparable lands, of JPY176,000 (equivalent to approximately HK$10,000) per square meter.

On 12 July 2023, the Group completed the disposal of the Hakone Assets, with an aggregate carrying value of HK$60,404,000, to an independent third party at a consideration of JPY2,144,000,000 (equivalent to approximately HK$116,040,000). A gain on disposal of assets held for sale (net of the accumulated exchange differences on translation of certain entities incorporated in Japan) of HK$34,752,000 was recorded and included in "other operating expenses, gains and losses, net" in the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2023.

12. TRADE RECEIVABLES

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**412,655**	143,444
More than 1 month but within 3 months	**75,523**	71,011
More than 3 months but within 6 months	**64,952**	1,476
More than 6 months	**1,315,768**	1,650,029
	1,868,898	1,865,960
Allowances for credit losses	**(1,153,041)**	(1,428,687)
	715,857	437,273

13. TRADE PAYABLES

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 month	**58,397**	32,532
More than 1 month but within 3 months	**20,441**	7,301
More than 3 months but within 6 months	**1,441**	642
More than 6 months	**11,528**	12,082
	91,807	52,557

14. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	2023	2022
	HK$'000	*HK$'000*
Current liabilities		
Advance deposits and ticket sales	**1,960,406**	2,175,653
Accrued operating expenses and other liabilities	**1,338,445**	853,394
Gaming tax and license fee payables	**1,244,304**	380,231
Interest payable	**900,336**	978,349
Accrued employee benefits expenses	**800,213**	659,525
Outstanding gaming chips	**648,473**	291,713
Payable for acquisition of property, plant and equipment	**292,955**	279,162
Construction cost payable	**281,360**	594,871
Loyalty program liabilities	**281,225**	121,575
Concession and license liabilities	**230,040**	–
Dividends payable	**4,336**	3,809
	7,982,093	6,338,282
Non-current liabilities		
Concession and license liabilities	**2,203,552**	–
Other liabilities	**226,603**	189,996
Deposits received	**55,174**	38,529
Accrued employee benefits expenses	**42,283**	39,061
	2,527,612	267,586

15. INTEREST-BEARING BORROWINGS

	Notes	**31 December 2023**	31 December 2022	1 January 2022
		HK$'000	*HK$'000*	*HK$'000*
			(Restated)	(Restated)
Unsecured notes	a	**47,496,913**	48,252,118	48,151,277
Unsecured bank loans	b	**8,222,000**	14,831,845	3,117,000
Secured bank loans	c	**5,135,975**	6,433,806	6,608,324
Secured notes	d	**2,702,567**	2,693,238	–
		63,557,455	72,211,007	57,876,601
Non-current portion		**(63,556,455)**	(71,790,213)	(57,660,985)
Current portion		**1,000**	420,794	215,616
Analysed into borrowings repayable:				
Within one year or on demand		**1,000**	429,837	215,616
In the second year		**19,135,039**	15,262,680	429,228
In the third to fifth years, inclusive		**27,018,782**	28,718,692	24,815,821
After five years		**17,576,478**	28,115,235	32,754,645
		63,731,299	72,526,444	58,215,310
Less: deferred financing costs and original issue premiums		**(173,844)**	(315,437)	(338,709)
		63,557,455	72,211,007	57,876,601

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

	31 December 2023	31 December 2022	1 January 2022
	HK$'000	*HK$'000*	*HK$'000*
Fixed-rate borrowings	**50,199,479**	50,945,355	48,151,277
Variable-rate borrowings	**13,357,976**	21,265,652	9,725,324
	63,557,455	72,211,007	57,876,601

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

	31 December 2023	31 December 2022	1 January 2022
	HK$'000	*HK$'000*	*HK$'000*
US$	**55,333,455**	63,780,960	54,757,601
HK$	**8,224,000**	8,430,047	3,119,000
	63,557,455	72,211,007	57,876,601

During the year ended 31 December 2023, the Group obtained new interest-bearing borrowings of HK$9,811,171,000 (2022: HK$14,466,499,000) and repaid interest-bearing borrowings of HK$18,633,784,000 (2022: HK$215,474,000).

(a) The unsecured notes bear interest rates ranging from 4.875% to 6.50% (2022: 4.875% to 6.50%) per annum and are repayable at maturities from 2025 to 2029. The unsecured notes are denominated in US$. Certain unsecured notes are guaranteed by certain subsidiaries of the Company.

On 9 November 2023, the Group initiated a cash tender offer (the "Tender Offer") which expired on 8 December 2023, subject to the terms and conditions, to purchase for up to an aggregate principal amount of US$75,000,000 (equivalent to approximately HK$585,279,000) of US$500,000,000 (equivalent to approximately HK$3,901,861,000), in an aggregate principal amount of 6.000% senior notes due 2025 (the "2025 Senior Notes"). On 24 November 2023, the Group amended and increased the aggregate principal amount of the Tender Offer of the 2025 Senior Notes from US$75,000,000 (equivalent to approximately HK$585,279,000) to US$100,000,000 (equivalent to approximately HK$780,372,000) (the maximum tender amount), with all other terms and conditions of the Tender Offer remaining unchanged. As a result, an aggregate principal amount of US$317,461,000 (equivalent to approximately HK$2,477,377,000) of the 2025 Senior Notes were tendered on the early tender date of 22 November 2023. The Group accepted for purchase an aggregate principal amount of US$100,000,000 (equivalent to approximately HK$780,372,000) of the 2025 Senior Notes that were validly tendered (and not validly withdrawn) pursuant to the Tender Offer, as amended, and settled the purchase on 28 November 2023. In connection with such purchase, the Group recorded a gain on extinguishment of debt of HK$11,661,000 during the year ended 31 December 2023. As at 31 December 2023, the outstanding principal amount of the 2025 Senior Notes was US$397,000,000 (equivalent to approximately HK$3,101,272,000).

The indenture governing the unsecured notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of the issuer and its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the ability of the restricted subsidiaries of relevant borrowing groups to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. 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 Concession 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) 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 Concession 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.

The indebtedness under the 2020 Credit Facilities is guaranteed by certain subsidiaries of the Company. The 2020 Credit Facilities are unsecured.

On 29 June 2023, certain provisions of the 2020 Credit Facilities were amended and restated (the "2020 Credit Facilities Amendment and Restatement") such that borrowings under the 2020 Credit Facilities denominated in US$ should bear interest at the term Secured Overnight Financing Rate ("Term SOFR") plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One Limited ("MCO Nominee One"), a subsidiary of the Company, and certain of its specified subsidiaries. The amendment became effective on 29 June 2023. Prior to the effective date of the 2020 Credit Facilities Amendment and Restatement, borrowings under the 2020 Credit Facilities denominated in US$ bore interest at the London Interbank Offered Rate ("LIBOR") plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. Borrowings under the 2020 Credit Facilities denominated in HK$ bear interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus applicable margins ranging from 1.00% to 2.00% per annum.

As at 31 December 2023, the outstanding principal amount of the 2020 Credit Facilities was HK$8,222,000,000 (2022: HK$14,831,845,000).

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 certain subsidiaries. The 2020 Credit Facilities include conditions and events of default customary for such financings. The 2020 Credit Facilities also contain financial condition covenants, including senior leverage ratio, total leverage ratio and interest cover ratio, with applicable test dates on 31 March, 30 June, 30 September and 31 December of each year until the 2020 Credit Facilities mature. On 16 August 2022, MCO Nominee One received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to a waiver of such financial condition covenants for all relevant periods to and including the 31 March 2024 test date.

(c) The secured bank loans bear interest at HIBOR plus applicable margins ranging from 1.00% to 4.00%, or Term SOFR plus an applicable credit adjustment spread of 0.06% and margin of 2.35% (2022: HIBOR or LIBOR plus applicable margins ranging from 1.00% to 4.00%) per annum and are denominated in HK$ or US$. The secured bank loans consisted of term loan facilities and revolving credit facilities. As at 31 December 2023, the term loan facilities were repayable at maturity within the period from 2024 to 2028 and the revolving credit facilities are repayable on the last day of an agreed upon interest period or rolled over subject to compliance with certain covenants and satisfaction of conditions precedent. The secured bank loans are guaranteed by certain subsidiaries of the Company.

On 7 June 2021, the Group entered into a US$1.0 billion 5-year secured credit facility agreement (the "2021 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). The indebtedness under the 2021 Credit Facilities is guaranteed by the Company and a subsidiary.

On 24 April 2023, the Group obtained confirmation from the facility and security agents that certain provisions contained in the 2021 Credit Facilities were waived and amended. Such waiver and amendment allowed the Group to repay an outstanding principal amount of US$165,120,000 (equivalent to approximately HK$1,296,147,000) along with accrued interest under the term loan facility of the 2021 Credit Facilities on 26 April 2023. As a result of such prepayment, the Group recorded losses on modification of debts of HK$82,222,000 during the year ended 31 December 2023.

On 19 June 2023, the Group obtained confirmation from the facility agent that borrowings under the 2021 Credit Facilities denominated in US$ should bear interest at the Term SOFR plus an applicable credit adjustment spread of 0.06% per annum and a margin of 2.35% per annum (the "Interest Rate Amendment"). The Interest Rate Amendment became effective on 19 June 2023. Prior to the effective date of the Interest Rate Amendment, borrowings under the 2021 Credit Facilities denominated in US$ bore interest at the LIBOR plus a margin of 2.35% per annum.

On 20 July 2023, the 2021 Credit Facilities were amended and restated to reflect the Interest Rate Amendment and other amendments effected pursuant to previous waivers, amendments and consents made in the year 2022 through the date of the amendment and restatement (the "Restated 2021 Credit Facilities"). On 28 July 2023, the Group obtained confirmation from the facility agent to amend certain provisions including the financial covenants contained in the Restated 2021 Credit Facilities effective from 28 July 2023.

As at 31 December 2023, the outstanding principal amount of the Restated 2021 Credit Facilities, was US$658,600,000 (equivalent to approximately HK$5,144,830,000) (2022: US$837,480,000 (equivalent to approximately HK$6,540,308,000)).

Certain agreements governing the secured bank loans, as the case may be, contain covenants that, subject to certain exceptions and conditions, limit the ability of respective borrowing groups to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) issue or sell capital stock; (iv) transfer, lease or sell assets; (v) create or incur certain liens; (vi) impair the security interests in the collateral; (vii) enter into agreements that restrict the ability of the restricted subsidiaries of relevant borrowing groups to pay dividends, transfer assets or make intercompany loans; (viii) change the nature of the business of the relevant group; (ix) enter into transactions with shareholders or affiliates; and (x) effect a consolidation or merger. The agreements governing the secured bank loans also contain conditions and events of default customary for such financings. Certain secured bank loans also contain financial covenants including leverage ratios, gearing ratios, interest cover ratio and minimum net assets requirements with respective applicable test dates of each year until maturity. The Group has complied with the covenants under the facility agreements as at 31 December 2023. In the event of a change of control, the Group may be required, at the election of any lender under the 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 Concession is terminated or otherwise expires on its terms.

(d) On 16 February 2022, the Group issued US$350,000,000 (equivalent to approximately HK$2,733,499,000) in an 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 were used to fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes. Certain subsidiaries of the Company and other future restricted subsidiaries as defined in the 2027 Senior Notes are guarantors to guarantee the indebtedness under the 2027 Senior Notes.

The indenture governing the 2027 Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Company Limited and Studio City Investments Limited, subsidiaries of the Company, and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) prepay or redeem subordinated debt or equity; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the collateral; (viii) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with shareholders or affiliates; and (xi) effect a consolidation or merger. The indenture governing the 2027 Senior 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 Concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the secured notes, each holder of the secured notes will have the right to require the Group to repurchase all or any part of such holder's secured notes at a fixed redemption price.

The availability period of an unsecured credit facility amounting to Philippine Peso ("PHP") 2,350,000,000 (equivalent to approximately HK$330,370,000) was extended to 31 January 2024 during the year ended 31 December 2023 and was further extended to 30 April 2024 in January 2024, with no material changes in the underlying terms and conditions.

As at 31 December 2023, borrowings in an aggregate principal amount of HK$7,880,949,000 (2022: HK$9,275,637,000) were secured by certain assets of the Group.

As at 31 December 2023, the Group had a total available and unutilised borrowing capacity of HK$8,246,959,000 (2022: HK$561,019,000), subject to satisfaction of certain conditions precedent.

16. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES

Melco Resorts

On 18 August 2022, the Company, Melco Resorts and Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a subsidiary of the Company, entered into a share repurchase agreement, pursuant to which Melco Resorts agreed to repurchase 9,995,799 ordinary shares of Melco Resorts and 25,000,000 ADSs of Melco Resorts (equivalent to 75,000,000 ordinary shares of Melco Resorts) from Melco Leisure (the "2022 Share Repurchase"). The 2022 Share Repurchase was completed on 26 August 2022. The aggregate consideration for the 2022 Share Repurchase was approximately US$152,709,000 (equivalent to approximately HK$1,198,762,000), less the amount of fees, costs and expenses incurred by Melco Resorts in connection with the 2022 Share Repurchase. Following the completion of the 2022 Share Repurchase, 9,995,799 ordinary shares of Melco Resorts were cancelled. The Group's ownership interest in Melco Resorts decreased.

Melco Resorts repurchased 5,929,076 ADSs (equivalent to 17,787,228 ordinary shares) from the open market for an aggregate consideration of approximately US$36,452,000 (equivalent to approximately HK$285,037,000), of which 1,500,000 ordinary shares repurchased were cancelled during the year ended 31 December 2022. The Group's ownership interest in Melco Resorts increased.

On 8 March 2023, the Company, Melco Resorts and Melco Leisure entered into another share repurchase agreement, pursuant to which Melco Resorts agreed to repurchase 40,373,076 ordinary shares of Melco Resorts from Melco Leisure (the "2023 Share Repurchase"). On 10 March 2023, the 2023 Share Repurchase was completed for an aggregate consideration of US$169,836,000 (equivalent to approximately HK$1,332,319,000), which represented an average price of US$4.2067 per share or US$12.62 per ADS, and 40,373,076 ordinary shares of Melco Resorts repurchased from Melco Leisure were cancelled on the same date. After the completion of the 2023 Share Repurchase and cancellation of the repurchased shares by Melco Resorts, the Group's ownership interest in Melco Resorts decreased.

During the years ended 31 December 2023 and 2022, certain share options and restricted shares under the Melco Resorts share incentive plans were exercised and vested, respectively, 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 decreased from 57.10% on 1 January 2022 to 54.50% on 31 December 2022 and to 52.42% on 31 December 2023. The Group recognised an increase of HK$332,127,000 (2022: decrease of HK$130,129,000) in special reserve and a decrease of HK$338,979,000 (2022: HK$177,457,000) in non-controlling interests.

The Philippine subsidiaries

During the year ended 31 December 2023, the Group, through subsidiaries, purchased 10.111 (2022: 50.906) common shares of Melco Resorts and Entertainment (Philippines) Corporation ("MRP") at a total consideration of PHP36,651,000 (equivalent to approximately HK$5,260,000) (2022: PHP175,173,000 (equivalent to approximately HK$25,890,000)) from the non-controlling interests, which increased the Group's ownership interest in MRP.

As a net result of the above transaction and aforesaid change in the Group's ownership interest in Melco Resorts, the Group's ownership interest in MRP decreased from 56.52% on 1 January 2022 to 54.19% on 31 December 2022 and to 52.17% on 31 December 2023. The Group recognised a decrease of HK$2,487,000 (2022: HK$13,004,000) in special reserve and a decrease of HK$2,773,000 (2022: HK$12,886,000) in non-controlling interests.

CHAIRMAN & CEO'S STATEMENT

Dear Shareholders,

The year 2023 was significant in our journey of post-pandemic recovery and expansion, and was highlighted by the successful launch of new properties including City of Dreams Mediterranean and Studio City Phase 2.

In Macau, our major market is showing enduring growth potential and resilience, as we are encouraged by the strong rebound in visitation in 2023. Leveraging the government's vision of establishing Macau as a world-class tourism destination, we strategically introduced a range of acclaimed experiences that cater specifically to the resurging demand. These include Studio City Phase 2's exciting indoor waterpark and exceptional Epic Tower and W Macau – Studio City, as well as Macau's groundbreaking multi-year residency concert series, and the renowned Black Pearl Diamond Restaurants Gastronomic Series. These initiatives, which align with the government's objective of transforming the city into a premier global tourism hub, have successfully attracted high-end customers and enticed visitors to extend their stay in Macau. To further promote tourism in Macau, we also established new MICE representative offices in Manila and Hong Kong last year to enhance our efforts to attract more visitors to the city.

Beyond Macau, we proudly celebrated the launch of our inaugural integrated resort in Europe, City of Dreams Mediterranean. As the largest integrated resort in Europe, City of Dreams Mediterranean is poised to redefine the landscape of the tourism industry, elevating Cyprus to a year-round destination for discerning travellers. Despite the challenges posed by the regional military conflicts, which have impacted tourism inflows, our long-term vision remains steadfast. We are actively monitoring the situation and have adjusted our marketing strategies accordingly. Encouragingly, we are starting to witness signs of traditional tourism markets returning in the early part of 2024.

Turning to the Philippines, City of Dreams Manila continues to generate solid earnings with a strong margin profile. This highlights the integrated resort's appeal to customers in the region as economic and tourism activities rebound from the impact of COVID-19. With further anticipated growth in visitation to the Philippines in the coming years, City of Dreams Manila is well-positioned to leverage its strong market status and drive sustainable performance.

As we look ahead in 2024, we are filled with excitement for another remarkable year of innovation and growth. We have had a strong start, with visitation to Macau during the Chinese New Year holiday period this year being close to 2019 levels. Our focus remains on developing new ideas and strategic initiatives to deliver unparalleled leisure and entertainment experiences to our valued customers. Among our ongoing projects and events, we are thrilled to commence the second season of our residency concert series at Studio City in March this year. Construction is underway for the Cineplex at Studio City Phase 2, and we eagerly anticipate the return of our acclaimed show, The House of Dancing Water, towards the end of the year. Furthermore, we are embarking on renovations for The Countdown hotel, aiming to introduce a new level of luxury and sophistication to cater to our discerning premium mass customers. With these endeavours, we are poised to elevate the standard of excellence in the industry and create unforgettable visits by our guests in the year ahead.

Last but not least, I would like to take this opportunity to extend my sincere gratitude to the Board, shareholders, business partners, customers and all of our colleagues for their unwavering support. I am confident in the Group's resilience and ability to navigate challenges, and I eagerly anticipate our continued success in realising our visionary goals in the upcoming fiscal year.

With best wishes,

Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

Since the beginning of 2023, the relaxation of social-distancing measures and the reopening of borders worldwide have had a positive impact on the Group, leading to sustained improvement in business momentum.

Macau's recovery has shown significant progress throughout 2023. The Group experienced solid performance during long holidays including the summer months and the October Golden Week, with increased property visitation and casino player hours. Both the gaming and non-gaming segments witnessed improved revenues.

The Group's commitment to developing new attractions, including Studio City's indoor waterpark, Epic Tower, W Macau – Studio City and the Melco Residency Concert Series, have successfully attracted high-end customers and further consolidated its premium mass position.

Outside of Macau, City of Dreams Manila has consistently generated strong earnings, demonstrating significant market share gains in mass table games and slots. Additionally, the Group opened City of Dreams Mediterranean in Cyprus to the public in July 2023, following a successful soft opening in June 2023. However, its performance has been affected by the ongoing regional military conflicts.

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 2023, Melco International, through its subsidiary, held approximately 51.69% of the total issued shares of Melco Resorts.

Melco Resorts currently owns and 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 Europe, Melco Resorts currently holds a 75% equity interest in ICR Cyprus and, through its subsidiaries, operates City of Dreams Mediterranean in Limassol in Cyprus after the closure of a temporary casino in June 2023. It also continues to operate three satellite casinos in other cities in Cyprus.

The Group's net revenues totalled HK$29.53 billion for the year ended 31 December 2023, an increase of 179.5% compared with HK$10.57 billion recorded in the corresponding period of 2022. The increase was primarily attributable to the improved performance in all gaming segments and non-gaming operations following the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City in 2023. Loss for the year was HK$3.49 billion, compared with a loss for the year of HK$9.99 billion in 2022.

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 2023, the property operated an average of approximately 430 gaming tables and 628 gaming machines.

In line with its commitment to introduce diversified tourism attractions to Macau, City of Dreams continues to attract visitors through unique limited-run experiences showcasing the latest innovations. In 2023, the return of TheArsenale V5 Flagship Store featured over 20 futuristic vehicle and mobility concepts across land, sea, and air. Guests had the opportunity to explore cutting-edge electric vehicles pushing transportation boundaries. The Group also successfully hosted Mr Doodle's debut "First Exhibition in Macao", featuring 24 original art pieces and four massive installations created exclusively for City of Dreams.

Beyond these entertainment events, the Group has several major projects planned. The iconic The House of Dancing Water is set to make its highly anticipated return by the end of 2024, delivering an unparalleled entertainment experience. Renovations will also commence on The Countdown hotel to debut a new high-end luxury offering catering to premium mass customers.

Through continuous strategic investments and a wide range of entertainment offerings, City of Dreams has firmly established itself as the leading premium-mass market leisure destination in Macau.

Studio City

The cinematically themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. In 2023, the property operated an average of approximately 246 gaming tables and 661 gaming machines.

In 2023, the Group unveiled thrilling additions to Studio City Phase 2, further demonstrating its unwavering commitment to Macau's growth and diversification. An expansive, space-themed indoor waterpark opened, with adrenaline-pumping waterslides and attractions for year-round aquatic family fun. The Group also introduced two new hotels, the luxurious self-branded Epic Tower and the stylish W Macau – Studio City, expanding the property's accommodation options.

Adding to the city's entertainment repertoire, the Group launched its anticipated residency concert series at Studio City with star-studded performances. Iconic talents including Joey Yung, Leon Lai and Aaron Kwok have already taken to the stage, treating audiences to spectacular, astonishing concerts exclusive to the Group. Their stellar performances have resonated strongly with the market. With an unmatched scale and calibre over three years, the series is uplifting Macau's profile as a world-class entertainment destination.

Altira Macau

Altira Macau is an integrated resort designed to provide a casino and hotel experience that caters to the premium mass and mass segments. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. Through the delivery of impeccable services customised for each guest, both Altira Macau and Altira Spa attained a Five-Star ranking from Forbes Travel Guide ("FTG") for the 15th consecutive year in 2024. In 2023, Altira Macau operated an average of approximately 44 gaming tables and 141 gaming machines operated under the brand Mocha at Altira Macau.

Mocha Clubs and Other

Mocha Clubs comprise 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 2023, Mocha Clubs operated an average of approximately 874 gaming machines (excluding approximately 141 gaming machines at Altira Macau).

In addition to Mocha Clubs, the Group also operates Grand Dragon Casino, which focuses on mass market table games, under a right-to-use agreement. In 2023, Grand Dragon Casino operated an average of approximately 17 gaming tables.

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. In 2023, the property operated an average of approximately 267 gaming tables and 2,297 gaming machines.

City of Dreams Mediterranean and Other

City of Dreams Mediterranean, Europe's first and largest integrated resort, opened to the public in July 2023 following a successful soft opening in June 2023, heralding a new era for premium tourism in Cyprus. The project was developed by ICR Cyprus, a joint venture company held 75% by Melco Resorts. 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.

City of Dreams Mediterranean is a pioneering integrated resort which aims to establish Cyprus as a premier year-round tourism and business destination. The integrated resort comprises 500 guest rooms and suites, over 8,000 square metres of MICE space, an outdoor amphitheatre, a family adventure park and a variety of premium dining and retail outlets. Drawing from the Group's international standards of luxury yet customised for Cyprus, sustainability remains core to its distinct Mediterranean design which achieved the country's first BREEAM Excellent certification. This validation confirms the Group's growing influence in transforming regional tourism sectors to reach global benchmarks of distinction.

In addition to City of Dreams Mediterranean, the Group continues to operate three satellite casinos in Cyprus located at Nicosia, Ayia Napa and Paphos. In 2023, the facilities in Cyprus had an average of approximately 35 gaming tables and 453 gaming machines before the closure of the temporary casino and the opening of City of Dreams Mediterranean. With the increased offering following the resort opening, our facilities in Cyprus had an average of approximately 103 gaming tables and 902 gaming machines, with an average of approximately 99 gaming tables and 744 gaming machines being operated under City of Dreams Mediterranean in the second half of 2023.

OUTLOOK

The year 2024 is poised to be another exciting time for the Group. In Macau, a major market for the Group, tourism continues to experience a notable upswing. Thanks to the Macau government's diligent efforts in promoting "tourism+" and implementing diverse promotional measures, visitors from near and far have been enticed to visit the city. In early 2024, the surge in visitor arrivals during the Spring Festival Golden Week far exceeded expectations, with average daily arrivals nearing the levels seen in 2019. Moreover, the National Immigration Service recently announced the inclusion of Xi'an City in Shaanxi Province and Qingdao City in Shandong Province into the individual visa program, opening up new avenues for travellers from these cities to visit Macau.

To contribute to fostering tourism and economic revival, the Group fully supports the Macau government's initiatives to boost international visitor arrivals and invests in a diverse range of cultural and tourism initiatives. These endeavours aim to offer visitors innovative and varied entertainment and travel experiences. Notable ongoing events and projects include the second season of the residency concert series at Studio City commenced in March this year. Construction also began on the Cineplex at Studio City Phase 2, and the highly acclaimed show, The House of Dancing Water, is expected to make its return towards the end of 2024. Additionally, plans are underway to renovate The Countdown hotel, introducing a new high-end luxury hotel offering for our premium mass customers, and upgrade the MICE space and guest rooms at Grand Hyatt Macau.

The opening of the Group's MICE representative offices at City of Dreams Manila in the Philippines and in Hong Kong in 2023 underlines its ongoing commitment to promoting Macau's position as a global hub for tourism and leisure. Going forward, the Philippines and Hong Kong MICE representative offices, together with the forthcoming one to be opened in Singapore, will serve as platforms to showcase the unique charm of Macau to international tourists.

In the Philippines, the tourism industry is experiencing a faster-than-projected recovery in 2023. International visitor arrivals are projected to reach 7.7 million by 2024 according to the Department of Tourism, positioning City of Dreams Manila well to capture increased foreign demand.

Turning to Cyprus, the ongoing regional military conflicts are having a negative impact on tourism flows. City of Dreams Mediterranean is experiencing lingering effects from these tensions, and there remains uncertainty regarding the timing of a resolution. However, there are indications of traditional tourism markets returning so far this year.

Looking ahead, the Group remains confident in its long-term prospects across regions, while standing ready to navigate near-term uncertainties and challenges in a prudent and agile manner. With its exceptional multi-jurisdictional portfolio and reputation for innovative experiences, the Group is strongly placed to leverage opportunities as global travel rebounds. As regional recoveries gain momentum, the Group will continue driving leadership in integrated resort development through its world-class properties and entertainment. The Group remains committed to creating sustained value for shareholders and stakeholders through long-term growth in tandem with communities.

ACHIEVEMENTS AND AWARDS

Over the years, Melco International has demonstrated an unwavering commitment to upholding the highest standards of corporate governance and sustainable development. As a world-leading operator of leisure and entertainment businesses, the Group is determined in its pursuit of operational excellence and has employed various strategies and initiatives to promote transparency, accountability and sustainability across its operations, which have been recognised with a number of accolades in 2023.

Corporate Governance

The Group has been honoured by business and investment communities with esteemed leadership accolades for its superior corporate governance practices. In 2023, Melco International was bestowed with the prestigious Best Investor Relations Company award, while the Group's Chairman and Chief Executive Officer, Mr. Ho, Lawrence Yau Lung, was recognised as Asia's Best CEO, both for the 12th year, at the Asian Excellence Awards organised by Corporate Governance Asia magazine. The accolades are a testament to Melco International's steadfast dedication to achieving excellence in corporate governance, which operates as a fundamental pillar for its sustainable long-term growth.

Business Operations

The Group strives to reinforce its leadership position among global integrated resort operators and aims to deliver guests with extraordinary culinary, hospitality, and entertainment experiences that are unparalleled in quality and satisfaction.

The Group was awarded a total of 16 Five-Star awards across its property portfolio by the 2024 FTG, maintaining its lead among integrated resorts in Asia. Notably, Altira Macau has achieved the distinction of being a FTG Five-Star award recipient in both the Hotel and Spa categories for its 15th consecutive year.

In addition, the Group has been honoured by MICHELIN Guide Hong Kong & Macau 2024 with a collective total of eight MICHELIN stars across five restaurants located in its properties including City of Dreams, Studio City and Altira Macau. The result establishes the Group as Macau's leader with the highest number of MICHELIN-stars achieved across its properties. The Group's Cantonese fine-dining restaurant, Jade Dragon at City of Dreams, has been awarded the highest honour of three MICHELIN stars for the sixth consecutive year, while Alain Ducasse at Morpheus has been honoured with two MICHELIN stars for the sixth consecutive year. The Group's Cantonese restaurants, Pearl Dragon at Studio City and Ying at Altira Macau, have each been awarded one MICHELIN star for eight consecutive years, while the Japanese restaurant Sushi Kinetsu at City of Dreams earned its first one-MICHELIN-star.

Jade Dragon maintains its title as Macau's only Three Diamond Chinese restaurant in the Black Pearl Restaurant Guide 2024, while Yí at Morpheus, City of Dreams, was awarded the One Diamond accolade for the fifth consecutive year, and Alain Ducasse at Morpheus made its debut with a One Diamond honour.

Jade Dragon also upheld its Black Diamond status on the Trip.com 2023 Gourmet Top Global Restaurant List for the third consecutive year, and Pearl Dragon at Studio City was awarded the Platinum award for the third consecutive year.

The Group's commitment to continuous innovation and providing unparalleled entertainment experiences has been recognised through several prestigious awards. Morpheus, the world's first free-form exoskeleton high-rise designed by the late Dame Zaha Hadid, was acknowledged by Prix Versailles, UNESCO's World Architecture and Design Award, as one of the World's Most Beautiful Hotels. Additionally, Studio City Water Park was honoured with the Leading Edge Award by the World Waterpark Association, and was recognised as one of China's top 100 novel attractions by Global Travel Play Book, a publication jointly issued by China Tourism Academy and Mafengwo.

Safety, health and wellbeing of its guests and colleagues are a top priority of the Group. In 2023, Kids' City at City of Dreams and Super Fun Zone at Studio City received SGS Hygiene Control Management Systems certification, establishing Melco Resorts as the first and only company in Macau to obtain the SGS Hygiene Control Management Systems certification across all its children's playgrounds from SGS, the world's leading testing, inspection and certification company. The achievement highlights the Group's unwavering commitment to providing guests with a safe and healthy environment while being able to enjoy its world-class services for the most memorable experiences.

Beyond Macau, City of Dreams Mediterranean brings the Group's award-winning standards of entertainment, leisure and innovation to Cyprus' luxury hotel scene. The integrated resort was acknowledged for its excellence, receiving the prestigious title of Best New Luxury Casino Resort – World by Seven Stars Luxury Hospitality and Lifestyle Awards 2023. Additionally, it was recognised by The European Property Awards 2023 for its remarkable achievements in three categories, including Best Hotel Architecture Cyprus, Best Sustainable Commercial Development Cyprus and Best New Hotel Construction & Design Cyprus.

People

Adopting a systematic approach to accelerate talent development through its Whole Person Development philosophy, the Group has launched various talent diversification initiatives to nurture talent and contribute to the diversification of the integrated resort industry. Among these is the Group's Foundation Acceleration Program, which was selected by the Association for Talent Development ("ATD") as a winner in the Career Development category of its 2023 Excellence in Practice Awards, marking the second consecutive year that the Group's efforts in talent development have been recognised by the ATD.

To support the Macau government's policy principles of "Macau Thrives on Education" and "Building Macau through Talent Training", Melco Resorts and Macau's Education and Youth Development Bureau signed agreements on new initiatives to nurture talent in youth and parenting education in 2023. Parent-child education will be provided for colleagues to enhance their understanding and skills in parenting education. Furthermore, Melco Resorts signed agreements on its school-corporation partnership initiatives with the Macao Federation of Trade Unions Vocational and Technical School, Macao Sam Yuk Middle School and Escola Seong Fan da Associacao Comercial de Macau to strengthen its cooperation with local schools — offering youth opportunities to improve their skills and gain professional experience through tripartite collaboration between the home, school and enterprise.

In addition to fostering professional development, the Group remains committed to prioritising the physical and mental well-being of its colleagues through its Reach! programme. The initiative encourages colleagues of all fitness levels to reach their full potential in sports and physical activity, including through the provision of training support and resources such as the supply of facilities, venues and sports medicine, and helps colleagues involved in competitive sports achieve their best performance. Throughout the year, colleagues who participated in the Reach! programme have achieved exceptional outcomes.

Corporate Social Responsibility

As a company committed to social responsibility, Melco International strives to bring about a positive impact on society.

In recognition of its proactive contributions and innovative corporate social responsibility initiatives to give back to the community through its signature Simple Acts of Kindness volunteering program, the Group was honoured for the second consecutive year with Corporate Social Responsibility of the Year by Global Gaming Awards Asia-Pacific in 2023, and awarded by Asia Gaming Awards 2023 with the accolade of Outstanding Contribution in Corporate Social Responsibility. The Simple Acts of Kindness volunteering program also earned the Best Overall CSR Program at the 2023 IAG Academy IR Awards, highlighting its outstanding contribution across all areas of corporate social responsibility.

The Group has also placed great importance to developing and maintaining a culture of responsible gaming in every jurisdiction of operation, as exemplified by its achievement of government-endorsed certifications in responsible gaming with Altira Macau casino, Mocha Kuong Fat and Mocha Inner Harbour recognised as Responsible Gambling Model Units under the Responsible Gambling Indicators project in 2023. The Group was also bestowed with the honour of Best Responsible Gaming Program by Asia Gaming Awards 2023 for the efficacy of its responsible gaming initiatives.

As part of its efforts to promote the economic prosperity of local small and medium enterprises ("SMEs"), the Group helped a total of 270 local SMEs and non-government organisations generate more than MOP9 million in additional revenue through its Heart of House (employee area) SME Roadshow series in 2023. In efforts to support the sustainable future of the city, the Group also hosted the Studio City Christmas Bazaar in December 2023, providing over 40 local SMEs with rent-free stalls to showcase their diverse array of products and services in an enchanting holiday-themed outdoor marketplace.

Furthermore, a range of tailored outreach events were organised in 2023 to support approximately 200 local SMEs and businesses. To foster the growth of local suppliers, the Melco SME Academy hosted regular capacity-building workshops and events, providing participants with the latest industry information and updates. The training sessions and workshops covered a variety of topics including human trafficking and modern slavery in the industry and supply chains, sustainability awareness for foods including seafood, cage-free eggs and meat, and occupational safety and health.

Environmental Sustainability

The Group's "RISE to go Above & Beyond" commitment has continued to propel it to make strides in environmental sustainability.

During 2023, the Group was named among the Top 10 most sustainable hospitality companies in the 3rd Greater China Hotel Business Sustainability Index. Besides, it received the Best Environmental Responsibility accolade for 11 years running at the Asian Excellence Awards organised by Corporate Governance Asia magazine in 2023.

With sustainability at its core, City of Dreams Mediterranean received the prestigious accolades of Best International Sustainable Commercial Development and Best Sustainable Commercial Development in Europe at the renowned International Property Awards in 2024.

With the aim to gradually replace single-use plastic water bottles with refillable glass bottles across its operations, the Group has become the world's first hospitality group and integrated resort operator to launch the NORDAQ water purification and bottling solution across its global property portfolio, including at its properties in Macau, the Philippines and Cyprus. The initiative continued to gain traction, with NORDAQ installed across 55% of the Group's hotel rooms, avoiding 5.2 million single-use plastic water bottles in 2023. Once fully operational across the Group's properties in Macau alone, an estimated 14.8 million plastic water bottles will be eliminated yearly at normalised business volumes.

To achieve more sustainable and responsible practices, the Group has also partnered with Lever Foundation to fulfil its commitment to cage-free eggs, and is implementing a new initiative of sourcing only cage-free eggs across all its operations in Macau and globally. Since March 2022, 100% of the eggs served at City of Dreams Manila have been from cage-free, local sources. With the majority of the Group's F&B outlets in Macau following suit, the Group is on track to fulfil its commitment to sourcing and offering 100% cage-free eggs across its entire property portfolio by 2025.

FINANCIAL REVIEW

RESULTS

HK$' million	**2023**	2022	YoY%
Net revenues	**29,531.6**	10,565.7	179.5%
Adjusted EBITDA	**7,505.1**	(362.0)	2,173.4%
Loss attributable to owners of the Company	**(1,743.9)**	(5,113.1)	65.9%
Basic loss per share attributable to owners of the Company (HK$)	**(1.16)**	(3.40)	66.0%

FINANCIAL POSITION

HK$' million	**2023**	2022	YoY%
Total assets	**89,411.4**	97,091.6	–7.9%
Total liabilities	**79,038.2**	83,705.6	–5.6%
Equity attributable to owners of the Company	**665.0**	1,791.3	–62.9%
Net assets value per share attributable to owners of the Company (HK$)	**0.4**	1.2	–62.9%
Gearing ratio (%)	**71.1%**	74.4%	N/A

Net Revenues

Net revenues of the Group increased by 179.5% from HK$10.57 billion for the year ended 31 December 2022 to HK$29.53 billion for the year ended 31 December 2023. The increase in net revenues was primarily attributable to the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City in 2023 which led to improved performance in our casino and hospitality operations in the year ended 31 December 2023.

HK$' million	**2023**	2022	YoY%
Casino revenues	**24,090.4**	8,426.0	185.9%
Entertainment and resort facilities:			
Rooms	**2,647.6**	912.7	190.1%
Food and beverage	**1,635.0**	669.7	144.2%
Entertainment, retail and other	**1,158.7**	557.3	107.9%
	29,531.6	10,565.7	179.5%

Adjusted EBITDA [1]

The Company generated Adjusted EBITDA of HK$7.51 billion for the year ended 31 December 2023, compared to negative Adjusted EBITDA of HK$362.0 million for the year ended 31 December 2022. The change in Adjusted EBITDA was mainly attributable to improved performance in our casino and hospitality operations as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the opening of Studio City Phase 2.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company was HK$1.74 billion for the year ended 31 December 2023, compared to loss attributable to owners of the Company of HK$5.11 billion for the year ended 31 December 2022. The change was mainly attributable to the improved performance in our casino and hospitality operations following the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the opening of Studio City Phase 2, partially offset by higher net interest expense and higher asset impairments related to Altira Macau.

As a result of change in forecasted performance of Altira Macau, given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the Group's earlier cessation of arrangements with gaming promoters in Macau, net impairments of HK$1.11 billion (2022: HK$540.0 million) were recognised for certain property, plant and equipment, intangible assets and right-of-use assets in relation to Altira Macau during the year ended 31 December 2023.

Basic Loss Per Share Attributable to Owners of the Company

Basic loss per share attributable to owners of the Company was HK$1.16 for the year ended 31 December 2023, compared to basic loss per share attributable to owners of the Company of HK$3.40 for the year ended 31 December 2022.

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

Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group, contributed the vast majority of the financial results of the Group during the years ended 31 December 2023 and 2022.

The performance of Melco Resorts during the years ended 31 December 2023 and 2022 is described below.

According to the 2023 annual report on Form-20F of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, it recorded total operating revenues of US$3.78 billion for the year ended 31 December 2023 versus US$1.35 billion for the year ended 31 December 2022. The increase in total operating revenues was primarily attributable to the improved performance in all gaming segments and non-gaming operations following the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City during the year.

Operating income for 2023 was US$65.0 million, compared with an operating loss of US$743.1 million for 2022.

Melco Resorts generated Adjusted Property EBITDA[(2)] of US$1.04 billion for the year ended 31 December 2023, compared with Adjusted Property EBITDA of US$0.6 million in 2022.

Net loss attributable to the financial performance of Melco Resorts for 2023 was US$326.9 million, compared with a net loss attributable to the financial performance of Melco Resorts of US$930.5 million for 2022.

(2) Adjusted Property EBITDA is net income/loss before interest, taxes, depreciation and amortisation, 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 2023, total operating revenues at City of Dreams were US$1.93 billion, compared with US$559.7 million in 2022. City of Dreams generated Adjusted Property EBITDA of US$576.3 million for the year ended 31 December 2023, compared with negative Adjusted Property EBITDA of US$32.2 million in 2022.

Gaming Performance

US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**19,424.6**	4,379.8	343.5%
Win rate	**2.61%**	3.85%	N/A
Mass Market			
Table drop	**5,018.5**	1,187.4	322.6%
Hold percentage	**30.9%**	30.5%	N/A
Gaming Machine			
Handle	**3,192.2**	929.2	243.5%
Win rate	**3.3%**	3.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams in 2023 was US$280.9 million, compared with US$112.0 million in 2022.

Altira Macau

For the year ended 31 December 2023, total operating revenues at Altira Macau were US$110.8 million, compared with US$32.6 million in 2022. Altira Macau generated negative Adjusted Property EBITDA of US$1.3 million in 2023, compared with negative Adjusted Property EBITDA of US$43.0 million in 2022.

Gaming Performance

US$'million	**2023**	2022	YoY%
Mass Market			
Table drop	**488.2**	124.0	293.6%
Hold percentage	**22.7%**	19.6%	N/A
Gaming Machine			
Handle	**330.5**	166.0	99.1%
Win rate	**3.5%**	3.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau in 2023 was US$19.3 million, compared with US$7.8 million in 2022.

Mocha and Other

Effective from 27 June 2022, the Grand Dragon Casino, which focuses on mass market table games and was previously reported under the Corporate and Other segment, has been included in the Mocha and Other segment as a result of the change of terms of the right-to-use agreement for the Grand Dragon Casino.

Total operating revenues from Mocha and Other were US$117.7 million in 2023, compared to US$76.4 million in 2022. Mocha and Other generated Adjusted Property EBITDA of US$27.3 million in 2023, compared with Adjusted Property EBITDA of US$10.3 million in 2022.

Gaming Performance

US$'million	**2023**	2022	YoY%
Mass Market			
Table drop	**176.1**	39.2	349.1%
Hold percentage	**17.0%**	20.1%	N/A
Gaming Machine			
Handle	**2,030.6**	1,585.2	28.1%
Win rate	**4.6%**	4.4%	N/A

Studio City

For the year ended 31 December 2023, total operating revenues at Studio City were US$958.4 million, compared to US$176.0 million in 2022. Studio City generated Adjusted Property EBITDA of US$206.8 million in 2023, compared with negative Adjusted Property EBITDA of US$105.2 million in 2022.

Gaming Performance

US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**2,787.5**	836.9	233.1%
Win rate	**1.65%**	2.56%	N/A
Mass Market			
Table drop	**2,870.4**	460.4	523.4%
Hold percentage	**27.3%**	28.5%	N/A
Gaming Machine			
Handle	**2,479.4**	657.4	277.2%
Win rate	**3.3%**	2.8%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City in 2023 was US$243.7 million, compared with US$40.2 million in 2022.

City of Dreams Manila

For the year ended 31 December 2023, total operating revenues at City of Dreams Manila were US$495.1 million, compared with US$396.4 million in 2022. City of Dreams Manila generated Adjusted Property EBITDA of US$205.5 million in 2023, compared with Adjusted Property EBITDA of US$146.9 million in 2022.

Gaming Performance

US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**1,967.0**	2,873.1	–31.5%
Win rate	**4.70%**	2.17%	N/A
Mass Market			
Table drop	**784.0**	607.1	29.1%
Hold percentage	**30.3%**	30.9%	N/A
Gaming Machine			
Handle	**4,099.0**	3,653.6	12.2%
Win rate	**5.1%**	5.2%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila in 2023 was US$116.6 million, compared with US$102.5 million in 2022.

City of Dreams Mediterranean and Other

Effective from 12 June 2023, with the soft opening of City of Dreams Mediterranean, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on 9 June 2023 and the licensed satellite casinos in Cyprus, has been renamed to the City of Dreams Mediterranean and Other segment which includes the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. City of Dreams Mediterranean officially opened to the public on 10 July 2023, after a soft opening in June. Melco Resorts continues to operate three satellite casinos in Cyprus in conjunction with City of Dreams Mediterranean.

For the year ended 31 December 2023, total operating revenues at City of Dreams Mediterranean and Other were US$159.4 million, compared with US$91.3 million in 2022. City of Dreams Mediterranean and Other generated Adjusted Property EBITDA of US$27.5 million in 2023, compared with Adjusted Property EBITDA of US$23.7 million in 2022.

Gaming Performance

US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**10.9**	5.2	109.4%
Win rate	**–6.17%**	7.09%	N/A
Mass Market			
Table drop	**274.1**	135.3	102.6%
Hold percentage	**21.5%**	20.5%	N/A
Gaming Machine			
Handle	**1,736.0**	1,301.7	33.4%
Win rate	**5.1%**	5.0%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Mediterranean and Other in 2023 was US$31.8 million, compared with US$0.7 million in 2022.

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 adopts conservative policies in cash and financial management. As at 31 December 2023, the Group's cash and bank balances amounted to HK$10,765.5 million (2022: HK$14,317.5 million) and restricted cash (mainly being cash collateral for concession-related guarantees to the Macau government and security under credit facilities) amounted to HK$1,054.3 million (2022: HK$4,006.6 million). In January 2023, restricted cash of US$222.8 million (equivalent to approximately HK$1.74 billion) as security under credit facilities and MOP410.0 million (equivalent to approximately HK$398.1 million) as cash collateral against a bank guarantee issued in favour of the Macau government were released.

As at 31 December 2023, the Group had a total available and unutilised borrowing capacity of HK$8.25 billion (2022: HK$0.56 billion), subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the year ended and subsequent to 31 December 2023 are summarised below.

During the year ended 31 December 2023, the Group repaid HK$206.0 million and US$820.0 million (equivalent to approximately HK$6.43 billion) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

In March 2023, the Group repaid an outstanding principal amount of US$13.76 million (equivalent to approximately HK$108.0 million) along with accrued interest under the term loan facility of the 2021 Credit Facilities in accordance with the stated repayment schedule.

On 24 April 2023, the Group obtained confirmation from the facility and security agents that certain provisions contained in the 2021 Credit Facilities were waived and amended. Such waiver and amendment allowed the Group to repay an outstanding principal amount of US$165.1 million (equivalent to approximately HK$1.30 billion) along with accrued interest under the term loan facility of the 2021 Credit Facilities on 26 April 2023.

On 19 June 2023, the Group obtained confirmation from the facility agent that borrowings under the 2021 Credit Facilities denominated in US$ should bear interest at the Term SOFR plus an applicable credit adjustment spread of 0.06% per annum and a margin of 2.35% per annum. The Interest Rate Amendment became effective on 19 June 2023. Prior to the effective date of the Interest Rate Amendment, borrowings under the 2021 Credit Facilities denominated in US$ bore interest at the LIBOR plus a margin of 2.35% per annum.

On 29 June 2023, certain provisions of the 2020 Credit Facilities were amended and restated such that borrowings under the 2020 Credit Facilities denominated in US$ should bear interest at the Term SOFR plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One, a subsidiary of the Company, and certain of its specified subsidiaries. The amendment became effective on 29 June 2023. Prior to the effective date of the 2020 Credit Facilities Amendment and Restatement, borrowings under the 2020 Credit Facilities denominated in US$ bore interest at the LIBOR plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. Borrowings under the 2020 Credit Facilities denominated in HK$ bear interest at the HIBOR plus applicable margins ranging from 1.00% to 2.00% per annum.

On 28 July 2023, the Group obtained confirmation from the facility agent to amend certain provisions including the financial covenants contained in the Restated 2021 Credit Facilities effective from 28 July 2023.

On 28 November 2023, the Group settled the tender offer of the 2025 Senior Notes for the aggregate principal amount of US$100.0 million (equivalent to approximately HK$780.4 million).

On 28 March 2024, the Group repaid an outstanding loan principal amount of HK$1.17 billion under the 2020 Credit Facilities, together with accrued interest.

The availability period of an unsecured credit facility amounting to PHP2.35 billion (equivalent to approximately HK$330.4 million) was extended to 31 January 2024 during the year ended 31 December 2023, and was further extended to 30 April 2024 in January 2024, with no material changes in the underlying terms and conditions.

Gearing Ratio

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 71.1% as at 31 December 2023 (2022: 74.4%).

Pledges of assets

As at 31 December 2023, borrowings in an aggregate principal amount of HK$7,880.9 million (2022: HK$9,275.6 million) were secured by the following assets of the Group:

(i) certain property, plant and equipment;

(ii) certain right-of-use 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 intragroup loans; and

(v) issued shares of certain subsidiaries of the Company.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2023.

FINANCIAL RISK

Foreign exchange risk

The Group's principal operations are primarily conducted and recorded in HK$, MOP, US$, PHP and 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$, while operating expenses are denominated predominantly in MOP, HK$, PHP 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 PHP, EUR and Renminbi, 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.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group trades only with recognised and creditworthy parties. The Group issues credit in the form of markers to approved casino customers following investigations of creditworthiness. Credit is/can be given to gaming promoters. These receivables can be offset against commissions payable and front money deposits held by the Group to the respective customers and gaming promoters for which the Group intends to set-off when required. In this regard, the management of the Group considers that the Group's credit risk is adequately monitored.

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 20,220 as of 31 December 2023 (31 December 2022: 16,911). Among these employees, 200 are located in Hong Kong and the remaining 20,020 are mainly located in Macau, the Philippines, Cyprus, the PRC and Singapore. The related staff costs for the year ended 31 December 2023, including directors' emoluments and share-based compensation expenses amounted to HK$6,171.2 million (year ended 31 December 2022: HK$5,187.0 million).

Human Resources

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

Recruitment

Melco International recruits talented people with the necessary professional competencies, desirable personal qualities and commitments to the Group. The Group hires the right people to shape its future. 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 2023 (2022: Nil).

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Thursday, 13 June 2024. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 7 June 2024 to Thursday, 13 June 2024 (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 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 June 2024.

CORPORATE GOVERNANCE CODE

The Company has in place its code on corporate governance (the "Company Code"), which sets out the corporate standards and practices used by the Company in directing and managing its business affairs, and is revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Company Code not only formalises the Company's existing corporate governance principles and practices, it also serves to assimilate practices with benchmarks prescribed by the Hong Kong Stock Exchange, ultimately ensuring that the Company runs a highly transparent operation and is accountable to its shareholders.

Apart from the deviation mentioned below, the Company has complied with (i) the Company Code and (ii) the code provisions of the CG Code during the year ended 31 December 2023.

Under Paragraph C.2.1 of Part 2 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 set up the following Board committees to ensure maintenance of high corporate governance standards:

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

The Company Code and the terms of reference of the above committees have been posted on the Company's website at www.melco-group.com 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 contained in Appendix C3 to 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 2023.

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 three 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 2023 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 2023 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, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Purchase Scheme purchased on the Hong Kong Stock Exchange a total of 2,000,000 shares of the Company at a total consideration of approximately HK$11,977,000 to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Purchase Scheme.

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

This announcement is published on the Company's website (www.melco-group.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk). The 2023 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; 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, 28 March 2024