ANNUAL REPORT 2023

MELCO INTERNATIONAL DEVELOPMENT LIMITED
INCORPORATED IN HONG KONG WITH LIMITED LIABILITY
A HONG KONG LISTED COMPANY (STOCK CODE: 200)

Index

KALEIDOSCOPE OF ENTERTAINMENT

The Group is committed to providing a broad spectrum of diverse entertainment offerings that captivate guests of all ages. From a family-oriented waterpark and captivating art exhibitions to memorable residency concerts and thrilling sports events, the Group ensures delivery of a comprehensive array of attractions. With its world-class entertainment, exceptional hospitality and outstanding design, the Group strives to entice customers to its properties while supporting tourism diversification.


18
08


EASL


SCEC

UNVEILING BOUNDLESS EXCITEMENT

The opening of the indoor waterpark, Epic Tower and W Macau – Studio City marks the start of a new chapter for Studio City, signifying a significant milestone in Macau's pursuit of diversification. The development not only strengthens Studio City's reputation as Asia's Entertainment Capital but also demonstrates the Group's unwavering dedication to Macau by making substantial and continuous investments in the city's future.


STUDIO CITY
STUDIO CITY

A DREAM BECOMES REALITY

City of Dreams Mediterranean, the first integrated resort in Europe, marked its grand opening in Limassol in Cyprus with a captivating gala evening in July 2023. The pioneering integrated resort aims to revolutionise Cyprus as a top-tier year-round destination for discerning tourists, while also serving as a benchmark in the region and beyond through its exceptional hospitality, entertainment, and role as a global hub for business and conference tourism.

SIMPLE ACTS OF KINDNESS

The Group's commitment to the community shines through its Simple Acts of Kindness initiative, which has been instrumental in providing support to the elderly, youth, and those in need. It has been honoured with the prestigious Best Overall CSR Program award at the IAG Academy IR Awards, underscoring its ongoing efforts to make a positive impact on the community it serves.


MELCO
UNTEER TEAM
濠義工隊

NURTURE TALENTS FOR THE FUTURE

The Group is committed to developing local talent as part of its corporate social responsibility and adopts a systematic approach to accelerate talent growth through Whole Person Development. Its wide range of multi-level learning opportunities encourage and support personal and professional lifelong learning to transform the lives of its colleagues.


ERSON DEVELOPMENT
RANSFORMING MOMENT
人發展 見證重要時刻

RISE TO GO ABOVE & BEYOND

Positive engagement remains a key aspect of the Group's sustainability strategy. The Group has earned recognition as one of the top 10 most sustainable hospitality companies in the 3rd Greater China Hotel Business Sustainability Index. This accomplishment highlights the Group's unwavering dedication to corporate social responsibility and the sustainability of its business operations.

ENTERTAINING POSSIBILITIES, ACHIEVING GROWTH

VISION

To contribute to the growth and future of the communities we serve, inspiring hope and happiness in people all over the world.

MISSION

To be a dynamic company that leads the field in leisure and entertainment, we continually explore new opportunities for growth and development that create value for all stakeholders.

KEY PERFORMANCE INDICATORS

KEY FINANCIAL PERFORMANCE INDICATORS

NET REVENUES **HK$29.53 billion** Representing an increase of HK$18.97 billion or 179.5%, compared to HK$10.57 billion for the year ended 31 December 2022	**ADJUSTED EBITDA** **HK$7.51 billion** Compared to negative Adjusted EBITDA of HK$362.0 million for the year ended 31 December 2022
LOSS AFTER TAX **HK$3.49 billion** Compared to loss after tax of HK$9.99 billion for the year ended 31 December 2022	**BASIC LOSS PER SHARE** **HK$1.16** Compared to basic loss per share attributable to owners of the Company of HK$3.40 for the year ended 31 December 2022

In 2023, the global recovery following the pandemic has resulted in a favourable outcome for Melco International Development Limited ("Melco International" or the "Company") and its subsidiaries (collectively, the "Group"). This positive trajectory has generated a sustained improvement in the Group's business momentum.

For the year ended 31 December 2023, the Group's net revenues recorded a year-over-year increase of 179.5% to Hong Kong dollar ("HK$") 29.53 billion, while Adjusted EBITDA increased to HK$7.51 billion from negative Adjusted EBITDA of HK$362.0 million in 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 during the year. Loss for the year was HK$3.49 billion, compared with a loss for the year of HK$9.99 billion in 2022.

Looking ahead, the Group is well-positioned to capitalise on the opportunities presented by the resurgence of global travel. It will maintain its leadership position in integrated resort development, leveraging its exceptional properties and entertainment offerings.

With a steadfast focus on innovation, the Group is actively cultivating new ideas and strategies to deliver cutting-edge leisure and entertainment experiences to its valued customers. Notably, construction commenced on the Cineplex at Studio City Phase 2, and the highly acclaimed production, The House of Dancing Water, is expected to make its return by the end of 2024. Furthermore, plans are underway to renovate The Countdown hotel and enhance the MICE spaces and guest rooms at Grand Hyatt Macau, thereby further elevating the overall guest experience.

The Group's unwavering commitment remains focused on creating sustainable value for shareholders and stakeholders, fostering long-term growth in harmony with the communities it serves.

NON-FINANCIAL KEY PERFORMANCE INDICATORS

The Group's unwavering dedication to both community service and environmental sustainability remains steadfast as it continues to pursue its ambitious goals for the year 2030. Through its "RISE" sustainability strategy, the Group demonstrates a strong commitment to making a positive impact on the communities it serves and striving for excellence in sustainable practices.

In 2023, the Group's proactive contribution and innovative corporate social responsibility and sustainability initiatives were widely recognised, resulting in the receipt of prestigious awards. These accolades include the "Corporate Social Responsibility of the Year" at the Global Gaming Awards Asia-Pacific 2023 and the "Outstanding Contribution in Corporate Social Responsibility" at the Asia Gaming Awards 2023. Additionally, the Group's signature volunteer initiative "Simple Acts of Kindness" was honoured with the "Best Overall CSR Program" at the 2023 IAG Academy IR Awards. Furthermore, the Group's unwavering commitment to corporate social responsibility and business sustainability led to its inclusion among the Top 10 most sustainable hospitality companies in the 3rd Greater China Hotel Business Sustainability Index.

Details of the Group's various non-financial key performance indicators, including stakeholder engagement, environmental impact and other community development efforts, will be disclosed in its 2023 Environmental, Social and Governance ("ESG") Report to be published in due course.

COMMUNITY ENGAGEMENT

The Group is dedicated to actively participating in a range of community programmes aimed at fostering the development and long-term well-being of the communities it serves. By collaborating with trusted community partners, the Group employs a multifaceted approach that includes volunteerism, charitable donations and in-kind contributions to support and uplift vulnerable populations.

More than HK$130.3 million in donations and charitable contributions in 2023	**Over 3,800 colleague participants participated in its global CSR activities in 2023**

ENVIRONMENTAL PROTECTION

As a company deeply committed to environmental responsibility, the Group is dedicated to fostering a sustainable future for both its children and the planet, all the while providing customers with innovative experiences and opportunities. The Group is actively advancing towards key objectives, including achieving carbon neutrality, implementing energy-saving measures, and reducing waste and water consumption across its global properties. These significant efforts demonstrate the Group's steadfast commitment to sustainable practices and its determination to make a positive impact on the environment.

Greenhouse Gas ("GHG") Emissions

	2021	2022	2023
Total Scope 1 and 2 Market-based[1] GHG Emissions ($MtCO_2e$)[2]	15,387	17,688	20,770
Emissions Intensity by Gross Floor Area (sqm)	0.01	0.01	0.01

Energy Consumption

	2021	2022	2023
Total Energy Consumption (MWh)[3]	383,628	390,278	470,030
Energy Intensity by Gross Floor Area (sqm)	0.27	0.28	0.27

Waste Footprint

	2021	2022	2023
Total Materials Diverted and Waste Generated (tonnes)	9,699	7,680	15,633
Waste Intensity by Gross Floor Area (sqm)	0.01	0.01	0.01

1 Scope 2 market-based emissions are offset through purchasing renewable energy through power purchase agreements and other instruments
2 Includes biogenic emissions
3 Renewable sources included

CORPORATE PROFILE

A long history and a bright future

Melco International was founded in 1910 and listed on the Hong Kong Stock Exchange in 1927. Under the leadership of Chairman and Chief Executive Officer Mr. Ho, Lawrence Yau Lung, Melco International has found new energy and direction as a dynamic company that leads the field in the leisure and entertainment sector. Its Group companies are responding to the changing dynamics with vibrant, imaginative products and services that fulfil the demands and dreams of the increasingly affluent and ambitious young generation.

Confidence leads to growth, growth leads to confidence

Characterising all Melco International companies is confidence that stems from recent successes in repositioning businesses for long-term growth and the development of unique, proprietary products and services in attaining market leadership.

In 2017, Melco International became the sole majority shareholder of its subsidiary, Melco Resorts & Entertainment Limited ("Melco Resorts"), a leading developer, owner and operator of integrated resort facilities in Asia and Europe. This further bolstered the Company's financial position through incorporation of the full financial contributions of Melco Resorts.

Brilliant achievements

The accolades that Melco International has received over the past several years proved that its achievements have been widely recognised. The Group is the first entertainment company to receive the "Hong Kong Corporate Governance Excellence Awards 2009" by the Chamber of Hong Kong Listed Companies and the Centre for Corporate Governance and Financial Policy, Hong Kong Baptist University. Melco International has been honoured with the "Icon on Corporate Governance" at the Asian ESG Awards (formerly known as the Corporate Governance Asia Annual Recognition Awards) for the 15th year in 2021, and the "Best Investor Relations Company in Hong Kong" at the Asian Excellence Awards for 12 years by Corporate Governance Asia magazine in 2023.

The Group's Chairman and Chief Executive Officer, Mr. Ho, Lawrence Yau Lung was granted the "Leadership Gold Award" in the Business Awards of Macau in 2015 and the "Outstanding Individual Award" at the Industry Community Awards in 2020. He won the "Asian Corporate Director Recognition Award" by Corporate Governance Asia magazine for nine consecutive years in 2021 and was also awarded "Asia's Best CEO" at the Asia Excellence Awards for the 12th year in 2023.

Melco International was a founding signatory of the Hong Kong Corporate Governance Charter launched by The Chamber of Hong Kong Listed Companies. The aim of the Charter is to strengthen and foster a corporate governance culture among listed companies in Hong Kong.

CORPORATE STRUCTURE

MELCO INTERNATIONAL DEVELOPMENT LIMITED
LISTED ON THE STOCK EXCHANGE OF HONG KONG LIMITED (SEHK:0200)

CASINO AND HOSPITALITY BUSINESS

MELCO RESORTS & ENTERTAINMENT LIMITED
LISTED ON THE NASDAQ GLOBAL SELECT MARKET (NASDAQ:MLCO)

MACAU

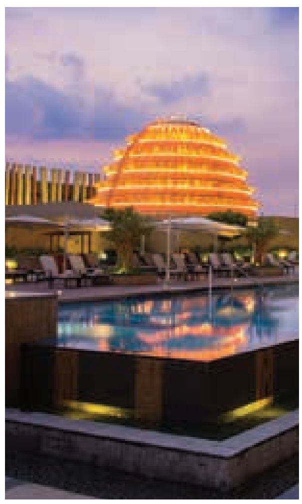
City of Dreams, Cotai
Premium Market

Studio City, Cotai
Mass Market

Altira Macau, Taipa
Premium Mass and
Mass Market

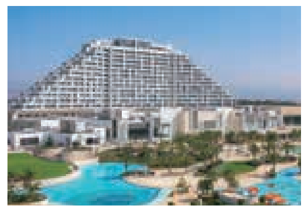
Mocha Clubs, all over Macau
Leisure Grind Market

THE PHILIPPINES



City of Dreams Manila,
Entertainment City, Manila
Mass Market

CYPRUS



City of Dreams
Mediterranean

Cyprus Casinos
Nicosia, Ayia Napa and Paphos

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

Hong Kong, 28 March 2024

MANAGEMENT DISCUSSION AND 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 Holdings Limited ("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.

Contributing to Macau's growth potential, the Group is committed to introducing acclaimed experiences that cater to resurging demand, establishing it as a world-class tourism destination.

The opening of Studio City Phase 2's indoor waterpark, Epic Tower and W Macau – Studio City has attracted high-end customers and enticed visitors to extend their stay in Macau.

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 Manila continues to generate solid earnings with a strong margin profile, highlighting its appeal to customers in the region.

City of Dreams Mediterranean brings the Group's award-winning standards of entertainment, leisure and innovation to Cyprus' luxury hotel scene, marking a brand-new era for premium tourism in Cyprus.

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 iconic The House of Dancing Water is set to make its hugely anticipated return to City of Dreams by the end of 2024, delivering a reimagined and unparalleled entertainment experience.

Boosting efforts to attract more international visitors to the city, the Group opened new MICE representative offices in Manila and Hong Kong, with plans soon to open another one in Singapore.

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.

Collectively awarded eight stars by MICHELIN Guide Hong Kong & Macau 2024, the Group leads Macau with the greatest number of MICHELIN-stars achieved across its properties.

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.

In 2023, the Group became the first and only company in Macau to obtain SGS Hygiene Control Management Systems certification across all its children's playgrounds.

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.

Prioritising the needs of local communities, the Group is committed to making a positive impact through its recognised Simple Acts of Kindness initiative, bringing warmth and care to the local community.

The Group's comprehensive "*REACH!* Programme" supports colleagues in reaching their full potential in sports and physical activity and helps those involved in competitive sports achieve their best performance.

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 Macau Patacas ("MOP") 9 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.

The Group's employee-area roadshows provide an innovative channel for local SMEs to generate revenue by selling directly to its colleagues.

To support the city's sustainable development, the Studio City Christmas Bazaar was hosted, providing local SMEs with rent-free stalls in an enchanting holiday-themed outdoor marketplace.

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.

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 United States dollar ("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.

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

(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 annual report 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

	2023	2022	YoY%
US$'million			
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

	2023	2022	YoY%
US$'million			
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 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 a HK$14.85 billion revolving credit facility (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 a US$1.0 billion 5-year secured credit facility (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 Secured Overnight Financing Rate ("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 London Interbank Offered Rate ("LIBOR") plus a margin of 2.35% per annum.

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 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 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 2021 Credit Facilities that were amended and restated on 20 July 2023 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, effective from 28 July 2023.

On 28 November 2023, the Group settled the tender offer of the 6.000% senior notes due 2025 in an aggregate principal amount of US$500.0 million (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 Philippine Peso ("PHP") 2.35 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.

For further details of our indebtedness, see note 32 to the consolidated financial statements contained herein, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the change on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances.

Gearing Ratio

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 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

Details of contingent liabilities of the Group as at 31 December 2023 are included in note 42 to the consolidated financial statements of this annual report.

FINANCIAL RISK

Foreign exchange risk

The Group's principal operations are primarily conducted and recorded in HK$, MOP, US$, PHP and Euro ("EUR"). The financial statements of foreign operations are translated into HK$ which is the Group's functional and presentation currency. The majority of the Group's revenues are denominated in HK$, while operating expenses are denominated predominantly in MOP, HK$, 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 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 its training programmes with a special focus on individual and corporate needs. Training objectives and the desired outcomes are first established and the subsequent results from any training are continually reviewed.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Mr. HO, Lawrence Yau Lung (aged 47)
Executive Director (Chairman and Chief Executive Officer)

Mr. Ho has been the Chairman and Chief Executive Officer of the Company since March 2006. Prior to that, Mr. Ho was the Company's group managing director after the completion of a general offer for shares of the Company in 2001. Mr. Ho is also the chairman of the Company's Executive Committee, Finance Committee and Regulatory Compliance Committee and a director of certain subsidiaries of the Company. Mr. Ho is currently the chairman and chief executive officer of Melco Resorts & Entertainment Limited, a subsidiary of the Company listed on the Nasdaq Global Select Market in the United States that holds one of the six Macau gaming concessions, and develops, owns and operates integrated resort facilities in Asia and Europe. He is also a director of Studio City International Holdings Limited, a subsidiary of the Company listed on the New York Stock Exchange in the United States. He is the chairman and director of Maple Peak Investments Inc., a company listed on the TSX Venture Exchange in Canada.

As a member of the National Committee of the Chinese People's Political Consultative Conference, Mr. Ho serves on the board or participates as a committee member in various organizations in Hong Kong, Macau and mainland China. He is a member of the advisory committee of the All-China Federation of Industry and Commerce; a member of the Macau Basic Law Promotion Association; a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong; a member of the Asia International Leadership Council; honorary advisor of Global Tourism Economy Research Centre; permanent honorary committee member of The Chinese General Chamber of Commerce of Hong Kong; honorary patron of The Canadian Chamber of Commerce in Macao; honorary president of Macau Research Association for Macau Gaming Law; honorary president of the Association of Property Agents and Real Estate Developers of Macau and a director executive of the Macao Chinese General Chamber of Commerce.

In 2017, Mr. Ho was awarded the Medal of Merit-Tourism by the Macau government for his significant contributions to tourism in the territory.

In recognition of Mr. Ho's directorship and entrepreneurial spirit, he was granted the Business Awards of Macau's "Leadership Gold Award" in 2015 and honoured with "Outstanding Individual Award" at the Industry Community Awards in 2020. Mr. Ho has been honoured as one of the recipients of the "Asian Corporate Director Recognition Awards" by Corporate Governance Asia magazine for nine years since 2012, and was awarded "Asia's Best CEO" at the Asian Excellence Awards for the 12th year in 2023.

Mr. Ho graduated with a Bachelor of Arts degree in commerce from the University of Toronto, Canada, in June 1999 and was awarded the Honorary Doctor of Business Administration degree by Edinburgh Napier University, Scotland, in July 2009 for his contribution to business, education and the community in Hong Kong, Macau and China.

Mr. Evan Andrew WINKLER (aged 49)
Executive Director (President and Managing Director)

Mr. Winkler joined the Company as Managing Director in August 2016 and in May 2018, he assumed the role of President and Managing Director of the Company. Mr. Winkler is also a member of the Executive Committee, Regulatory Compliance Committee and Finance Committee and a director of various subsidiaries of the Company. He is currently a director and president of Melco Resorts & Entertainment Limited, a company listed on the Nasdaq Global Select Market in the United States, and a director of Studio City International Holdings Limited, a company listed on the New York Stock Exchange in the United States. Both of the aforesaid companies are subsidiaries of the Company.

Before joining the Company, Mr. Winkler served as a managing director at Moelis & Company, a global investment bank. Prior to that, he was a managing director and co-head of technology, media and telecommunications M&A at UBS Investment Bank. Mr. Winkler has extensive experience in providing senior level advisory services on mergers and acquisitions and other corporate finance initiatives, having spent nearly two decades working on Wall Street. He holds a bachelor's degree in Economics from the University of Chicago.

Mr. CHUNG Yuk Man, Clarence (aged 61)
Executive Director

Mr. Chung has been an Executive Director of the Company since May 2006. He is also a member of the Executive Committee and Finance Committee of the Company and a director of various subsidiaries of the Company. He is currently a director of Melco Resorts & Entertainment Limited, a company listed on the Nasdaq Global Select Market in the United States, a director of Studio City International Holdings Limited, a company listed on the New York Stock Exchange, and the chairman and president of Melco Resorts and Entertainment (Philippines) Corporation. All of the aforesaid companies are subsidiaries of the Company. Mr. Chung has more than 30 years of experience in the financial industry in various capacities as a chief financial officer, an investment banker and a merger and acquisition specialist. He was named one of the "Asian Gaming 50" by Inside Asian Gaming magazine for multiple years.

Mr. Chung obtained a master's degree in business administration from the Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology; and a bachelor's degree in business administration from The Chinese University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a member of Conselho para o Desenvolvimento Turístico (Tourism Development Committee) of the Macau SAR.

Mr. John William CRAWFORD, J.P. (aged 81)
Independent Non-executive Director

Mr. Crawford has been an Independent Non-executive Director of the Company since September 2019. He is also the chairman of both the Audit Committee and a member of the Remuneration Committee and Nomination and Corporate Governance Committee of the Company. He is also currently an independent non-executive director and the chairman of the audit and risk committee and a member of certain board committees of Melco Resorts & Entertainment Limited, a listed subsidiary of the Company having its American depositary shares listed on the Nasdaq Global Select Market in the United States. He previously served as an independent non-executive director and the chairman of the audit and risk committee of Melco Resorts and Entertainment (Philippines) Corporation (a subsidiary of the Company) until his resignation on 29 October 2020. Mr. Crawford is also an independent non-executive director and chairman of the audit committee of Regal Portfolio Management Limited/Regal REIT, a company listed on the Hong Kong Stock Exchange, and has been an independent non-executive director of E-Kong Group Limited and other companies publicly listed in Hong Kong over the years.

Mr. Crawford was one of the founders of Ernst & Young, Hong Kong office and vice-chairman of the firm when he retired at the end of 1997. During his 25 years in public practice, he was also the chairman of the audit division of Ernst & Young and was active in a number of large private and public company takeover and/or restructuring exercises. He has continued to undertake consultancy/advisory work in a private capacity since retirement, is active in the education sector and is the chairman of International Quality Education Limited. He also has been active in various community service areas such as having been a founding member of UNICEF Hong Kong Committee and the Hong Kong Institute of Directors. In 1997, he was appointed as a Justice of the Peace in Hong Kong.

Mr. Crawford is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member and honorary president of the Macau Society of Certified Public Accountants and a life member of The Institute of Chartered Accountants of Ontario.

Mr. TSUI Che Yin, Frank (aged 66)
Independent Non-executive Director

Mr. Tsui was re-designated as an Independent Non-executive Director in July 2020. Before his re-designation, Mr. Tsui served as an Executive Director from November 2001 to June 2017 and a Non-executive Director from July 2017 to June 2020. He is also the Chairman of both the Remuneration Committee and Nomination and Corporate Governance Committee and a member of the Audit Committee of the Company. He is currently an independent non-executive director of Jinhui Holdings Company Limited, a company listed on the Hong Kong Stock Exchange, and a non-executive director of Jinhui Shipping and Transportation Limited, a company listed on the Oslo Stock Exchange. Mr. Tsui has more than 30 years of experience in investment and banking industries and held senior management positions at various international financial institutions. Mr. Tsui was formerly the president of China Assets Investment Management Limited. Mr. Tsui graduated with a bachelor's and a master's degree in business administration from The Chinese University of Hong Kong and with a law degree from The University of London. He also holds a doctoral degree in Business Administration from The University of Newcastle, Australia.

Ms. Karuna Evelyne SHINSHO (aged 56)
Independent Non-executive Director

Ms. Shinsho has been an Independent Non-executive Director of the Company since August 2018. She is also a member of the Audit Committee, Remuneration Committee and Nomination and Corporate Governance Committee of the Company. Ms. Shinsho has extensive experience in the media industry in Japan, USA, Singapore and Hong Kong. From 1989 to 2001, she worked for NHK Television, Japan and New York, Asia Business News, Singapore and CNN International, Hong Kong, then in 2004 for Australian Broadcasting Corporation, Singapore, as an anchor and/or reporter. She was named "Highly Commended News Presenter/Anchor" at the Asian TV Awards in 1999.

Ms. Shinsho obtained a Master of Arts degree in International Affairs with a regional concentration in East Asia from the School of International and Public Affairs, Columbia University in New York and a Bachelor of Arts degree (cum laude) in Political Science from the Institute of Comparative Culture, Sophia University in Japan.

SENIOR MANAGEMENT

Mr. Geoffrey Stuart DAVIS, CFA (aged 55)
Chief Financial Officer

Mr. Davis has been the Chief Financial Officer of the Company since December 2017, overseeing the Group's finance and treasury functions. He is also a director of a number of subsidiaries of the Company. He is currently an Executive Vice President and Chief Financial Officer of Melco Resorts & Entertainment Limited ("Melco Resorts"), a subsidiary of the Company listed on the Nasdaq Global Select Market in the United States and a Director and Chief Financial Officer of Studio City International Holdings Limited, subsidiary of the Company listed on the New York Stock Exchange in the United States. Prior to that, he served as the Deputy Chief Financial Officer of Melco Resorts from August 2010 to March 2011 and Senior Vice President, corporate finance of Melco Resorts from 2007, when he joined Melco Resorts. Mr. Davis was a research analyst for Citigroup Investment Research, where he covered the U.S. gaming industry from 2001 to 2007. From 1996 to 2000, he held a number of positions at Hilton Hotels Corporation and Park Place Entertainment. Mr. Davis has been a CFA charter holder since 2000 and obtained a bachelor of arts degree from Brown University in 1991.

Mr. LEUNG Hoi Wai, Vincent (aged 50)
Group General Counsel

Mr. Leung is the Group General Counsel and he also serves as the Company Secretary of the Company. Mr. Leung oversees the legal, corporate secretarial and compliance matters of the Group. He is also a director of a number of subsidiaries of the Company. He joined the Group in May 2015 and assumed the role of Group General Counsel and Company Secretary of the Company in December 2015. Prior to joining the Group, he was a senior counsel of Hutchison Whampoa Limited (currently CK Hutchison Holdings Limited) and Hutchison Port Holdings Trust, a multinational conglomerate and a business trust listed in Hong Kong and Singapore respectively, and practised law with the Hong Kong office of Linklaters, a leading international law firm. Mr. Leung is qualified as a solicitor in Hong Kong and England and Wales with over 20 years of experience in the legal profession specialising in corporate finance, infrastructure projects, listing and compliance matters, as well as cross-border mergers and acquisitions. He holds a Postgraduate Certificate in Laws and a Bachelor of Laws degree, both from The University of Hong Kong.

CORPORATE GOVERNANCE REPORT

The maintenance of a high standard of corporate governance has been and remains a top priority of the Group. The Group is committed to promoting and maintaining the highest standard of corporate governance, with the objectives of (i) maintenance of responsible decision-making; (ii) improvement in transparency and disclosure of information to shareholders; (iii) continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders; and (iv) improvement in management of risks and the enhancement of performance by the Group. We consider good corporate governance forms the core of a well-managed organisation and is essential to the sustainability of the Company's business and performance.

This report describes the corporate governance practices that the Company has adopted and highlights how the Company has applied the principles of the code provisions as set out 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").

CORPORATE GOVERNANCE PRACTICES

Corporate Governance Practices of the Company

The Company's governance framework is designed with reference to the applicable legislation and Listing Rules, and is supported by a collection of guidelines, policies and procedures formulated by the board of directors of the Company (the "Board"). The Board and/or the relevant Board committees conducted regular review of the aforesaid guidelines, policies and procedures which are subject to amendments from time to time due to changes in applicable legislation and Listing Rules and/or market practices.

Company's 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 CG Code. 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 highly transparent operations and is accountable to its shareholders. The Company Code has been posted on the Company's website.

Code of Conduct

To ensure the highest standard of integrity in our business, the Company has a written code of business conduct and ethics (the "Code of Conduct") which sets out the ethical standards of conduct expected of all employees. Briefings on the Code of Conduct are held for new employees during orientation sessions.

Whistleblowing

The Company considers having a whistleblowing channel is a useful means of identifying possible misconduct or fraud risks of a particular operation or function and encourages employees to raise concerns in good faith. The Group has formulated procedures for handling complaints and whistleblowing at the Company and subsidiaries levels. All complaints and whistleblowing, in confidence and anonymity, are directed to the Company's Audit Committee Chairman, the Group General Counsel and the Head of Internal Audit (the "Whistleblowing Committee") concurrently for investigations.

Employees of the Company can report cases on (i) suspected violations of the Company policies, especially those related to accounting, internal accounting controls, and auditing matters; (ii) intentional error or suspected fraud in the preparation, review or audit of the Company's financial statements; and (iii) suspected theft or fraudulent activities.

During the year, the Whistleblowing Committee did not receive any complaints or concerns raised by employees.

For our principal subsidiary, Melco Resorts & Entertainment Limited ("Melco Resorts"), its employees can report any wrong-doing via the whistleblowing hotline managed by an external party. All information reported to the external party is recorded anonymously and all complaints are reviewed by selected independent management members.

Anti-corruption

In the Code of Conduct, gift policy, compliance of anti-bribery laws and laws against money laundering are provided.

Melco Resorts has also in place anti-corruption related policies such as gift policy, anti-corruption guidelines and corporate anti-money laundering and counter-terrorist financing policy.

Inside information

The Company has in place a policy on disclosure of inside information, which sets out the guidelines to the directors and employees to ensure that inside information across the Group can be promptly identified, assessed and disseminated to the public in an equal and timely manner in accordance with the applicable laws and regulations.

Compliance of the Company Code and CG Code

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

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.

CORPORATE CULTURE, STRATEGY AND GOVERNANCE

The Board is responsible for nurturing the Company's culture, which aligns with the purpose, values and strategy of the Company. It believes that when the Company's culture is properly aligned with its strategy and leadership, it can unleash tremendous amounts of energy towards a shared purpose and boost an organisation's capacity to thrive and to achieve long-term sustainability.

The Company is committed to be a dynamic company to lead the leisure and entertainment field by continually exploring new opportunities for growth and development that create value for all stakeholders. In addition to pursuing business development and excellence, we are dedicated to growing our business sustainably. Clear sustainability goals have been established in our "Above & Beyond" sustainability strategy which has become an integral part of daily operations for the entire workforce, at all echelons, and has inspired others to follow suit. Furthermore, the Group has continued to engage in various community programmes to contribute to the growth and future of the communities where it operates.

Throughout 2023, the Company continued to strengthen its cultural framework by focusing on improving operational efficiency, enhancing entertainment offerings, adopting a people-centric strategy and pursuing environmental sustainability, through various initiatives set out in the "Chairman & CEO's Statement" and "Management Discussion and Analysis" sections and the "Report of the Directors" of this annual report, as well as the standalone Environmental, Social and Governance Report (the "2023 ESG Report"). More information about the Company's vision, mission and values is available on the Company's website.

In order to help new employees better understand the Company's culture and values, orientation training and staff handbooks are provided to them, and appropriate training is provided from time to time to managers and leaders across the Group so they can continue to reference the Company's culture and value and reinforce them when interacting with employees.

The Company has a strong commitment to ethics and integrity. As part of the Company's corporate culture, which is reflected in its core values, all of the Directors, management and employees are expected to act lawfully, ethically and responsibly. Our Code of Conduct has set out the ethical standards of conduct expected of all employees. Each of them has an obligation to comply with all the laws, rules and regulations applicable to the Company's business, including the laws covering bribery and kickbacks, copyrights, trademarks and trade secrets, information privacy, insider trading, offering or receiving gratuities, environmental hazards, employment discrimination or harassment, occupational health and safety, false or misleading financial information and misuse of corporate assets. To promote and maintain this, the required standards and norms required of all new employees are explicitly outlined in the training materials and embedded in various policies of the Group.

The Company has been monitoring the effectiveness of the promotion of culture as well as adherence to core values on a continuous basis, the findings of which, including human resources data, health and safety, environmental performance, regulatory compliance, etc., can be found in our 2023 ESG Report.

THE BOARD OF DIRECTORS

Role of the Board

The Board is entrusted with the overall responsibility for promoting the success of the Company by directing and supervising the Company's business and affairs. The Board, led by the Chairman and Chief Executive Officer, Mr. Ho, Lawrence Yau Lung, is responsible for establishing the strategic direction of the Group, setting objectives and business development plans, fostering and overseeing the corporate culture, overseeing and ensuring the adequacy and effectiveness of the Group's internal controls and risk management system, monitoring the performance of senior management and assuming responsibility for major decisions, significant transactions and corporate governance. The Board also reviews and approves the Company's annual budget and business plans, which serve as important benchmarks in assessing and monitoring the performance of management.

The ultimate responsibility for the day-to-day management of the Company is delegated to the Chief Executive Officer, President and Managing Director and management. The division of duties between the Board and the management are set out in the section headed "Delegation by the Board" of this report.

The duties and powers delegated by the Board to the Chief Executive Officer and matters reserved for decisions by the Board, and the division of responsibilities between the Company's Chairman and Chief Executive Officer, are clearly established and set out in writing.

Composition of the Board

The Board comprises a total of six directors of the Company (the "Director(s)"), with 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 ("INEDs"), namely, Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho. The number of INEDs represents half of the Board and meets the independence requirements under Rule 3.10A of the Listing Rules.

This year, Mr. Ng Ching Wo, in pursuit of his retirement plan, resigned as Non-executive Director with effect from 1 September 2023.

An updated list of Directors, identifying their roles and functions at the Company, is available on the websites of the Company and the Hong Kong Stock Exchange. Biographical details of Directors are set out in the section headed "Board of Directors and Senior Management" on pages 40 to 42 of this annual report and also published on the Company's website.

All Directors have formal letters of appointment from the Company, which set out the key terms and conditions of their appointment. Each INED was appointed for a term of three years, which term will be renewed for consecutive term(s) of three years, subject to retirement by rotation and re-election at the annual general meeting in accordance with the articles of association of the Company (the "Articles of Association").

There are no relationships (including financial, business, family or other material/relevant relationship(s)) among the Board members and none of the Board members holds seven (or more) directorships in listed companies (including the Company) as at 31 December 2023.

Chairman and Chief Executive Officer

Mr. Ho, Lawrence Yau Lung currently performs the dual roles of Chairman and Chief Executive Officer. Though these positions are currently held by the same individual, their responsibilities are clearly established and set out in writing.

Chairman's responsibilities include (without limitation):

- providing leadership to, and overseeing the functioning of, the Board
- ensuring that Board meetings are planned and conducted effectively
- ensuring that all Directors are properly briefed on issues arising at Board meetings, and receive, in a timely manner, adequate information
- ensuring that the Board works effectively, performs its responsibilities and discusses all key and appropriate issues in a timely manner
- promoting a culture of openness and encouraging Directors with different views to voice their opinions and participate fully in the Board's affairs
- ensuring that good corporate governance practices and procedures are established
- ensuring effective communication with shareholders of the Company
- chairing Board and shareholders' meetings

Chief Executive Officer's responsibilities include (without limitation):

- providing leadership for management
- overseeing the implementation by the Company of the strategies and objectives determined by the Board
- assisting the Board in making an informed assessment of any matter put before it for approval and monitoring management's performance
- leading the management of the Company's relationships with its stakeholders
- establishing and maintaining proper risk management controls and systems
- discharging such other duties and authorities as may be delegated by the Board from time to time

Independent Non-executive Directors

The Company has three INEDs, all of whom are independent of the management of the Group's business, are professionals with substantial experience in accounting, financial management, business and media. The mix of their skills and business experience is a major contribution to the future development of the Company. They ensure that matters are fully debated and that no individual or group of individuals dominates the Board's decision-making process. In addition, they ensure the Company maintains a high standard of financial and other reporting and provide checks and balances to safeguard the interests of the shareholders.

The Company has received annual confirmation from all INEDs regarding their independence as required under Rule 3.13 of the Listing Rules. For Mr. John William Crawford and Mr. Tsui Che Yin, Frank:

(1) Mr. Crawford made an annual confirmation of independence under Rule 3.13 of the Listing Rules, save and except for Rule 3.13(7), in view of his holding of other directorships within the Group during the two years before the date of his appointment as an INED; and

(2) Mr. Tsui made an annual confirmation of independence under Rule 3.13 of the Listing Rules, save and except for Rule 3.13(7), in view of his acting as a Non-executive Director during the two years before the date of his re-designation as an INED.

The Company had, prior to Mr. Crawford's appointment and Mr. Tsui's re-designation, successfully demonstrated to the satisfaction of the Hong Kong Stock Exchange that each of Mr. Crawford and Mr. Tsui is qualified to serve as an INED and is independent for the purposes of Rule 3.13 of the Listing Rules and the reasons are set out in the Company's announcements dated 13 September 2019 and 2 July 2020 respectively.

The Company is not aware of any change of circumstances which may affect the independence of any INED and having considered the above is satisfied that all INEDs remain independent in accordance with the Listing Rules.

Appointment and Re-election of Directors

Under the Articles of Association, newly appointed Directors are required to offer themselves for re-election at the first annual general meeting following their appointment. In addition, at each annual general meeting, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

This year, Mr. Ho, Lawrence Yau Lung and Mr. Tsui Che Yin, Frank will retire from office by rotation at the forthcoming annual general meeting ("2024 AGM"). All the retiring Directors, being eligible, have confirmed they will offer themselves for re-election at the 2024 AGM. The biographical details of the retiring Directors who will offer themselves for re-election at the 2024 AGM will be set out in a circular to assist shareholders to make informed decisions on their re-elections. At every annual general meeting, the re-election of each retiring Director will be individually voted upon by shareholders by way of a separate resolution.

Nomination Policy

The Company has in place a Nomination Policy which sets out the criteria, process and procedures for governing the nomination of Directors applicable to both new appointments and re-appointments. The criteria to select candidates for directorship include the candidates' age, skills, competence, experience, expertise, professional and educational qualifications, background and personal qualities, whether the candidate can devote sufficient time and commitment to carry out his/her duties, any potential conflict of interests of the candidate, independence of the candidate (for appointment of INEDs only) and other factors that the Nomination and Corporate Governance Committee considers appropriate in assessing the candidate. Nominations of new Directors will be made by the Nomination and Corporate Governance Committee in accordance with the Nomination Policy, with due regard to the Board Diversity Policy, and are subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidates.

Mechanisms for Making Available Independent Views and Input to the Board

Recognising that board independence is critical to good corporate governance, mechanisms are implemented to ensure independent views and input are available to the Board. The mechanisms are kept under annual review by the Board, through the Nomination and Corporate Governance Committee, to ensure their effectiveness.

Communication channels

The Company has established channels through formal and informal means whereby INEDs can express their views in an open and candid manner, and in a confidential manner, should circumstances require. These include dedicated meeting sessions with the Chairman and interaction with management and other Board members including the Chairman outside the boardroom.

Board and Board committees' structure

The Company has been ensuring a strong independent element on the Board. Currently, the INED representation on the Board is 50%. Out of the six Directors on the Board, three Directors are INEDs, who are independent of and not related to each other and any members of the senior management. In addition, all the members of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee are INEDs.

Appointment of INEDs

In assessing the suitability of candidates, apart from assessing if they are independent with reference to the relevant guidelines set out in the Listing Rules, profiles of the candidates, including their qualifications and time commitment, the Board's composition, the Directors' skill matrix, the Nomination Policy and the Board Diversity Policy are also considered.

Annual review of INEDs' independence

The Board, through the Nomination and Corporate Governance Committee, assesses INEDs' independence at the time of appointment, annually, and at any other time when circumstances warrant reconsideration.

Seeking professional advice

To facilitate proper discharge of their duties, all Directors are entitled to seek advice from the Company Secretary or the in-house legal team as well as from external independent professional advisers at the Company's expense.

In March 2024, the Nomination and Corporate Governance Committee has reviewed the above mechanisms and considered that they were properly implemented and were effective in ensuring that independent views and input are provided to the Board.

Induction and Continuous Professional Development to Directors

The Company Secretary is responsible for keeping Directors informed of changes in laws and regulations and organising continuing development programmes relevant to the roles, functions and duties of a listed company director. Every Director receives a comprehensive orientation package on appointment.

All Directors have participated in continuous professional development to develop and refresh their skills and knowledge in accordance with Paragraph C.1.4 of the CG Code. During the year, the Company invited an external expert consultant to provide a training session to our Directors on the topic of "Annual Regulatory Round-up 2023", which included a particular focus on directors' duties, environmental, social and governance trend, annual review of corporate governance practice disclosure, latest developments and regulatory enforcement updates. The Company Secretary has also provided the Directors with information on external training courses and regular periodic updates on latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements. A summary of training received by Directors during the year of 2023 is set out as follows:

	Type of continuous professional development	
	Attending seminars/ workshops/ conferences relevant to the business of the Company or directors' duties	**Reading regulatory updates or corporate governance-related materials**
Executive Directors		
Mr. Ho, Lawrence Yau Lung	✓	✓
Mr. Evan Andrew Winkler	✓	✓
Mr. Chung Yuk Man, Clarence	✓	✓
Independent Non-executive Directors		
Mr. John William Crawford	✓	✓
Mr. Tsui Che Yin, Frank	✓	✓
Ms. Karuna Evelyne Shinsho	✓	✓

Board Meetings

The Directors met seven times during the year of 2023. In addition, the Chairman met the INEDs once without the presence of other Directors. Such meeting provides an effective forum for the Chairman to listen to the views of the INEDs on issues including corporate governance, effectiveness of the Board, and such other issues they may wish to raise in the absence of other Directors and senior management of the Company.

Wherever possible, ample notice of the Board meetings was given, and Board papers were provided in advance to Directors to enable them to prepare for the meetings. If a Director has a potential conflict of interest in a matter to be considered by the Board, the relevant Director shall abstain from voting, and such Director will not be counted in the quorum for the Board meeting.

The Company Secretary keeps full records of the Board meetings. Minutes of the Board meetings record in sufficient detail the matters considered by the Board and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting are sent to all directors for comments within a reasonable time after the Board meeting is held.

Attendance at Meetings

The attendance records of the Directors at Board meetings, Board committee meetings and general meetings during the year ended 31 December 2023 are as follows:

	No. of meetings attended/held				
Name of Director	**Board meeting**	**Audit Committee meeting**	**Remuneration Committee meeting**	**Nomination and Corporate Governance Committee meeting**	**Annual general meeting**
Executive Directors					
Mr. Ho, Lawrence Yau Lung	7/7	–	–	–	1/1
Mr. Evan Andrew Winkler	7/7	–	–	–	1/1
Mr. Chung Yuk Man, Clarence	7/7	–	–	–	1/1
Non-executive Director					
Mr. Ng Ching Wo(1)	3/6	0/2	1/1	0/1	1/1
Independent Non-executive Directors					
Mr. John William Crawford(2)	4/7	2/2	–	1/1	0/1
Mr. Tsui Che Yin, Frank	7/7	2/2	1/1	1/1	1/1
Ms. Karuna Evelyne Shinsho(3)	7/7	–	1/1	1/1	1/1
Average Attendance Rate	**86.73%**	**66.67%**	**100%**	**75.00%**	**85.71%**

Notes:

(1) Resigned as a Director and ceased as member of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee with effect from 1 September 2023.

(2) Appointed as a member of the Remuneration Committee on 23 June 2023.

(3) Appointed as a member of the Audit Committee on 1 September 2023.

Procedure to Enable Directors' Seeking Independent Professional Advice

To assist the Directors to discharge their duties to the Company, the Board has established written procedures to enable the Directors, upon reasonable request, to seek independent professional advice, at the Company's expense, in appropriate circumstances.

Securities Dealings by Directors and Employees

The Company has a code for dealing in the Company's securities by the Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code 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.

Directors' and Officers' Insurance

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers. The coverage and the amount insured are reviewed annually by the Company. In 2023, no claims under the insurance policy were made.

DIVERSITY

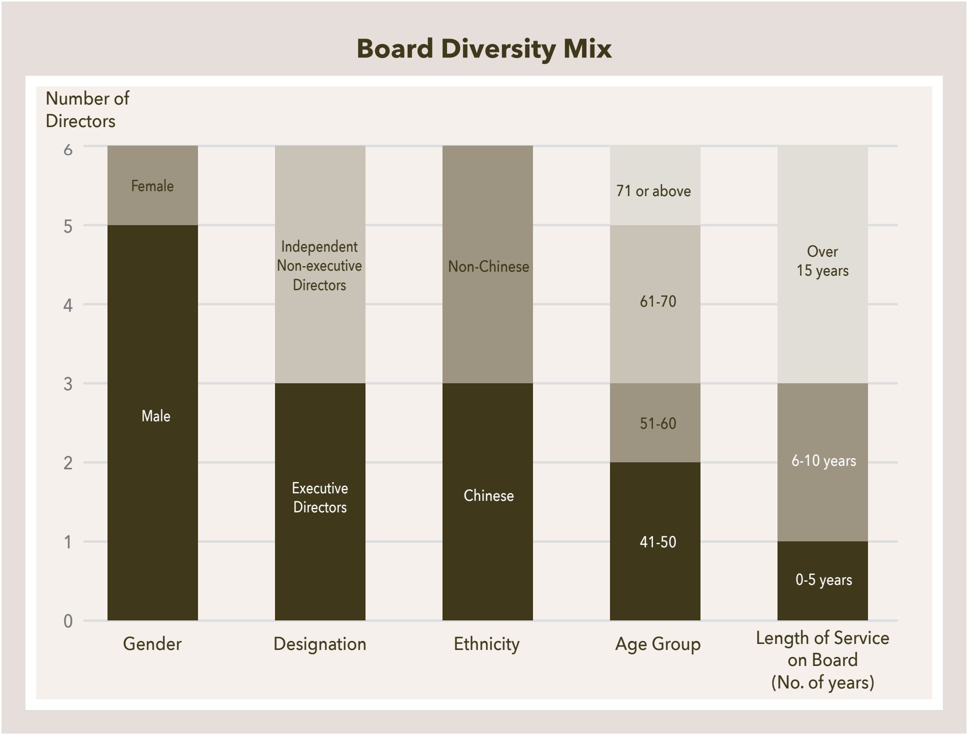
Board Diversity

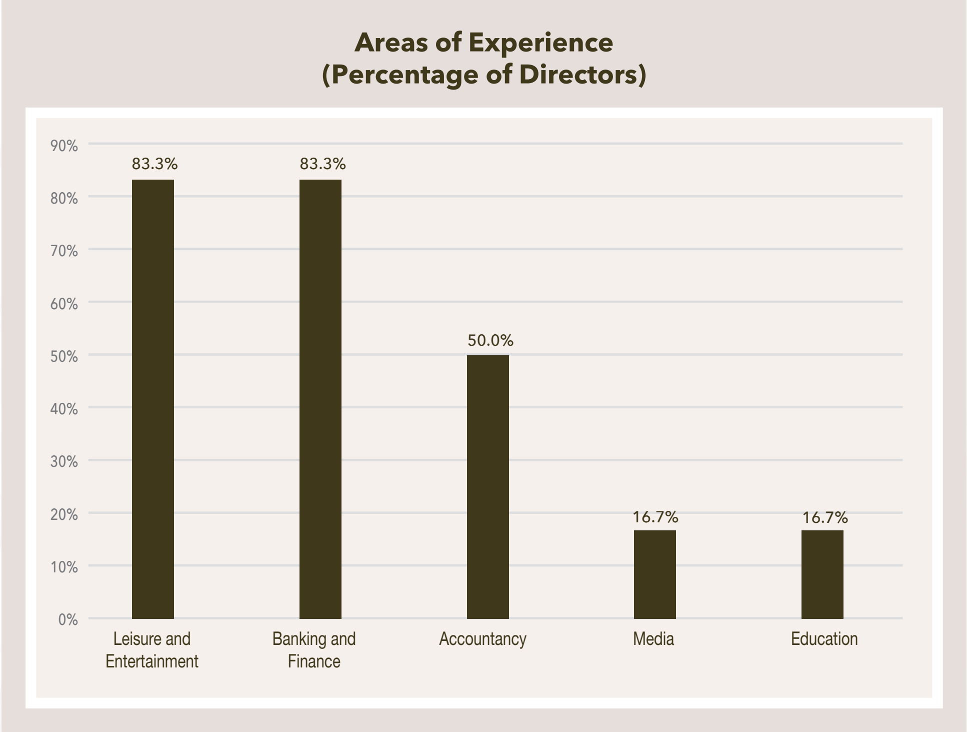
We recognise and embrace the benefits of having a diverse Board to enhance the quality of its performance, and that board diversity is an essential element in attaining our strategic objectives and achieving sustainable and balanced development for the Group.

The Board adopted a Board Diversity Policy in 2013, which has been further refined in March 2023. The policy provides that selection of candidates to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board, having due regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. The Board will also take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments.

The Board, through the Nomination and Corporate Governance Committee, reviews the structure, size, composition (including skills, expertise and experiences) and diversity of the Board and the Board Diversity Policy on an annual basis to ensure the Board composition contributes to the Board's efficiency and effectiveness as well as complies with the Listing Rules with an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business needs. Following the review this year, it considered that it is not necessary to make any changes to the Board for the time being and that the implementation of the Board Diversity Policy is effective.

We currently have a diverse Board in terms of age, gender, ethnicity, professional experience and industry experience. The diversity mix of the Board at the date of this report is summarised in the following charts:





Gender Diversity at Board Level

The Company has one female Director out of six Directors, which accounted for about 17% of the Board. In considering the Board's succession, the Nomination and Corporate Governance Committee may engage independent professional search firm(s) to help identify potential candidates for Non-executive Directors, as and when appropriate. While the Board aims to maintain at least the current level of female representation and to have the ultimate goal of bringing the Board to gender parity, the Board is of the view that it is not necessary to set interim numerical targets and timeline for Board gender diversity for the time being, it will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates for Board appointments are identified.

The Board continues to ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, and in accordance with the Listing Rules, with the ultimate goal of bringing the Board to gender parity.

Gender Diversity at Workforce Level

We recognise the importance of diversity not just at the Board level but throughout the organisation. Over the years, we have focused our efforts to increase gender equality at all levels of the Company. The diversity of our senior management team sets an example from the top for our commitment to being an equal opportunity employer.

Women in leadership within the Group:

- 17% of directors across our boards
- 13% of our corporate executive committees
- 34% of our senior management
- 41% of our general management

Our overall workforce has a relatively even gender split between men and women. The male to female gender ratio in our workforce (including senior management) as at 31 December 2023 was approximately 53% to 47%. Our target is to maintain at least 50% management roles to be held by women by 2030.

To maintain a balance of gender composition of human resources at all levels, a gender diversity target has been set across the workforce. Based on the existing composition of workforce and the nature of the integrated resort industry, we target to maintain female workforce across the Group at the current level. The Group will take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for employment to ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation. Our Human Resources Department will review the employee turnover and recruitment data for women and men across the workforce annually and revisit and monitor the gender diversity target periodically.

Further details on the gender ratio of the Group among management positions and the wider workforce, together with the relevant data, can be found in the 2023 ESG Report, which is published on the websites of the Company and the Hong Kong Stock Exchange.

DELEGATION BY THE BOARD

Management Functions

The Board delegates day-to-day operations of the Group to the management. Both the Board and management have clearly defined authorities and responsibilities under various internal control and check-and-balance mechanisms. The Board has established in writing which issues require decisions of the full Board and which can be delegated by the Board to the Chief Executive Officer.

The management, under the leadership of the Chief Executive Officer and the President and Managing Director, is responsible for implementing the strategies and plans established by the Board and ensuring that the Company' desired culture is understood and shared at all levels of the organisation. To ensure effective discharge of the Board's responsibilities, management submits monthly and annual operations reports to the Board. The Directors have full and ready access to management on the Company's business and operations.

Board Committees

To assist the Board in the execution of its duties and to facilitate effective management, certain functions of the Board have been delegated to various committees, which review and make recommendations to the Board on specific areas.

Six Board committees have been established and each of them has its defined terms of reference and has power to decide on matters within its terms of reference. The terms of reference of all the Board committees have been posted on the Company's website under the section headed "Corporate Governance", while the terms of reference of the Audit Committee, the Remuneration Committee and the Nomination and Corporate Governance Committee are also available on the Hong Kong Stock Exchange's website.

Regular Board committee meetings were held during the year and the number of meetings and attendance of individual committee members are set out in the section headed "Attendance at Meetings" of this report.

Each committee is provided with sufficient resources to perform its duties. It may also seek independent professional advice at the Company's expense, where necessary.

(1) Executive Committee

The Executive Committee is made up of the Company's Executive Directors and senior management. The Executive Committee operates as a general management committee under the direct authority of the Board to oversee the implementation of the Group's strategic objectives and risk management policy and the Group's business and operations. During the year, the committee met twelve times to discuss the Company's business, new projects and makes decisions on matters relating to the management and operations of the Group.

(2) Audit Committee

The Audit Committee is made up of three INEDs, Mr. John William Crawford (chairman of the committee), Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.

The role of the Audit Committee is to monitor the financial reporting process of the Company, review the Group's financial statements and published reports and ensure they comply with relevant accounting standards, oversee the financial reporting system, risk management and internal control systems of the Group and to govern the engagement of external auditor and its performance and independence.

The detailed duties and powers of the Audit Committee are set out in the committee's terms of reference, which align with the requirements of the CG Code and the guidelines issued by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee met two times during the year and the following is a summary of the work performed by the Audit Committee in 2023:

(a) reviewed and endorsed the annual financial results of 2022 and interim financial results of 2023;

(b) reviewed and endorsed the 2022 annual report and 2023 interim report;

(c) reviewed the significant findings and recommendations from the internal auditor and external auditor, and monitored their implementations;

(d) reviewed management's report on accounting and reporting and tax compliance;

(e) received updates on legal and treasury matters;

(f) reviewed the effectiveness of the risk management and internal control systems;

(g) approved the internal audit plan for 2023 and reviewed the internal audit reports;

(h) reviewed the related party transactions, connected transactions and intercompany transactions;

(i) reviewed the risk management report; and

(j) approved the external auditor's remuneration and terms of engagement for 2023.

During the year, the Audit Committee also held private sessions with the external auditors and the Head of Internal Audit, without the presence of management representatives.

(3) Remuneration Committee

The Remuneration Committee is made up of three INEDs, Mr. Tsui Che Yin, Frank (chairman of the committee), Mr. John William Crawford and Ms. Karuna Evelyne Shinsho.

The Remuneration Committee is delegated with the authority by the Board to formulate a remuneration policy for Executive Directors and senior management and determine the remuneration packages of Executive Directors and senior management as well as guidelines on salary revisions and bonus distributions to the Group's employees (other than the employees of Melco Resorts and its subsidiaries).

The Remuneration Committee met once during the year and the following is a summary of the work performed by the Remuneration Committee in 2023:

(a) reviewed and recommended to the Board the remuneration of Non-executive Director and INEDs;

(b) reviewed and recommended to the Board the deferred vesting of the unvested awarded shares held by the Chairman and Chief Executive Officer of the Company;

(c) reviewed and approved management's proposals on remuneration of and compensation to Executive Directors and senior management after assessing their performance;

(d) considered and recommended to the Board on grants of share awards and share options to Directors and employees of the Group;

(e) reviewed, endorsed and recommended to the Board the new Remuneration Policy for Directors and Senior Management; and

(f) reviewed, endorsed and recommended to the Board the amendments to the terms of reference of the Remuneration Committee.

Remuneration Policies

The Company has in place remuneration policies for Directors, senior management and other staff. When determining remuneration packages of Directors and senior management, the committee considers a number of factors, including benchmark of the relevant and similar roles in the industry, competitive market conditions, performance ratings of senior management by their leaders, and other relevant matters. Any revisions to such remuneration packages will be subject to the Board or the Remuneration Committee's approval (as the case may be), in accordance with the terms of reference of the Remuneration Committee. Senior management's compensation will be recommended by the Chairman and Chief Executive Officer and approved by the Remuneration Committee, subject to the procedures set out in the terms of reference of the Remuneration Committee. Executive Directors and senior management are entitled to discretionary bonus and/or equity grants, taking into consideration factors such as market benchmarks for the respective roles, performance of the Company and individuals, and the competitive market conditions. Details of emoluments of the Directors, Chief Executive and senior management are set out in notes 12 and 43(a) to the consolidated financial statements.

The emoluments paid or payable to the senior management for the year ended 31 December 2023 fell within the following bands:

Emolument bands (HK$)	Number of individuals
Below HK$15,000,000	1
HK$15,000,001 – HK$30,000,000	1

(4) Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee is made up three INEDs, Mr. Tsui Che Yin, Frank (chairman of the committee), Mr. John William Crawford and Ms. Karuna Evelyne Shinsho. The Group General Counsel, Mr. Leung Hoi Wai, Vincent, is co-opted as a non-voting member of the committee.

The Nomination and Corporate Governance Committee is delegated with the authority by the Board to review the Board's size, composition and diversity, to advise the Board on re-election of Directors, to make recommendations to the Board on the appointment of Directors and to assess INED's independence. It is also responsible for developing and reviewing the Company's policies and practices on corporate governance, reviewing and monitoring the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Code of Conduct and compliance manual applicable to employees and Directors and the Company's compliance with the code provisions and disclosure in the Corporate Governance Report and oversight of matters relating to corporate governance and environmental, social and governance ("ESG").

The Nomination and Corporate Governance Committee met once during the year and the following is a summary of the work performed by the Nomination and Corporate Governance Committee in 2023:

(a) reviewed the structure, size, composition and diversity of the Board;

(b) assessed the independence of INEDs;

(c) nominated Board candidates to stand for re-election by shareholders at the Company's 2023 annual general meeting ("2023 AGM").

(d) reviewed the Company's compliance with the Company Code and the CG Code;

(e) reviewed the Company's policies and practices on corporate governance and on compliance with legal and regulatory requirements;

(f) reviewed the ESG governance framework and ESG management systems;

(g) reviewed, endorsed and recommended to the Board the 2022 ESG Report;

(h) reviewed the effectiveness of the Board Diversity Policy, the Shareholders' Communication Policy and the mechanisms for making available independent views and input to the Board;

(i) reviewed, endorsed and recommended to the Board the new Remuneration Policy for Directors and Senior Management, the amended Board Diversity Policy and the amended Company Code; and

(j) reviewed the training and continuous professional development of Directors and senior management.

For re-election of retiring Directors, the Nomination and Corporate Governance Committee reviewed the profile, meeting attendance, participation in the affairs of the Company and performance of the retiring Directors and determined whether they were suitable to stand for re-election as Directors at the 2023 AGM.

(5) Finance Committee

The Finance Committee is made up of three Executive Directors, Mr. Ho, Lawrence Yau Lung, Mr. Evan Andrew Winkler and Mr. Chung Yuk Man, Clarence. The Chief Financial Officer, Mr. Geoffrey Stuart Davis, is co-opted as a non-voting member of the committee. The Finance Committee holds meetings from time to time to discuss financial matters of the Group. It conducts reviews on Group-wide financial, accounting, treasury and risk management policies, major financing transactions, corporate plans and budgets, major acquisitions and investments and their funding requirements.

(6) Regulatory Compliance Committee

The Regulatory Compliance Committee is made up of two Executive Directors, Mr. Ho, Lawrence Yau Lung and Mr. Evan Andrew Winkler. The Group General Counsel, Mr. Leung Hoi Wai, Vincent, is co-opted as a non-voting member of the committee. The Regulatory Compliance Committee holds meetings from time to time to discuss compliance matters of the Group. It reviews and advises on matters relating to regulation of the Company's gaming business and compliance with applicable laws, regulations and Listing Rules.

COMPANY SECRETARY

The Company Secretary supports the Board and Board committees and facilitates good information flow between them and the Company's management. The current Company Secretary is an employee of the Company and reports to the Chairman and Chief Executive Officer. All Directors have access to the Company Secretary's advice and services. Being the primary channel of communications between the Company and the Hong Kong Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Group's corporate governance practices.

During the year, the Company Secretary has complied with the training requirements of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group upholds the highest standards of integrity and credibility across all levels of its organisation. The Board acknowledges its responsibility for establishing and maintaining sound systems of internal control and risk management on an ongoing basis to safeguard the shareholders' investment and the Group's assets. The Group's internal control systems are designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks (including ESG risks). Review of the Group's internal controls covers major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management systems are intended to manage, not eliminate, significant risks in the Group's business environment (including ESG risks).

To fulfill this responsibility, the Chairman and Chief Executive Officer is assigned to oversee the implementation of the Group's Risk Management Policy and the ESG Governance Policy and to monitor the business and operations of business units of the Group. The Board also assigned the Audit Committee to oversee the financial reporting systems and the risk management and internal control systems of the Group. The Audit Committee reviews the adequacy and effectiveness of the Group's risk management and internal control systems on a semi-annual basis.

Risk Management System

The Group risk management system combines a top-down strategic view with a bottom-up operational process.

A risk management taskforce has been set up under the Chairman and Chief Executive Officer to assist the Board and the Audit Committee in overseeing the risk management system. The taskforce focuses on the leading and coordination of work during the financial year, including risk identifications, risk assessments, risk recommendations, risk management reporting and the establishment of the risk inventory of the Group based on the results of the risk assessment work performed with the greatest perceived risks through inquiries with key management personnel. The Board also adopted a Risk Management Policy, which provides a risk assessment framework to identify and evaluate the material business risks, operational risks, financial risks and compliance risks.

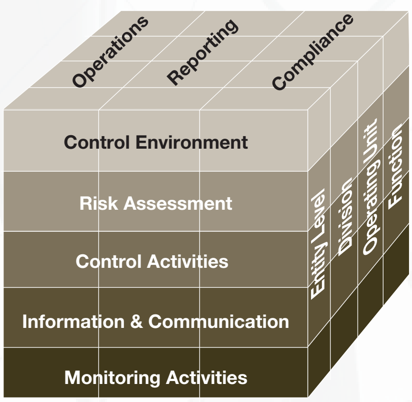
To assist the Board and the Audit Committee in overseeing the risk management system, the risk management taskforce manages reviews of the Group's risk management framework and assessments on different risk categories (including ESG risks). Results of the work covering areas such as finance, governance, operations, compliance, strategic and planning risks are submitted to the Chairman and Chief Executive Officer and the Audit Committee for review and discussion. The risks identified are considered to be in line with the Company's overall risk appetite and objectives.

Our principal subsidiary, Melco Resorts, which is separately listed on Nasdaq Global Select Market in the United States, has its own risk management system. The risk and compliance department is tasked with overseeing and assessing the risk management framework. The risk management policy, adopted by the Melco Resorts' board, provides a risk management framework to identify, analyse and evaluate the material business risks, operational risks, financial risks, compliance risks and ESG-related risks. The risk and compliance department, led by the Chief Risk Officer (the "CRO"), assists the Melco Resorts' board and audit and risk committee in overseeing the risk management system. On a semi-annual basis, a strategic risk assessment and mitigation report (the "SRAM Report") covering areas such as finance, governance, operations, compliance, strategic and planning risks, is submitted by the CRO to Melco Resorts' audit and risk committee and board of directors for review and discussion. The SRAM Report is also presented to the Company's risk management taskforce for review.

Internal Control Systems

The Group has an Internal Audit Department which reports directly to the Audit Committee. The Internal Audit Department provides the Audit Committee and the Board with useful information and recommendations on the effectiveness of the Group's internal control systems. On a regular basis, the Internal Audit Department conducts audits on financial, operational and compliance controls and a review of the risk management functions of the Company and its subsidiaries. Management is responsible for ensuring that control deficiencies highlighted in internal audit reports are rectified within a reasonable time. The Internal Audit Department produces an annual internal audit plan for the Audit Committee's approval. The audits are selected based on risk assessment to ensure that business activities with higher risks are covered. On a semi-annual basis, the Head of Internal Audit reports to the Audit Committee on major observations identified in audit reviews and the implementation progress of audit recommendations, together with his opinion on the adequacy and effectiveness of the internal control systems.

The Internal Audit Department also reviews and assesses the effectiveness of the Group's internal control systems by adopting a risk-based audit approach based on the Internal Control – 2013 Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO Framework). During the review assessment, the following five components of the integrated framework are applied:



Control Environment

Control environment is a set of standards, processes, and structures that provides the basis for carrying out internal control. The Board and senior management establish the tone at the top regarding the importance of internal control and expected standards of conduct. Factors of the control environment include ethical values, Board's oversight responsibility and competence of personnel.

Risk Assessment

Risk assessment involves a dynamic and iterative process for identifying and analysing relevant risks to the achievement of the objectives, including risks relating to the changing economic, industry, regulatory, business model and operating conditions, as a basis for determining how such risks should be mitigated and managed.

Control Activities

Control activities are the actions established by policies and procedures which help ensure that management directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels and at various stages within business processes, and over the technology environment.

Information and Communications

Information and communications comprise effective processes and systems to obtain or generate relevant and quality information in support of achievement of the objectives and internal control responsibilities.

Monitoring Activities

Monitoring activities are a set of processes that assess the adequacy and quality of the internal control systems' performance over time. This is accomplished through ongoing monitoring activities, separate evaluation or a combination of the two. Internal control deficiencies are reported in a timely manner to senior management, the Audit Committee, or the Board.

Procedures and internal controls for the handling and dissemination of inside information

The Group complies with the requirements of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) (the "SFO") and the Listing Rules to disclose inside information to the public as soon as reasonably practicable unless the information falls within any of the Safe Harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group is to immediately disclose the information to the public. The Group is committed to ensure that information contained in announcements is not false or misleading as to a material fact, or false or misleading through the omission of a material fact in view of presenting information in a clear and balanced way, which requires equal disclosure of both positive and negative facts.

ESG Governance

An ESG taskforce has been set up and is directly under the Chairman and Chief Executive Officer to assist the Board and the Nomination and Corporate Governance Committee in overseeing the Group's ESG management systems, assessing their adequacy and effectiveness, and make recommendations, as deemed necessary, regarding such to the Board.

The Company has in place an ESG Governance Policy which provides an ESG governance framework and directions to management personnel to ensure (a) the Group operates on a sustainable basis by maintaining and enhancing the Group's economic, environmental, social, community contributions and commitments in the long term; (b) the effectiveness of the Group's ESG management systems and (c) the Company's compliance with the Listing Rules as amended from time to time.

Disclosures relating to the material ESG issues identified pursuant to the requirements of Appendix C2 to the Listing Rules are included in the 2023 ESG Report, which is published on the websites of the Company and the Hong Kong Stock Exchange.

Audit Committee Supervision

The Audit Committee holds meetings with the Chief Financial Officer, Group General Counsel, Head of Internal Audit, CRO and external auditor from time to time to review the financial statements and auditor's reports on financial, internal control and risk management matters. The Audit Committee reports to the Board on significant internal control and risk management matters, suspected frauds or irregularities, and alleged infringement of laws, rules and regulations, which come to its attention.

Annual Review

The Board, through the Audit Committee, conducted a review of the effectiveness of the Group's risk management and internal control systems for 2023 covering all material financial, operational and compliance controls and risk management functions, and considered that the systems are adequate and effective. The Board, through the Audit Committee, also reviewed the adequacy of resources, staff qualifications and experience, training programmes and the budget for the Group's accounting, internal audit and financial reporting functions, and through the Nomination and Corporate Governance Committee, reviewed the Company's ESG performance and reporting, and considered that they are adequate.

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors are responsible for the preparation and the true and fair presentation of the Group's financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"). These responsibilities include designing, implementing and maintaining the necessary internal control systems, ensuring that the Group's financial statements are free from material misstatement, applying the appropriate accounting policies and making reasonable accounting estimates. The Directors have not been aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. The statement by the auditor of the Company and the Group regarding its reporting responsibilities on the financial statements of the Company and the Group is set out in the Independent Auditor's Report in this annual report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2023, the fees paid or payable by the Company to its external auditors for providing audit and non-audit services amounted to approximately HK$2.6 million and HK$4.4 million (2022: HK$3.7 million and HK$0.8 million), respectively. The non-audit services comprise primarily interim review, taxation and advisory services.

In respect of the auditor's remuneration for the audit services paid or payable by the Company and its subsidiaries, respectively, see note 9 to the consolidated financial statements.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene Extraordinary General Meetings and Putting Forward Proposals at Annual General Meetings

Under Section 566 of the Companies Ordinance, shareholders holding not less than 5% of the total voting rights may request the directors to call a meeting. The request must state the general nature of business to be dealt with at the meeting and may include the text of a resolution that is intended to be moved at the meeting. The request may consist of several documents in like form and may be sent to the Company in hard copy or in electronic form and must be authenticated by the person(s) making it.

If the directors do not within 21 days from the date of the making of a request (after verification) proceed to convene the general meeting, the shareholders concerned, or any of them representing more than one-half of their voting rights, may themselves convene a general meeting, but any general meeting so convened cannot be held three months after the making of the request.

Under Section 615 of the Companies Ordinance, shareholders may request a company to move a resolution at the annual general meeting. The request must be in writing and made by:

(a) shareholders holding at least 2.5% of the voting rights of shareholders entitled to vote on that resolution; or

(b) not less than 50 shareholders having the right to vote on that resolution.

The written request may be sent to the Company in hard copy or in electronic form and must identify the resolution of which notice is to be given. It must be authenticated by the person(s) making it and be received by the Company not less than six weeks before the annual general meeting to which the request relates, or, if later, the time at which notice is given of that meeting.

Procedures for Nomination of Directors for Election

Under Article 102 of the Articles of Association, shareholders are entitled to elect a person to be a Director at a general meeting. The procedures for nomination of Directors for election are available on the Company's website.

Enquiries to the Board

Shareholders have a right to put enquiries to the Board. All enquiries should be in writing and sent to the Company Secretarial Department or the Corporate Communications Department at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong or by email to info@melco-group.com.

COMMUNICATION WITH SHAREHOLDERS

Dividend Policy

The Company has a Dividend Policy in place to allow its shareholders to participate in the Company's profits while preserving the Company's liquidity to capture future growth opportunities. Pursuant to the Dividend Policy, the Company intends to provide its shareholders with semi-annual dividends in an aggregate amount per year of approximately 20% of the Company's annual consolidated net income attributable to the shareholders. The Dividend Policy also allows the Company to declare special dividends from time to time. In May 2020, the Company announced the suspension of its semi-annual dividend program under the Dividend Policy.

Annual General Meeting

The Company considers the annual general meeting an important event as it provides an opportunity for the Board to communicate with the shareholders. The Company supports the CG Code's principle to encourage shareholders' participation. Questioning by shareholders at the Company's annual general meeting is encouraged and welcomed.

Our 2023 AGM was held in a virtual (via live webcast) format. With the virtual 2023 AGM, shareholders were able to participate in the meeting online from anywhere with an internet connection in a convenient and efficient manner. At the meeting, shareholders may vote and submit questions online or, if they so opt to, dial in through the Company's designated dial-in facility to raise questions. By providing a convenient access for our shareholders, the virtual 2023 AGM facilitated attendance, which in turn encourage shareholders' participation.

The Board Chairman, Board committees' chairmen and the Company's auditor attended the 2023 AGM and were on hand to answer questions.

INVESTOR RELATIONS

Constitutional Documents

During the year, there were no changes in the Company's constitutional documents.

Shareholders Communication Policy

The Company has in place a Shareholders Communication Policy since 2012, which is available on the Company's website.

Under the policy, the Company commits to maintain an on-going dialogue with shareholders and the investment community, and to regularly review the policy to ensure its effectiveness.

The policy provides that:

(1) Information shall be communicated to shareholders and the investment community mainly through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures and corporate communications on the websites of the Company and the Hong Kong Stock Exchange.

(2) Shareholders should direct their questions about their shareholdings to the Company's Share Registrar, Tricor Standard Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(3) Further, shareholders may at any time send their enquiries to the Company by email at info@melco-group.com or by mail to the Company Secretary at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.

During the year, the Nomination and Corporate Governance Committee has conducted a review of the Shareholders Communication Policy. In consideration of the following measures, the committee is satisfied that the Shareholders Communication Policy was implemented properly and remains effective.

(1) Annual and interim reports, announcements and circulars are published on a timely basis in accordance with the Listing Rules.

(2) The 2023 AGM was held in virtual format to facilitate shareholders' participation. Shareholders could view the live video broadcast, participate in voting and submit questions online (or to dial in through the Company's designated dial-in facility to raise questions) during the meeting. Electronic voting at the meeting facilitated easy and intuitive voting procedures for shareholders as well as enhancing efficiency in poll counting.

(3) On-going engagement is maintained with institutional investors, analysts and investment managers through various communications with them.

(4) Press releases timely posted on the Company's website facilitate shareholders and other stakeholders' understanding and appraisal of the Group's latest developments.

(5) Shareholders holding not less than 5% of the total voting rights of all shareholders of the Company can request the directors to call a general meeting, details of which are explained in the section headed "Shareholders' Rights" of this report.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") herein submit to shareholders their report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in note 4 to the consolidated financial statements.

BUSINESS REVIEW

General

The business review for the year ended 31 December 2023, including information on the principal risks and uncertainties and future developments in the Group's businesses, is outlined in the "Chairman & CEO's Statement" and "Management Discussion and Analysis" on pages 20 and 21 and 22 to 39, respectively, of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is included on pages 16 and 17 and in the Group's Five-year Financial Summary on page 218 of this annual report.

Our ESG Commitment

Our ESG Approach

Our sustainability strategy commits us to go "Above and Beyond" and RISE—to **R**estore our environment, **I**nspire our communities, **S**ustain our supply chain and **E**mpower our business—provides the framework for the Group's alignment with environmental, social and governance ("ESG") best practices. With leadership from the top and support across our operations, we inspire our people, guests, suppliers, partners and communities to contribute to a climate-fit and equitable future, creating shared value for all.

Our strategy and reporting evolve to meet updated ESG disclosure requirements and expectations of our stakeholders. In 2023, we expanded our materiality assessment process[1] to integrate the concept of double materiality. As in previous years, impact materiality was guided by the GRI Standards[2] and, for the first time, the assessment includes a distinct consideration of financial impact by integrating the financial materiality approach of the IFRS S1[3] and SASB[4] standards. This year, a diverse range of internal and external stakeholders completed an online survey and were interviewed by our independent consultant. For each of the Group's relevant sustainability issues, stakeholders were asked to separately rank the significance of the issue's impact on (1) the economy, environment and people, including impacts on their human rights, and (2) the Group's financial performance. In ranking the issues, they were asked to consider both the magnitude of the impact and the likelihood of its occurrence in the short term, specifically over the next three to five years. Feedback was also sought on the issues that pose the greatest sustainability risks and opportunities over the longer term, i.e., towards 2030 and beyond.

---

1 For details of the stakeholder engagement and materiality assessment process conducted in 2023, see the 2023 sustainability report of Melco Resorts & Entertainment Limited ("Melco Resorts") at https://www.melco-resorts.com/sustainability/doc/Melco_SustainabilityReport_2023_en.pdf.

2 The GRI Universal Standards 2021 of Global Reporting Initiative ("GRI").

3 The International Sustainability Standards Board ("ISSB") released International Financial Reporting Standards ("IFRS"), known as IFRS S1 — *General Requirements for Disclosure of Sustainability-related Financial Information in 2023*.

4 Sustainability Accounting Standards Board ("SASB") standards for the Casinos & Gaming and Hotels & Lodging sectors.

The findings from the stakeholder engagement exercise were evaluated by senior management in a workshop to determine material topics, which were reviewed by our Chairman and CEO, and the board of Directors (the "Board"). In 2023, we reconfirmed them to be Energy & Climate Resilience, Material Use & Waste, Engaging our People, Safety, Health & Wellbeing, Responsible Gaming ("RG"), Community Investment & Engagement, Ethical & Sustainable Supply Chain, Ethics & Integrity and Privacy & Cybersecurity. These topics inform our reporting and strategy implementation going forward. The results of the double materiality process, and an assessment of the Group's impacts, risks and opportunities along the value chain, are provided in Melco Resorts' 2023 sustainability report.

Board Oversight

The Board has oversight of our corporate governance structure and oversees the Group's strategy for managing and reporting ESG performance. The Group's ESG Governance Policy, risk management systems and internal control environment are reviewed by the Board to ensure that our ESG framework and management systems enable our global operations to comply with applicable regulatory requirements and operate on a sustainable basis for the long term, as well as them being appropriate and effective. Management of ESG across the Group is supervised by the Nomination and Corporate Governance Committee ("NCGC") of the Board and is overseen directly by our Chairman and CEO. The ESG Taskforce assists the Board and the NCGC in monitoring ESG performance. Engaging directly with the ESG and corporate social responsibility ("CSR") committees (the "Committees") of our major subsidiaries, the taskforce tracks performance, ensuring that adequate resources are allocated for ESG responsibilities and goals to be achieved.

The Committees provide semi-annual updates on ESG-related topics to the Board. Presentations covered global ESG trends and regulatory requirements in our jurisdictions, and progress made towards the Group's targets for achieving carbon-neutral, zero-waste resorts by 2030 and expanding the sustainability attributes of our procurement. Updates on ongoing CSR initiatives shared with the Board ranged from our mental and physical wellness programmes, professional development and capacity-building initiatives, and local culture and heritage promotion, to maintaining RG Council's "RG Check" accreditation across all our properties.

The Board actively reviews these ongoing initiatives and the Group's annual ESG report to critically assess progress made and recommend areas for improvement where needed. To keep abreast of the latest developments, training is regularly provided to the Board by external consultants. In 2023, briefing materials from external cybersecurity experts were shared with the Group's Board and some Board directors joined the in-depth cybersecurity training of our Group. Two in-person sessions (each over three hours) were held, equipping participants with a better appreciation of the nature of cybersecurity risk and an enhanced ability to critically assess the Group's risk management approach and contingency plans.

Our ESG Performance and Goals

Our "RISE" sustainability strategy inspires us to be best-in-class, holding us to the highest standards of ethics, transparency and sustainability. As a leader in responsibly managing integrated resorts, achieving our aspirational goals and commitments is underpinned by our robust governance structure and implementation of stringent policies, systems and controls. Across all our properties, we steadfastly progressed our environmental initiatives while remaining cost effective and efficient.

We were honoured to join the Sustainable Hospitality Alliance ("Alliance") in November 2023, as the first Asian-headquartered donor and founding member. Through the Alliance, we will collaborate with 50 leaders in the hospitality industry to address key challenges affecting the planet, local destinations, communities and people. This includes moving towards our goal to achieve carbon-neutral resorts by 2030, which supports our commitment as an Alliance member to accelerate the Pathway to Net Positive Hospitality[5].

---

[5] https://sustainablehospitalityalliance.org/our-work/pathway/

As part of our roadmap and action plan towards carbon neutrality by 2030 and climate resilience, we increased our onsite consumption of renewable energy and evaluated the financial 'value-at-stake' of our previously identified and most significant climate-related risks and opportunities, based on current policies and stress scenarios. With the results, teams across our business were able to refine our climate-related risk mitigation plans. Our review and adoption of new technologies and measures for energy and water efficiency continued to bring results, furthering our commitment to reduce our environmental footprint.

Steadfast progress towards eliminating single-use plastic ("SUP") continued apace, as we further embedded our NORDAQ system with its filtered water in refillable glass bottles supplanting SUP water bottles across our properties. We also significantly reduced both unnecessary and SUP guest amenities, and SUP packaging across F&B operations. Moving towards our target for zero-waste resorts by 2030, we saw increases in our capture of recyclables and generation of compost, as well as reductions in both food wastage and plate waste. Expanding the recycling and repurposing of playing cards is but one example of our efforts to adopt circular economy principles.

With our solid foundation, we will continue to expand and enhance our sustainability practices and inspire our guests, colleagues, suppliers and communities to collaborate and take action to build a sustainable future together. Additional highlights of 2023 are provided below, with details in our full 2023 Environmental, Social and Governance Report ("2023 ESG Report").

Our Guests

At the heart of our operations lies an unwavering commitment to provide our guests with world-class service and exceptional experiences, which is externally affirmed year-on-year. In 2024, we continue to lead amongst integrated resorts in Asia with the greatest number of stars achieved from Forbes Travel Guide, including 16 five-star and three four-star awards. Our eight MICHELIN Stars across five of our restaurants at City of Dreams, Studio City and Altira Macau establishes our leadership position in Macau.

With the security, safety, health and wellbeing of our guests of paramount importance, we adhere to industry-leading standards beyond compliance, provide robust training to our colleagues, and constantly monitor and assess our performance to identify areas for improvement. Supporting our guests to join us on our sustainability journey, year-on-year, we expand items on our menus that are healthy with reduced environmental impact, ranging from sustainably sourced seafood[6] and reduced-carbon meat to vegetarian and other plant-based offerings across all our restaurants.

While RG is essential for maintaining our licence to operate, we strive to differentiate ourselves in the industry by upholding the most stringent RG standards and exceeding regulatory requirements. Leveraging advanced facial recognition technology, we facilitate RG among our guests—equipping them with all the required information and resources to make informed gaming choices. Since 2021, when we became the first integrated resort operator in Macau and the Philippines to achieve RG Check, all our operations, including those in Cyprus since 2022, are subject to rigorous checks on an ongoing basis to maintain this esteemed RG accreditation status. Six of our locations in Macau have now attained perfect scores of 100% for the RG Implementation Index criteria of DICJ[7], with others to be assessed in 2024. We also received recognition by the Asia Gaming Awards in the categories of "Outstanding Contribution in Corporate Social Responsibility" and "Best Responsible Gaming Programme" in 2023.

---

6 We define "sustainable seafood" as fish or seafood items from sources that have been certified by international bodies or other standards. See our 2023 ESG Report for details.

7 The Direcção de Inspecção e Coordenação de Jogos ("DICJ") is the Gaming Inspection and Coordination Bureau of the Macau SAR Government.

Our Colleagues

As we emerged from the pandemic in 2023, we focused on ensuring that the support system in place for our colleagues remained fit for purpose as business volumes resumed, and specifically that our policies and programmes continued to safeguard their physical and mental health, and overall wellbeing. We maintain our provision of competitive compensation, benefits and professional and career development opportunities—our robust learning and development academy plays a key role in supporting the "Whole Person Development" of our colleagues. In addition, we continue to expand our "Feel Better Mental Wellness Programme" on mental and physical health and our "*REACH!* Programme" that promotes exercise and participation in fitness events in the community.

As an equal opportunity employer, we prioritise creating a safe, inclusive workplace where colleagues are comfortable in bringing their "whole selves" to work. Our Code of Business Conduct and Ethics and Inclusion & Diversity Statement outline our expectations, including our zero tolerance for any form of discrimination or harassment. 79 nationalities are represented in our global workforce and across our integrated resorts, 67% of positions at the "Vice President" level and above have been filled locally. In 2023, 47% of our colleagues are women and 17% of the directors across the boards of our Group are female. Women comprise 13% of our corporate executive committees, 34% of our senior management and 41% of our general management.

Our Suppliers

Our sourcing strategy focuses on strengthening relationships with suppliers across the jurisdictions, building their capacity to adopt leading ESG practices and expanding our sourcing of items with sustainability attributes[8]. In 2023, we continued to add additional features to our centralised system, BirchStreet, which provides transparency over our global supply chain data and increases efficiency in the procurement process.

Our Supplier Code of Conduct (the "Supplier Code") outlines our expectations for ethical and fair business practices to further accountability and transparency across our supply chain. We review and update the Supplier Code regularly and provide information sessions and training for our suppliers.

In 2023, we increased both the number of items and the volume of our spend on items that are procured locally as well as our offering of food items with sustainability attributes. These range from plant-based meat alternatives, more vegetarian options, lower carbon beef and sustainably sourced duck and seafood to locally sourced coffee and cacao.

We continued our collaboration with The Mekong Club ("TMC"), expanding our provision of training to colleagues and suppliers on the risks associated with human trafficking and modern slavery. Also in 2023, we hosted a seminar with TMC, the International Organization for Migration and Green Hospitality on human trafficking, forced labour and exploitation risks in the hospitality industry for our colleagues and members of the community.

Our Communities

Over the years, we have designed, developed and implemented numerous programmes and volunteer activities and provided charitable donations and sponsorships. These efforts support the unique needs and challenges of the communities where we operate and provide critical opportunities for our colleagues to make a difference. Now in its third year, our "Simple Acts of Kindness" programme, initially launched to support our community efforts during the pandemic, has evolved into a signature initiative, delivering key initiatives to people in need across our global network.

---

8 A material, product or service is deemed to have a "sustainability attribute" if, when compared to other similar items, it has, or any significant portion of the materials it comprises has, (a) a reduced negative environmental impact at any point throughout its lifecycle (e.g., when it is harvested, produced or managed), (b) an increased positive social impact at any point throughout its lifecycle (e.g., where the economic benefits of its sale accrue to local or marginalised groups or communities), and/or (c) third-party certifications or traceability features attesting to its environmental and/or social benefits.

An appreciation of local culture and heritage enriches experiences for our colleagues, guests and communities. Our "Splendours of China" initiative in Macau expanded the array of programmes available for colleagues to learn about and celebrate Chinese culture and heritage. Similarly in Manila and Cyprus, tailored programmes were implemented to raise awareness of local history and customs.

In 2023, we further stepped up our engagement with local businesses to create economic opportunities for small– and medium-sized enterprises ("SMEs") and micro enterprises. Our Heart-of-House Roadshows and "To the Table" events throughout the year enabled business owners to showcase and sell a wide variety of products, bolstering local economic development.

Compliance with Laws and Regulations

We adhere to stringent standards of corporate governance and have comprehensive policies, procedures and internal controls in place to ensure strict compliance to all applicable laws and regulations. Our Code of Business Conduct and Ethics ("Code") underpins all aspects of business interactions with our stakeholders. It provides our people and our guests with the confidence that all interactions with the Group are fair and in compliance with relevant requirements.

During the year ended 31 December 2023, we complied with all requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Our "Corporate Governance Report" on pages 43 to 60 of this annual report provides details of the Group's compliance with the code provisions set out in the Corporate Governance Code contained in the Listing Rules. We are in compliance with all anti-money laundering ("AML"), counter-terrorist financing and anti-corruption regulations that are applicable in the jurisdictions where we operate. This includes the Prevention of Bribery Ordinance of Hong Kong (Chapter 201 of the Laws of Hong Kong), the AML Rules and Gaming Operations Special Provisions in Macau and the AML Act in the Philippines, as well as the Cyprus Prevention and Suppression of Money Laundering and Terrorist Financing Law, adopting the corresponding European Union ("EU") Directives on combatting any potential money laundering and terrorism financing activities, the Cyprus Gaming Commission's Direction on Prevention and Suppression of Money Laundering and Terrorist Financing and the Cyprus Casino Law and Regulations.

We have stringent anti-corruption policies in place that are applicable to all entities within the Group. Further, our Code stipulates stringent standards that reflect our zero tolerance of any matters concerning corruption, bribery and gift giving. Our colleagues are required to confirm understanding and adherence to the Code and they are encouraged to use our whistleblowing channels to report any actions or suspicions of misconduct.

We understand the importance of being entrusted with our guests' personal and corporate data and we take great care in safeguarding the interests and confidentiality of all our stakeholders and guests. We are in compliance with the Macau Personal Data Protection Act and other data privacy regulations in all areas of our operations. Our policies also cover the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and other employment laws and regulations relating to disability, sex, family status, race discrimination and occupational safety in all jurisdictions where we operate.

Our ESG Reporting

Further discussion on the Group's ESG policies, practices and performance, relationships with its stakeholders and compliance with applicable laws and regulations are contained in the 2023 ESG Report, published separately in compliance with the reporting principles and other requirements of the Listing Rules, including Appendix C2 — Environmental, Social and Governance Reporting Guide, in accordance with the GRI's Standards and with reference to the recommendations of the Task Force on Climate-related Financial Disclosures[9]. As noted above, we updated our materiality assessment process to begin aligning with the IFRS S1 and SASB standards.

---

[9] ISSB's IFRS Sustainability Disclosure Standards (S1 and S2) were released in 2023. IFRS S2 - Climate-related Disclosures subsumed TCFD in 2023; the Group's climate-related disclosures continue to respond to the TCFD recommendations for the 2023 reporting year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2023 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 103 and 104 of this annual report.

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

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.

NON-CURRENT ASSETS

Details of movements of non-current assets (including property, plant and equipment, intangible assets, goodwill and right-of-use assets) during the year are set out in notes 17, 18, 19 and 33, respectively, to the consolidated financial statements.

SHARES ISSUED IN THE YEAR

Details of the shares issued during the year ended 31 December 2023 are set out in note 35 to the consolidated financial statements.

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets and liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the consolidated financial statements and reclassified as appropriate, is set out on page 218 of this annual report. This summary does not form part of the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2023, the Company's reserves available for distribution consisted of the capital reserve and retained profits of approximately HK$7,053,000 and HK$6,129,985,000, respectively (2022: HK$7,053,000 and HK$5,890,663,000, respectively). The Company considers it has fulfilled the conditions required for distribution of the capital reserve.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2023, the five largest customers accounted for less than 30% of the Group's total turnover and the five largest suppliers accounted for less than 30% of the Group's total purchases.

None of the Directors, their close associates, or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued shares) has any interest in the Group's five largest customers or suppliers.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into during the year or subsisted at the end of the year.

DIRECTORS

The Directors during the year and up to the date of this report are:

Executive Directors
Mr. Ho, Lawrence Yau Lung *(Chairman and Chief Executive Officer)*
Mr. Evan Andrew Winkler *(President and Managing Director)*
Mr. Chung Yuk Man, Clarence

Non-executive Director
Mr. Ng Ching Wo *(resigned on 1 September 2023)*

Independent Non-executive Directors
Mr. John William Crawford
Mr. Tsui Che Yin, Frank
Ms. Karuna Evelyne Shinsho

Mr. Ng Ching Wo, in pursuit of his retirement plan, resigned as Non-executive Director of the Company with effect from 1 September 2023. He confirmed that he has no disagreement with the Board and there are no matters relating to his retirement that need to be brought to the attention of the shareholders of the Company.

In accordance with Article 98(A) of the articles of association of the Company (the "Articles and Association"), Mr. Ho, Lawrence Yau Lung and Mr. Tsui Che Yin, Frank, being Directors longest in office since their last election, shall retire from office by rotation at the forthcoming annual general meeting and are eligible to offer themselves for re-election.

The Company has received annual confirmation from all Independent Non-executive Directors regarding their independence as regards each of the factors referred to in Rule 3.13(1) to (8) of the Listing Rules.

Mr. John William Crawford made an annual confirmation of independence under Rule 3.13 of the Listing Rules, save and except for Rule 3.13(7), in view of his holding of other directorships within the Group during the two years before the date of his appointment as an Independent Non-executive Director.

Mr. Tsui Che Yin, Frank made an annual confirmation of independence under Rule 3.13 of the Listing Rules, save and except for Rule 3.13(7), in view of his acting as a Non-executive Director during the two years before the date of his re-designation as an Independent Non-executive Director.

The Company had, prior to Mr. Crawford's appointment and Mr. Tsui's re-designation, successfully demonstrated to the satisfaction of the Hong Kong Stock Exchange that each of Mr. Crawford and Mr. Tsui is qualified to serve as an Independent Non-executive Director and is independent for the purposes of Rule 3.13 of the Listing Rules and the reasons are set out in the Company's announcements dated 13 September 2019 and 2 July 2020, respectively.

The Company is not aware of any change of circumstances which may affect the independence of any Independent Non-executive Directors, and having considered the above, the Company is satisfied that all Independent Non-executive Directors remain independent in accordance with the Listing Rules.

Biographical details of the Directors are set out on pages 40 to 42 of this annual report.

DIRECTORS OF SUBSIDIARIES

The list of directors who have served on the boards of the subsidiaries of the Company during the year and up to the date of this report is available on the Company's website at www.melco-group.com.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting of the Company has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that each director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto, save for losses, damages or misfortune which may happen to or be incurred by the Company in the execution of the duties of his/her office or in relation thereto.

A permitted indemnity provision for the benefit of the Directors is currently in force and was in force throughout the year. The Company maintains liability insurance to provide appropriate cover for the Directors and officers of the Company.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the sections headed "Connected Transactions" and "Related Party Transactions" of this report, no other transactions, arrangements or contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of the year.

CONTROLLING SHAREHOLDER'S INTERESTS IN SIGNIFICANT CONTRACTS

No contract of significance was entered into between the Company or any of its subsidiaries and the controlling shareholder or any of its subsidiaries and no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder or any of its subsidiaries during or at the end of the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share schemes as disclosed in the "Share Schemes" section of this report, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, no Director had an interest in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's businesses which is required to be disclosed pursuant to the Listing Rules.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests and short positions of each Director and Chief Executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director and Chief Executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange were as follows:

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

(a) Ordinary shares of the Company

	Number of ordinary shares held					
Name of Director	**Personal interests[(2)]**	**Family interests[(3)]**	**Corporate interests[(4)]**	**Other interests[(5)]**	**Total**	**Approximate % of total issued shares[(1)]**
Mr. Ho, Lawrence Yau Lung	8,000,000	4,212,102	570,114,107[(6)]	312,666,187[(7)]	894,992,396	59.01%
Mr. Evan Andrew Winkler	5,752,363	–	–	–	5,752,363	0.38%
Mr. Chung Yuk Man, Clarence	4,743,440	–	–	–	4,743,440	0.31%
Mr. John William Crawford	73,000	–	–	–	73,000	0.00%
Mr. Tsui Che Yin, Frank	6,440,660	–	–	–	6,440,660	0.42%
Ms. Karuna Evelyne Shinsho	71,934	–	–	–	71,934	0.00%

(b) Awarded shares granted by the Company

Name of Director	**Number of awarded shares held[(2 & 8)]**	**Approximate % of total issued shares[(1)]**
Mr. Ho, Lawrence Yau Lung	26,988,000	1.78%
Mr. Evan Andrew Winkler	3,286,000	0.22%
Mr. Chung Yuk Man, Clarence	1,520,000	0.10%
Mr. John William Crawford	117,000	0.01%
Mr. Tsui Che Yin, Frank	313,000	0.02%
Ms. Karuna Evelyne Shinsho	102,000	0.01%

Notes:

1. As at 31 December 2023, the total number of issued shares of the Company was 1,516,683,755.

2. This represents the interests held by the relevant Director as beneficial owner.

3. This represents the interests held by the spouse of the relevant Director.

4. This represents the interests held by the relevant Director through his controlled corporations.

5. This represents the interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.

6. The 570,114,107 shares relate to the 301,368,606 shares, 122,243,024 shares, 53,491,345 shares, 91,445,132 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, Black Spade Capital Limited and Maple Peak Investments Inc., respectively, representing approximately 19.87%, 8.06%, 3.53%, 6.03% and 0.10% of the total issued shares of the Company. All of such companies are owned or controlled by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies.

7. In addition to the deemed interests as stated in note 6 above, Mr. Ho, Lawrence Yau Lung was also taken to have interests in the 312,666,187 shares held by L3G Holdings Inc., representing approximately 20.62% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members.

8. Details of awarded shares granted to the Directors pursuant to the share purchase scheme of the Company are set out in the "Share Schemes" section of this report.

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

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

(a) Ordinary shares of Melco Resorts

	Number of ordinary shares held			
Name of Director	**Personal interests[(2)]**	**Corporate interests[(3)]**	**Total**	**Approximate % of total issued shares[(1)]**
Mr. Ho, Lawrence Yau Lung	7,204,965	697,295,328[(4)]	704,500,293	52.98%
Mr. Evan Andrew Winkler	1,044,144	–	1,044,144	0.08%
Mr. Chung Yuk Man, Clarence	191,470	–	191,470	0.01%
Mr. John William Crawford	175,767	–	175,767	0.01%

(b) Restricted shares granted by Melco Resorts

Name of Director	**Number of restricted shares held[(2 & 5)]**	**Approximate % of total issued shares[(1)]**
Mr. Ho, Lawrence Yau Lung	5,819,955	0.44%
Mr. Evan Andrew Winkler	147,249	0.01%
Mr. Chung Yuk Man, Clarence	315,543	0.02%
Mr. John William Crawford	84,147	0.01%

Notes:

1. As at 31 December 2023, the total number of issued shares of Melco Resorts was 1,329,679,067.

2. This represents the interests held by the relevant Director as beneficial owner.

3. This represents the interests held by the relevant Director through his controlled corporations.

4. In respect of the 697,295,328 shares of Melco Resorts, by virtue of the SFO, Mr. Ho, Lawrence Yau Lung was taken to be interested in (1) 687,360,906 shares held by Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 59.01% of the total issued shares of the Company; and (2) 9,934,422 shares held by Black Spade Capital Limited, which in turn is held by companies owned by a trust associated with Mr. Ho, Lawrence Yau Lung.

5. Details of restricted shares granted to the Directors by Melco Resorts are set out in the "Share Schemes" section of this report.

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

Ordinary shares of SCIHL

Name of Director	Number of Class A ordinary shares held[2]	Approximate% of total issued shares[1]
Mr. Chung Yuk Man, Clarence	3,360	0.00%

Notes:

1. As at 31 December 2023, the total number of issued shares of SCIHL was 842,864,460 (including 770,352,700 Class A ordinary shares and 72,511,760 Class B ordinary shares).

2. This represents the interest held by Mr. Chung Yuk Man, Clarence as beneficial owner.

(C) Studio City Finance Limited ("Studio City Finance") *(a subsidiary of the Company)*

Debentures issued by Studio City Finance

Name of Director	Debentures	Amount of debentures held		Approximate% to the total amount of debentures in issue
		Personal interest[1]	Corporate interest[2]	
Mr. Ho, Lawrence Yau Lung	2025 US$ Senior Notes[3]	US$30,000,000	–	7.56%
	2029 US$ Senior Notes[4]	–	US$30,000,000[2]	2.73%

Notes:

1. This represents the interest held by Mr. Ho, Lawrence Yau Lung as beneficial owner.

2. This represents the interest held by Mr. Ho, Lawrence Yau Lung through his controlled corporations. These debentures were held by Black Spade Capital Limited, which in turn is held by companies owned by trust associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the debentures held by these companies.

3. These debentures (US$500 million 6.00% senior notes due 2025) issued by Studio City Finance (the "2025 US$ Senior Notes") are freely transferable but not convertible into shares of Studio City Finance. During the year, Studio City Finance completed a cash tender offer of the 2025 US$ Senior Notes for an aggregate amount of US$100 million and repurchased an aggregate amount of US$3 million of the 2025 US$ Senior Notes. As at 31 December 2023, US$397 million of the principal amount of the notes remains in issue and outstanding.

4. These debentures (US$1.1 billion 5.00% senior notes due 2029) issued by Studio City Finance (the "2029 US$ Senior Notes") are freely transferable but not convertible into shares of Studio City Finance.

Save as disclosed above, as at 31 December 2023, none of the Directors or the Chief Executive of the Company and their respective associates had or deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE SCHEMES

(I) Share schemes involving the issue of new shares

Share Option Schemes

The Company adopted a share option scheme on 30 May 2012, with certain rules of such scheme amended on 5 June 2020 (the "2012 Share Option Scheme"), which expired on 29 May 2022. After the expiration of the 2012 Share Option Scheme, no further share options could be granted under that scheme but the share options granted during the life of that scheme shall remain valid and exercisable in accordance with their terms of issue and in all other respects the provisions of that scheme shall remain in full force and effect.

Following the expiration of the 2012 Share Option Scheme, on 7 June 2022, the Company adopted a new share option scheme (the "2022 Share Option Scheme") under which the Directors may, at their discretion, grant to any eligible participants share options to subscribe for the Company's shares, subject to the terms and conditions as stipulated therein. The 2022 Share Option Scheme was adopted before the amended Chapter 17 of the Listing Rules became effective on 1 January 2023.

The following is a summary of the principal terms of the 2012 Share Option Scheme and 2022 Share Option Scheme:

(i) Purpose of the schemes

To provide participants with an opportunity to acquire proprietary interests in the Company and to incentivise participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

(ii) Participants of the schemes

(1) Directors of the Company or any of its subsidiaries or associated companies (companies in which the Company directly or indirectly holds not less than 20% and not more than 50% of its shareholding); and (2) executives and employees of and consultants and advisers to the Company or any of its subsidiaries or associated companies.

(iii) Total number of shares available for issue under the schemes and percentage of issued shares as at the date of this annual report

The total number of shares which may be issued upon exercise of all share options to be granted under the 2012 Share Option Scheme and 2022 Share Option Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue on the respective dates of approval of each of the schemes. The 10% limit may only be refreshed with the approval of the Company's shareholders.

Following the expiry of the 2012 Share Option Scheme, no further share options could be granted thereunder. As at the date of this report, a total of 3,409,000 shares of the Company may be issued upon exercise of all options which had been granted and yet to be exercised under the 2012 Share Option Scheme, representing 0.22% of the shares in issue.

Under the 2022 Share Option Scheme, the total number of shares available for grant as at 1 January 2023 and 31 December 2023 was 151,668,375, representing 10.00% of the total number of shares of the Company in issue. No share options were granted under the 2022 Share Option Scheme since its adoption up to the date of this report.

(iv) Maximum entitlement of each participant under the schemes

The total number of shares issued and to be issued upon exercise of the share options granted or to be granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares in issue unless the same is approved by the Company's shareholders in general meeting.

(v) The period within which the option may be exercised

The period during which an option may be exercised is determined by the Board in its absolute discretion, save that such period shall not be longer than 10 years from the date of grant of the option.

(vi) The vesting period of options granted

Any period as determined by the Board upon the grant of an option.

(vii) The amount payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

The acceptance of an offer of the grant of the share options must be made within 28 days from the date of grant and HK$1.00 is payable to the Company by way of consideration on acceptance of the grant of an option.

(viii) The basis of determining the exercise price of options granted

The exercise price is determined by the Board which must be no less than the higher of (i) the closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares of the Company as stated in the Hong Kong Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

(ix) The remaining life of the schemes

The schemes shall be valid and effective for a period of 10 years from the respective dates of adoption. The 2012 Share Option Scheme has expired on 29 May 2022. The 2022 Share Option Scheme, which was adopted on 7 June 2022, will expire on 6 June 2032.

2012 Share Option Scheme (expired on 29 May 2022)

Movement of share options granted under the 2012 Share Option Scheme during the year ended 31 December 2023 were as follows:

	Number of share options								
Category of participants	As at 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2023	Date of grant	Exercise price *HK$*	Exercise period *(Note)*
Directors, chief executive or substantial shareholders of the Company	-	-	-	-	-	-	-	-	-
Other employee participants [(1)]	1,478,000	-	-	-	-	1,478,000	08.04.2016	10.24	6
	202,000	-	-	-	-	202,000	10.04.2017	15.00	7
	141,000	-	-	-	-	141,000	10.04.2018	23.15	8
	107,000	-	-	-	-	107,000	10.04.2019	19.90	9
	74,000	-	-	-	-	74,000	14.04.2020	12.70	10
	933,000	-	-	-	-	933,000	06.04.2022	7.278	11
	453,000	-	-	-	-	453,000	06.04.2022	7.278	12
Sub-total	3,388,000	-	-	-	-	3,388,000			
Service providers [(2)]	21,000	-	-	-	-	21,000	08.04.2016	10.24	6
Related entity participants [(3)]	-	-	-	-	-	-	-	-	-
Total	**3,409,000**	**-**	**-**	**-**	**-**	**3,409,000**			

Notes:

1. Other employee participants include former directors, and both former and current employees of the Company and/or its subsidiaries.

2. Service providers include both former and current service providers who provide or have provided services to the Company and/or its subsidiaries on a continuing or recurring basis in the ordinary and usual course of business of the Company and/or its subsidiaries.

3. Related entity participants include both former and current directors and employees of holding companies, fellow subsidiaries, associated companies of the Company.

4. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

5. Since there were no share options exercised during the year, there is no weighted average closing price of the shares of the Company in respect thereof for the year.

6. The share options granted on 8 April 2016 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019, respectively, to 7 April 2026.

7. The share options granted on 10 April 2017 are divided into 4 tranches exercisable from 10 April 2017, 10 April 2018, 10 April 2019 and 10 April 2020, respectively, to 9 April 2027.

8. The share options granted on 10 April 2018 are divided into 4 tranches exercisable from 10 April 2018, 10 April 2019, 10 April 2020 and 10 April 2021, respectively, to 9 April 2028.

9. The share options granted on 10 April 2019 are divided into 4 tranches exercisable from 10 April 2019, 10 April 2020, 10 April 2021 and 10 April 2022, respectively, to 9 April 2029.

10. The share options granted on 14 April 2020 are divided into 4 tranches exercisable from 14 April 2020, 14 April 2021, 14 April 2022 and 14 April 2023, respectively, to 13 April 2030.

11. The share options granted on 6 April 2022 are divided into 3 tranches exercisable from 6 April 2023, 6 April 2024 and 6 April 2025, respectively, to 5 April 2032.

12. The share options granted on 6 April 2022 are divided into 2 tranches exercisable from 6 April 2023 and 6 April 2024, respectively, to 5 April 2032.

2022 Share Option Scheme

No share options were granted, exercised, cancelled or lapsed during the year ended 31 December 2023, and there were no outstanding share options as at 31 December 2023 under the 2022 Share Option Scheme.

Share Subscription Scheme

On 18 October 2007, the Company adopted a share incentive award scheme, namely The Melco Share Award Scheme Trust (the "Share Subscription Scheme"), with certain rules of such scheme amended on 28 August 2014 and 31 March 2020. The Share Subscription Scheme was adopted before the amended Chapter 17 of the Listing Rules became effective on 1 January 2023.

The shares of the Company to be awarded pursuant to the Share Subscription Scheme may be awarded in such manner as the Board (or such committee delegated with the power and authority by the Board to administer the scheme) (the "Board or its delegated committee") may determine from time to time. The shares awarded to the participants under the Share Subscription Scheme will be settled by allotment of new shares of the Company.

The following is a summary of the principal terms of the Share Subscription Scheme:

(i) Purpose of the scheme

To recognise the contributions of the directors, employees and consultants of the Group and provide them with incentives so as to retain them for the continual operation and development of the Group and to attract suitable personnel for the future development of the Group.

(ii) Participants of the scheme

Those eligible persons (i.e. directors and employees of any members of the Group and consultants and/or advisers engaged or appointed by any members of the Group) selected by the Board or its delegated committee for participation in the scheme, and those eligible persons selected by the trustee of the scheme after taking into consideration the Board's recommendations.

(iii) Operation of the scheme

The Board or its delegated committee may, subject to the rules relating to the scheme, from time to time at its absolute discretion select any eligible persons (including any directors, employees, consultants and advisers of any members of the Group) to be a participant in the scheme. The scheme limit of this scheme is 2% of the total number of issued shares of the Company from time to time (excluding the shares which have already been transferred to the eligible persons on vesting and providing that the Board or its delegated committee may resolve to increase such limit at its sole discretion).

The Board or its delegated committee or the trustee of this scheme (as the case may be) shall at its discretion either (i) determine a notional cash amount or (ii) determine a number of shares (the "Number of Awarded Shares") which it wishes to be the subject of an award under the scheme. Where a notional cash amount has been determined by the Board or its delegated committee, the Board or its delegated committee shall determine the maximum number of shares (the "Relevant Number of Shares"), rounded down to the nearest whole number which could be purchased with such notional cash amount on the Hong Kong Stock Exchange at the market price prevailing on the date of the award. The Company shall pay (or cause to be paid) an amount equal to the subscription price determined by the Board or its delegated committee of either (i) the Relevant Number of Shares (where the Board or its delegated committee has determined a notional cash amount) or (ii) the Number of Awarded Shares (where the Board or its delegated committee has determined such number) to the trustee (or as it shall direct) from the Group's resources as soon as practicable in accordance with the rules relating to the scheme.

No payment shall be made and no instructions to subscribe for shares shall be given to the trustee of this scheme where any member of the Board is in possession of unpublished price sensitive information in relation to the Company or where dealings by Directors are prohibited under the Model Code or any applicable laws and regulations or any internal code of conduct in securities dealing adopted by the Company from time to time.

Vesting of the shares will be conditional on the selected eligible person remaining an eligible person of the Company or a subsidiary of the Company until the vesting date. The Board or its delegated committee has the discretion to stipulate such other conditions in respect of a particular eligible person which will apply to the vesting of the shares. Any shares held by the trustee on behalf of the selected eligible person shall vest in accordance with the timetable determined by the Board or its delegated committee at its discretion.

The Board or its delegated committee may by resolution terminate the operation of the scheme.

(iv) Total number of shares available for issue under the scheme and percentage of issued shares as at the date of this annual report

The maximum number of shares administered under the scheme shall not exceed 2% of the issued shares of the Company from time to time (excluding the shares which have already been transferred to the eligible persons on vesting and providing that the Board or its delegated committee may resolve to increase such limit at its sole discretion).

Under the scheme, the total number of shares of the Company available for award to selected participants as at 1 January 2023 and 31 December 2023 was 30,333,675, representing 2.00% of the total number of shares of the Company in issue. No share awards were granted under the scheme since May 2009.

(v) Maximum entitlement of each participant under the scheme

The maximum number of shares which may be awarded to a director and an eligible person (other than a director of the Company or its subsidiaries) are 0.2% and 0.05% of the issued shares from time to time, respectively.

(vi) The period within which the awarded shares must be taken up under an award

No such provision in the scheme.

(vii) The vesting period of the awarded shares

As determined by the Board or its delegated committee at its discretion.

(viii) The amount payable on acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid

No such provision in the scheme.

(ix) The basis of determining the subscription price of shares awarded

As determined by the Board or its delegated committee at its discretion.

(x) The remaining life of the scheme

The scheme has a term of 20 years from the date of its adoption until 17 October 2027. Share awards were not granted under the scheme since May 2009 and no awards will be granted thereunder until the scheme has been amended in accordance with the Chapter 17 of the Listing Rules.

No share awards were granted, vested, cancelled or lapsed during the year ended 31 December 2023 and there were no outstanding awarded shares as at 31 December 2023 under the Share Subscription Scheme.

During the year ended 31 December 2023, none of the participants has been granted share options and/or share awards (under share schemes involving the issue of new shares) by the Company that exceed 1% of the total number of issued shares of the Company and none of the related entity participants (in case of the Company, directors and employees of associated companies of the Company) or service providers has been granted share options and/or share awards (under share schemes involving the issue of new shares) by the Company that exceed 0.1% of the total number of issued shares of the Company in any 12-month period.

(II) Share scheme funded by existing shares

Share Purchase Scheme

On 18 October 2007, the Company adopted a share incentive award scheme, namely The Melco Share Purchase Scheme Trust (the "Share Purchase Scheme"), with certain rules of such scheme amended on 12 June 2015, 31 March 2020 and 6 April 2022.

The shares of the Company to be awarded pursuant to the Share Purchase Scheme may be awarded in such manner as the Board (or such committee delegated with the power and authority by the Board to administer the scheme) (the "Board or its delegated committee") may determine from time to time. The shares awarded to the participants under the Share Purchase Scheme will be settled by the shares of the Company purchased in the market.

The following is a summary of the principal terms of the Share Purchase Scheme:

(i) Purpose of the scheme

To recognise the contributions of the directors, employees and consultants of the Group and provide them with incentives so as to retain them for the continual operation and development of the Group and to attract suitable personnel for the future development of the Group.

(ii) Participants of the scheme

Those eligible persons (i.e. directors and employees of any members of the Group and consultants and/or advisers engaged or appointed by any members of the Group) selected by the Board or its delegated committee for participation in the scheme, and those eligible persons selected by the trustee of the scheme after taking into consideration the Board or its delegated committee's recommendations.

(iii) Operation of the scheme

The Board or its delegated committee may, subject to the rules relating to the scheme, from time to time at its absolute discretion select any eligible persons (including any directors, employees, consultants and advisers of any members of the Group) to be a participant in the scheme. The scheme limit of this scheme is 3% of the total number of issued shares of the Company from time to time (excluding the shares which have already been transferred to the eligible persons on vesting and providing that the Board or its delegated committee may resolve to increase such limit at its sole discretion).

The Board or its delegated committee or the trustee of this scheme (as the case may be) shall either (1) set aside a sum of money or (2) determine a number of shares of the Company which it wishes to be the subject of a bonus or award under the scheme. Where a sum of money has been set aside (or a number of shares of the Company has been determined), it shall pay (or cause to be paid) that amount or an amount sufficient to purchase that number of shares to the trustee (or as it shall direct) from the Group's resources as soon as practicable following such funds being set aside. Within 15 business days of receiving the amount sufficient to purchase that number of shares, the trustee shall apply the same towards the purchase of shares on the Hong Kong Stock Exchange.

No payment shall be made to the trustee of this scheme and no instructions to acquire shares shall be given to the trustee where any member of the Board is in possession of unpublished price sensitive information in relation to the Company or where dealings by Directors are prohibited under the Model Code or any applicable laws and regulations or any internal code of conduct in securities dealing adopted by the Company from time to time.

Vesting of the shares will be conditional on the selected eligible person remaining an eligible person of the Company or a subsidiary of the Company until the vesting date. The Board or its delegated committee has the discretion to stipulate such other conditions in respect of a particular eligible person which will apply to the vesting of the shares. Any shares held by the trustee on behalf of the selected eligible person shall vest in accordance with the timetable determined by the Board or its delegated committee at its discretion and the trustee shall cause the vested shares to be transferred to the selected eligible person or deliver share certificate(s) representing the relevant number of vested shares to the selected eligible person in accordance with the terms of this scheme.

The Board or its delegated committee may by resolution terminate the operation of the scheme.

(iv) Total number of shares available for award under the scheme

The maximum number of shares administered under the scheme shall not exceed 3% of the issued shares of the Company from time to time, provided that the shares which have been transferred to participants upon vesting shall be left out of account when ascertaining such percentage and provided further that the Board or its delegated committee may resolve to increase such limit at its sole discretion.

(v) Maximum entitlement of each participant under the scheme

No such provision in the scheme.

(vi) The period within which the awarded shares must be taken up under an award

No such provision in the scheme.

(vii) The vesting period of the awarded shares

As determined by the Board or its delegated committee at its discretion.

(viii) The amount payable on acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid

No such provision in the scheme.

(ix) The basis of determining the purchase price of shares awarded

Not applicable.

(x) The remaining life of the scheme

The scheme has a term of 20 years from the date of its adoption until 17 October 2027.

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the year ended 31 December 2023 were as follows:

	Number of awarded shares							
Category of participants	**Unvested as at 1 January 2023**	**Awarded during the year**	**Vested during the year**	**Lapsed/ cancelled during the year**	**Modified during the year**	**Unvested as at 31 December 2023**	**Date of award**	**Vesting date**
Directors								
Mr. Ho, Lawrence Yau Lung	3,584,000	-	(2,662,000)	-	(922,000)	-	14.04.2020	14.04.2023[4]
	-	-	-	-	922,000	922,000	14.04.2020	14.04.2024[4]
	5,946,000	-	-	-	(5,946,000)	-	07.04.2021	07.04.2023[5]
	-	-	-	-	5,946,000	5,946,000	07.04.2021	07.04.2024[5]
	5,338,000	-	(5,338,000)	-	-	-	06.04.2022	06.04.2023
	5,338,000	-	-	-	-	5,338,000	06.04.2022	06.04.2024
	4,572,000	-	-	-	-	4,572,000	06.04.2022	06.04.2025
	-	3,404,000	-	-	-	3,404,000	04.04.2023	04.04.2024
	-	3,403,000	-	-	-	3,403,000	04.04.2023	04.04.2025
	-	3,403,000	-	-	-	3,403,000	04.04.2023	04.04.2026
	24,778,000	10,210,000	(8,000,000)	-	-	26,988,000		
Mr. Evan Andrew Winkler	3,287,000	-	(3,287,000)	-	-	-	06.04.2022	06.04.2023
	3,286,000	-	-	-	-	3,286,000	06.04.2022	06.04.2024
	6,573,000	-	(3,287,000)	-	-	3,286,000		
Mr. Chung Yuk Man, Clarence	22,000	-	(22,000)	-	-	-	14.04.2020	14.04.2023
	17,000	-	(17,000)	-	-	-	07.04.2021	07.04.2023
	17,000	-	-	-	-	17,000	07.04.2021	07.04.2024
	822,000	-	(822,000)	-	-	-	06.04.2022	06.04.2023
	822,000	-	-	-	-	822,000	06.04.2022	06.04.2024
	211,000	-	-	-	-	211,000	06.04.2022	06.04.2025
	-	254,000	(254,000)	-	-	-	04.04.2023	04.04.2023
	-	157,000	-	-	-	157,000	04.04.2023	04.04.2024
	-	157,000	-	-	-	157,000	04.04.2023	04.04.2025
	-	156,000	-	-	-	156,000	04.04.2023	04.04.2026
	1,911,000	724,000	(1,115,000)	-	-	1,520,000		
Mr. Ng Ching Wo *(resigned on 1 September 2023)*	4,000	-	(4,000)	-	-	-	14.04.2020	14.04.2023
	4,000	-	(4,000)	-	-	-	07.04.2021	07.04.2023
	4,000	-	-	-	-	4,000	07.04.2021	07.04.2024
	140,000	-	(140,000)	-	-	-	06.04.2022	06.04.2023
	140,000	-	-	-	-	140,000	06.04.2022	06.04.2024
	24,000	-	-	-	-	24,000	06.04.2022	06.04.2025
	-	19,000	-	-	-	19,000	04.04.2023	04.04.2024
	-	18,000	-	-	-	18,000	04.04.2023	04.04.2025
	-	18,000	-	-	-	18,000	04.04.2023	04.04.2026
	316,000	55,000	(148,000)	-	-	223,000		

Category of participants	Number of awarded shares: Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed/ cancelled during the year	Modified during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Mr. John William Crawford	4,000	-	(4,000)	-	-	-	14.04.2020	14.04.2023
	3,000	-	(3,000)	-	-	-	07.04.2021	07.04.2023
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2024
	43,000	-	(43,000)	-	-	-	06.04.2022	06.04.2023
	42,000	-	-	-	-	42,000	06.04.2022	06.04.2024
	22,000	-	-	-	-	22,000	06.04.2022	06.04.2025
	-	17,000	-	-	-	17,000	04.04.2023	04.04.2024
	-	17,000	-	-	-	17,000	04.04.2023	04.04.2025
	-	16,000	-	-	-	16,000	04.04.2023	04.04.2026
	117,000	50,000	(50,000)	-	-	117,000		
Mr. Tsui Che Yin, Frank	3,000	-	(3,000)	-	-	-	14.04.2020	14.04.2023
	3,000	-	(3,000)	-	-	-	07.04.2021	07.04.2023
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2024
	246,000	-	(246,000)	-	-	-	06.04.2022	06.04.2023
	245,000	-	-	-	-	245,000	06.04.2022	06.04.2024
	20,000	-	-	-	-	20,000	06.04.2022	06.04.2025
	-	15,000	-	-	-	15,000	04.04.2023	04.04.2024
	-	15,000	-	-	-	15,000	04.04.2023	04.04.2025
	-	15,000	-	-	-	15,000	04.04.2023	04.04.2026
	520,000	45,000	(252,000)	-	-	313,000		
Ms. Karuna Evelyne Shinsho	4,000	-	(4,000)	-	-	-	14.04.2020	14.04.2023
	3,000	-	(3,000)	-	-	-	07.04.2021	07.04.2023
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2024
	40,000	-	(40,000)	-	-	-	06.04.2022	06.04.2023
	39,000	-	-	-	-	39,000	06.04.2022	06.04.2024
	18,000	-	-	-	-	18,000	06.04.2022	06.04.2025
	-	14,000	-	-	-	14,000	04.04.2023	04.04.2024
	-	14,000	-	-	-	14,000	04.04.2023	04.04.2025
	-	14,000	-	-	-	14,000	04.04.2023	04.04.2026
	107,000	42,000	(47,000)	-	-	102,000		
Sub-total	34,322,000	11,126,000	(12,899,000)	-	-	32,549,000		
Other employee participants [(1)]	71,000	-	(71,000)	-	-	-	14.04.2020	14.04.2023
	45,000	-	(45,000)	-	-	-	07.04.2021	07.04.2023
	45,000	-	-	-	-	45,000	07.04.2021	07.04.2024
	579,000	-	(579,000)	-	-	-	06.04.2022	06.04.2023
	570,000	-	-	-	-	570,000	06.04.2022	06.04.2024
	220,000	-	-	-	-	220,000	06.04.2022	06.04.2025
	-	166,000	(166,000)	-	-	-	04.04.2023	04.04.2023
	-	273,000	-	-	-	273,000	04.04.2023	04.04.2024
	-	271,000	-	-	-	271,000	04.04.2023	04.04.2025
	-	266,000	-	-	-	266,000	04.04.2023	04.04.2026
Sub-total	1,530,000	976,000	(861,000)	-	-	1,645,000		

	Number of awarded shares							
Category of participants	Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed/ cancelled during the year	Modified during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Service providers [(2)]	160,000	-	(160,000)	-	-	-	06.04.2022	06.04.2023
	159,000	-	-	-	-	159,000	06.04.2022	06.04.2024
	38,000	-	-	-	-	38,000	06.04.2022	06.04.2025
	-	29,000	-	-	-	29,000	04.04.2023	04.04.2024
	-	29,000	-	-	-	29,000	04.04.2023	04.04.2025
	-	28,000	-	-	-	28,000	04.04.2023	04.04.2026
Sub-total	357,000	86,000	(160,000)	-	-	283,000		
Related entity participants [(3)]	-	-	-	-	-	-	-	-
Total	**36,209,000**	**12,188,000**	**(13,920,000)**	**-**	**-**	**34,477,000**		

Movements of the awarded shares granted to the five highest paid individuals of the Group (including three Directors and two employees of the Company) (the "Five Highest Paid Individuals") pursuant to the terms of the rules and trust deed of the Share Purchase Scheme during the year ended 31 December 2023 were as follows:

	Number of awarded shares							
Category of participants	Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed/ Cancelled during the year	Modified during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Five Highest	3,584,000	-	(2,662,000)	-	(922,000)	-	14.04.2020	14.04.2023[(4)]
Paid	50,000	-	(50,000)	-	-	-	14.04.2020	14.04.2023
Individuals	-	-	-	-	922,000	922,000	14.04.2020	14.04.2024[(4)]
	5,946,000	-	-	-	(5,946,000)	-	07.04.2021	07.04.2023[(5)]
	38,000	-	(38,000)	-	-	-	07.04.2021	07.04.2023
	38,000	-	-	-	-	38,000	07.04.2021	07.04.2024
	-	-	-	-	5,946,000	5,946,000	07.04.2021	07.04.2024[(5)]
	9,756,000	-	(9,756,000)	-	-	-	06.04.2022	06.04.2023
	9,754,000	-	-	-	-	9,754,000	06.04.2022	06.04.2024
	4,916,000	-	-	-	-	4,916,000	06.04.2022	06.04.2025
	-	254,000	(254,000)	-	-	-	04.04.2023	04.04.2023
	-	3,660,000	-	-	-	3,660,000	04.04.2023	04.04.2024
	-	3,659,000	-	-	-	3,659,000	04.04.2023	04.04.2025
	-	3,658,000	-	-	-	3,658,000	04.04.2023	04.04.2026
Total	**34,082,000**	**11,231,000**	**(12,760,000)**	**-**	**-**	**32,553,000**		

Notes:

1. Other employee participants include former directors, and both former and current employees of the Company and/or its subsidiaries.

2. Service providers include both former and current service providers who provide or have provided services to the Company and/or its subsidiaries on a continuing or recurring basis in the ordinary and usual course of business of the Company and/or its subsidiaries.

3. Related entity participants include both former and current directors and employees of holding companies, fellow subsidiaries, associated companies of the Company.

4. The vesting date of the awarded shares has been deferred from 14 April 2023 to 14 April 2024.

5. The vesting date of the awarded shares has been deferred from 7 April 2023 to 7 April 2024.

6. In respect of the awarded shares vested during the year, the weighted average closing price of the shares of the Company immediately before the dates on which the awarded shares vested was HK$9.47. The participants are not required to pay any purchase price for the awarded shares upon vesting subject to the share award.

On 4 April 2023, a total of 12,188,000 awarded shares were granted under the Share Purchase Scheme, representing approximately 0.80% of the total number of issued shares of the Company on the date of grant. Out of these awarded shares, certain amounts have vested in 2023 and the remaining amounts will vest over a period of three years from 2024 to 2026. All of such awarded shares have been funded or are expected to be funded by the existing shares of the Company and not to involve any issue of new shares of the Company upon vesting. The participants are not required to pay any purchase price for the awarded shares upon vesting subject to the share award. The closing price of the shares of the Company immediately before the date on which these awarded shares were granted was HK$9.65. Having considered the nature/features of the awards, the aggregate fair value of the awarded shares granted at the date of grant was HK$116,274,000, which was determined with reference to the closing price of the ordinary shares of the Company as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange at the date of award in accordance with Hong Kong Financial Reporting Standard 2 Share-based Payment (“HKFRS 2”). The weighted average fair value per awarded share granted was HK$9.54.

(III) Share schemes of a principal subsidiary involving the issue of new shares and/or funded by existing shares

Melco Resorts’ Share Incentive Plans

Melco Resorts adopted a share incentive plan in 2011 (as subsequently amended) (the “Melco Resorts Amended 2011 Share Incentive Plan”), which was terminated on 6 December 2021, and a new share incentive plan (the “Melco Resorts 2021 Share Incentive Plan”) which was approved by the Company’s shareholders on 4 June 2021 and became effective on 6 December 2021. No further awards may be granted under the Melco Resorts Amended 2011 Share Incentive Plan. All subsequent awards will be granted under the Melco Resorts 2021 Share Incentive Plan. All awards previously granted under the Melco Resorts Amended 2011 Share Incentive Plan shall remain valid subject to the terms and conditions of the plan.

Melco Resorts is a principal subsidiary of the Company pursuant to Chapter 17 of the Listing Rules. Accordingly, the share incentive plans of Melco Resorts which were adopted before the amendments to Chapter 17 of the Listing Rules became effective on 1 January 2023 are subject to Chapter 17 of the Listing Rules, subject to the transitional arrangements made available by the Hong Kong Stock Exchange.

Each of the Melco Resorts Amended 2011 Share Incentive Plan and the Melco Resorts 2021 Share Incentive Plan is a share scheme that can be funded by either new shares of Melco Resorts issued by Melco Resorts and/or existing American depositary shares of Melco Resorts ("MRE ADSs") purchased on the market.

The following is a summary of the principal terms of the Melco Resorts Amended 2011 Share Incentive Plan and the Melco Resorts 2021 Share Incentive Plan:

(i) Purpose of the plans

To promote the success and enhance the value of Melco Resorts, by linking the personal interests of the members of its board, employees and consultants, its parents, its subsidiaries and its related entities to those of Melco Resorts' shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to Melco Resorts' shareholders; and to provide flexibility to Melco Resorts in its ability to motivate, attract, and retain the services of the members of Melco Resorts' board, and employees and consultants upon whose judgment, interest and special effort the successful conduct of Melco Resorts' operation is largely dependent.

(ii) Types of awards

The awards that may be granted include options, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units.

(iii) Participants of the plans

Persons eligible to participate include members of Melco Resorts' board, employees and consultants, any parent or subsidiary or any related entity of Melco Resorts that the board of Melco Resorts designates as a related entity for the purposes of the Melco Resorts Amended 2011 Share Incentive Plan.

Persons eligible to participate include members of Melco Resorts' board, employees and consultants, any parent or subsidiary or any related entity of Melco Resorts that the Compensation Committee of Melco Resorts (the "Melco Resorts Compensation Committee") designates as a related entity for the purposes of the Melco Resorts 2021 Share Incentive Plan.

(iv) Plan administration (for Melco Resorts 2021 Share Incentive Plan only)

The Melco Resorts Compensation Committee will administer the Melco Resorts 2021 Share Incentive Plan and has the power to, among other actions, designate eligible participants, determine the number and types of awards to be granted, and set the terms and conditions of each award granted. The Melco Resorts Compensation Committee's decisions are final, binding, and conclusive for all purposes and upon all parties. In addition, the Melco Resorts 2021 Share Incentive Plan contains a provision that Melco Resorts may from time to time retain or appoint one or more trustee(s) and administrator(s) to assist in the administration of the plan. The functions of such appointed trustee shall include (but are not limited to) the receiving of funds from Melco Resorts and/or its subsidiaries from time to time for on-market purchase of shares of Melco Resorts (the "Melco Resorts Shares"), the holding of Melco Resorts Shares pending vesting of Melco Resorts awards, the transfer of Melco Resorts Shares to and from such appointed administrator following vesting of Melco Resorts awards and the execution of requests from Melco Resorts from time to time for the purpose of the plan. Melco Resorts may enter into such agreements or make such arrangements (including the establishment of a trust) as may be necessary in connection with the provisions in this paragraph.

(v) Total number of Melco Resorts Shares available for issue under the plans and percentage of issued shares of Melco Resorts as at the date of this annual report

The Melco Resorts 2021 Share Incentive Plan is a share scheme that can be funded by either new Melco Resorts Shares issued by Melco Resorts and/or existing MRE ADSs purchased on the market. The existing overall plan limit of the Melco Resorts 2021 Share Incentive Plan applicable to the grant of all awards thereunder ("Melco Resorts Plan Limit") is 145,654,794 underlying Melco Resorts Shares, being the maximum aggregate number of underlying Melco Resorts Shares which may be granted pursuant to all awards under the Melco Resorts 2021 Share Incentive Plan. The Melco Resorts Plan Limit represented 10% of the Melco Resorts Shares in issue as at the date of approval of the Melco Resorts 2021 Share Incentive Plan in 2021 and 10.95% of the Melco Resorts Shares in issue as at the date of this report.

Following the termination of the Melco Resorts Amended 2011 Share Incentive Plan on 6 December 2021, no further share options and/or restricted shares could be granted thereunder. As at the date of this report, a total of 4,175,409 Melco Resorts Shares may be issued upon exercise of all share options and vesting of all restricted shares which had been granted and yet to be exercised or vested under the Melco Resorts Amended 2011 Share Incentive Plan, representing 0.31% of the total number of Melco Resorts Shares in issue.

Under the Melco Resorts 2021 Share Incentive Plan, the total number of Melco Resorts Shares available for grant was 115,536,483 at 1 January 2023, and 104,653,941 at 31 December 2023, representing 8.43% and 7.87%, respectively, of the total number of Melco Resorts Shares in issue.

As at the date of this report, a total of 23,070,528 Melco Resorts Shares may be issued upon exercise of all share options and vesting of all restricted shares which had been granted and yet to be exercised or vested under the Melco Resorts 2021 Share Incentive Plan, representing 1.74% of the total number of Melco Resorts Shares in issue.

(vi) Maximum entitlement of each participant under the plans

The total number of Melco Resorts Shares issued and to be issued upon exercise of the share options granted or to be granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the Melco Resorts Shares in issue unless the Company issues a circular to the Company's shareholders which complies with the Listing Rules and the same is approved by the Company's shareholders in general meeting.

(vii) The period within which the option may be exercised

The period during which an option may be exercised is determined by the Melco Resorts Compensation Committee in its absolute discretion, save that such period shall not be longer than 10 years from the date of grant of the option.

(viii) The vesting period of options or awards granted

As determined by the Melco Resorts Compensation Committee.

(ix) The amount payable on application or acceptance of the option or award and the period within which payments or calls must or may be made or loans for such purposes must be repaid

As determined by the Melco Resorts Compensation Committee.

(x) The basis of determining the exercise price of options granted or the purchase price of shares awarded

The Melco Resorts Compensation Committee may determine the exercise price, grant price or purchase price, if any, of any option or award.

(xi) The remaining life of the plans

The Melco Resorts Amended 2011 Share Incentive Plan was terminated on 6 December 2021. The Melco Resorts 2021 Share Incentive Plan became effective on 6 December 2021 and will expire on the 10th anniversary of the effective date of the plan.

(a) Share options granted by Melco Resorts

Movements of share options granted under the Melco Resorts Amended 2011 Share Incentive Plan and the Melco Resorts 2021 Share Incentive Plan during the year ended 31 December 2023 were as follows:

Category of participants	Number of share options: As at 1 January 2023	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	As at 31 December 2023	Date of grant	Exercise price *US$*	Exercise period *(Note)*
Under the Melco Resorts Amended 2011 Share Incentive Plan									
Directors, chief executive or substantial shareholders of the Company	-	-	-	-	-	-	-	-	-
MRE employee participants (1)	38,841	-	-	(38,841)	-	-	10.05.2013	5.32	6
	56,616	-	-	-	-	56,616	28.03.2014	5.32	7
	106,848	-	-	-	-	106,848	30.03.2015	5.32	8
	201,666	-	-	-	-	201,666	18.03.2016	5.32	9
	175,596	-	-	-	-	175,596	31.03.2017	6.18	10
	122,583	-	-	-	-	122,583	31.03.2017	6.18	18
	141,483	-	-	-	-	141,483	29.03.2018	9.66	11
	92,982	-	-	-	-	92,982	29.03.2018	9.66	19
	204,054	-	-	(14,898)	-	189,156	01.04.2019	8.14	12
	59,937	-	-	-	-	59,937	01.04.2019	8.14	20
	59,937	-	-	-	-	59,937	01.04.2019	8.14	21
	727,029	-	(14,094)	(30,063)	(30,066)	652,806	31.03.2020	4.13	13
	384,237	-	-	-	-	384,237	31.03.2020	4.13	22
	302,610	-	-	-	(28,110)	274,500	07.04.2021	6.89	14
	78,339	-	-	-	-	78,339	07.04.2021	6.89	23
	78,339	-	-	-	-	78,339	07.04.2021	6.89	24
Sub-total	2,831,097	-	(14,094)	(83,802)	(58,176)	2,675,025			
MRE service providers (2)	14,622	-	-	-	-	14,622	01.04.2019	8.14	12
Sub-total	14,622	-	-	-	-	14,622			
MRE related entity participants (3)	-	-	-	-	-	-	-	-	-
Total	**2,845,719**	**-**	**(14,094)**	**(83,802)**	**(58,176)**	**2,689,647**			
Under the Melco Resorts 2021 Share Incentive Plan									
Directors, chief executive or substantial shareholders of the Company	-	-	-	-	-	-	-	-	-
MRE employee participants (1)	2,874,285	-	(68,148)	-	-	2,806,137	06.04.2022	2.47	15
	2,486,241	-	-	-	-	2,486,241	06.04.2022	2.47	16
	-	158,949	-	-	-	158,949	05.04.2023	4.13	17
Sub-total	5,360,526	158,949	(68,148)	-	-	5,451,327			
MRE service providers (2)	-	-	-	-	-	-	-	-	-
MRE related entity participants (3)	-	-	-	-	-	-	-	-	-
Total	**5,360,526**	**158,949**	**(68,148)**	**-**	**-**	**5,451,327**			

Notes:

1. MRE employee participants include both current and former directors (other than the Directors of the Company) and employees of Melco Resorts and/or its subsidiaries.

2. MRE service providers include both former and current service providers who provide or have provided services to Melco Resorts and/or its subsidiaries on a continuing or recurring basis in the ordinary and usual course of business of Melco Resorts and/or its subsidiaries.

3. MRE related entity participants include current and former directors (other than Directors of the Company) and employees of the holding companies, fellow subsidiaries, or associated companies of Melco Resorts.

4. The vesting period of the share options is from the date of grant until the commencement of the exercise period.

5. In respect of the share options exercised during the year, the weighted average closing price of the shares of Melco Resorts immediately before the dates on which the share options were exercised was US$4.34 per share of Melco Resorts.

6. The share options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 9 May 2023.

7. The share options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 27 March 2024.

8. The share options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 29 March 2025.

9. The share options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 17 March 2026.

10. The share options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.

11. The share options granted on 29 March 2018 are divided into 2 tranches exercisable from 29 March 2020 and 29 March 2021, respectively, to 28 March 2028.

12. The share options granted on 1 April 2019 are divided into 2 tranches exercisable from 1 April 2021 and 1 April 2022, respectively, to 31 March 2029.

13. The share options granted on 31 March 2020 are divided into 2 tranches exercisable from 31 March 2022 and 31 March 2023, respectively, to 30 March 2030.

14. The share options granted on 7 April 2021 are divided into 2 tranches exercisable from 7 April 2023 and 7 April 2024, respectively, to 6 April 2031.

15. The share options granted on 6 April 2022 are divided into 3 tranches exercisable from 6 April 2023, 6 April 2024 and 6 April 2025, respectively, to 5 April 2032.

16. The share options granted on 6 April 2022 are divided into 2 tranches exercisable from 6 April 2023 and 6 April 2024, respectively, to 5 April 2032.

17. The share options granted on 5 April 2023 are divided into 3 tranches exercisable from 5 April 2024, 5 April 2025 and 5 April 2026, respectively, to 4 April 2033.

18. The share options granted on 31 March 2017 are exercisable from 30 March 2020 to 8 January 2024.

19. The share options granted on 29 March 2018 divided into 2 tranches are exercisable from 29 March 2020 and 29 March 2021, respectively, to 8 January 2024.

20. The share options granted on 1 April 2019 are exercisable from 1 April 2021 to 8 January 2024.

21. The share options granted on 1 April 2019 are exercisable from 1 April 2022 to 1 April 2024.

22. The share options granted on 31 March 2020 are divided into 2 tranches exercisable from 31 March 2022 and 31 March 2023, respectively, to 31 March 2024.

23. The share options granted on 7 April 2021 are exercisable from 7 April 2023 to 7 April 2024.

24. The share options granted on 7 April 2021 are exercisable from 7 April 2024 to 7 April 2025.

On 5 April 2023, Melco Resorts granted a total of 158,949 share options, representing approximately 0.01% of the total number of issued shares of Melco Resorts on the date of grant, to eligible participants under the Melco Resorts 2021 Share Incentive Plan. Such share options are expected to be funded by the existing shares of Melco Resorts and not to involve any issue of new shares of Melco Resorts (or to involve any shares of Melco Resorts held by the Company or Melco Leisure) upon the exercise of share options by the participants. The validity period of these share options granted is ten years, from 5 April 2023 to 4 April 2033. Such share options entitle the grantees to subscribe for a total of 158,949 shares of Melco Resorts at an exercise price of US$4.13 per share. The closing price of MRE ADSs trading on the Nasdaq Global Select Market immediately before the date on which such share options were granted was US$12.70 (representing approximately US$4.23 per share of Melco Resorts). Having considered the nature/features of the share options, the aggregate fair value of the share options granted at the date of grant was US$288,757, which was determined with reference to the closing price of MRE ADSs trading on the Nasdaq Global Select Market at the date of grant in accordance with HKFRS 2. The weighted average fair value per share option granted was US$1.82.

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

Grant date of the share options	**5 April 2023**
Valuation model	Black-Scholes
Exercise price	US$4.13 per share
Expected volatility	58.67%
Expected life	5.1 years
Risk-free rate	3.39%
Expected dividend yield	2.50%

The significant assumptions used in the model include the following: Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of MRE ADSs trading on the Nasdaq Global Select Market. Expected life is based upon the vesting term, and expected term or the historical expected life of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected life.

(b) Restricted shares granted by Melco Resorts

Movements of the restricted shares granted under the Melco Resorts Amended 2011 Share Incentive Plan and the Melco Resorts 2021 Share Incentive Plan, during the year ended 31 December 2023 were as follows:

(i) Restricted shares granted to the Directors of the Company

	Number of restricted shares							
Name of Director	Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Under the Melco Resorts Amended 2011 Share Incentive Plan								
Mr. Ho, Lawrence Yau Lung	2,330,670	-	(2,330,670)	-	-	-	31.03.2020	31.03.2023
	727,434	-	(727,434)	-	-	-	07.04.2021	07.04.2023
	727,434	-	-	-	-	727,434	07.04.2021	07.04.2024
	3,785,538	-	(3,058,104)	-	-	727,434		
Mr. Evan Andrew Winkler	21,168	-	(21,168)	-	-	-	31.03.2020	31.03.2023
	12,693	-	(12,693)	-	-	-	07.04.2021	07.04.2023
	12,693	-	-	-	-	12,693	07.04.2021	07.04.2024
	46,554	-	(33,861)	-	-	12,693		
Mr. Chung Yuk Man, Clarence	48,993	-	(48,993)	-	-	-	31.03.2020	31.03.2023
	27,201	-	(27,201)	-	-	-	07.04.2021	07.04.2023
	27,201	-	-	-	-	27,201	07.04.2021	07.04.2024
	103,395	-	(76,194)	-	-	27,201		
Mr. John William Crawford	22,983	-	(22,983)	-	-	-	31.03.2020	31.03.2023
	7,254	-	(7,254)	-	-	-	07.04.2021	07.04.2023
	7,254	-	-	-	-	7,254	07.04.2021	07.04.2024
	37,491	-	(30,237)	-	-	7,254		
Total	**3,972,978**	**-**	**(3,198,396)**	**-**	**-**	**774,582**		

Name of Director	Number of restricted shares Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Under the Melco Resorts 2021 Share Incentive Plan								
Mr. Ho Lawrence Yau Lung	2,000,460	-	(2,000,460)	-	-	-	06.04.2022	06.04.2023
	2,000,460	-	-	-	-	2,000,460	06.04.2022	06.04.2024
	1,347,312	-	-	-	-	1,347,312	06.04.2022	06.04.2025
	-	932,784	(932,784)	-	-	-	05.04.2023	05.04.2023
	-	581,583	-	-	-	581,583	05.04.2023	05.04.2024
	-	581,583	-	-	-	581,583	05.04.2023	05.04.2025
	-	581,583	-	-	-	581,583	05.04.2023	05.04.2026
	5,348,232	2,677,533	(2,933,244)	-	-	5,092,521		
Mr. Evan Andrew Winkler	35,472	-	(35,472)	-	-	-	06.04.2022	06.04.2023
	35,472	-	-	-	-	35,472	06.04.2022	06.04.2024
	35,472	-	-	-	-	35,472	06.04.2022	06.04.2025
	992,064	-	(992,064)	-	-	-	06.09.2022	15.02.2023
	992,064	-	(992,064)	-	-	-	06.09.2022	15.05.2023
	-	151,722	(151,722)	-	-	-	05.04.2023	05.04.2023
	-	21,204	-	-	-	21,204	05.04.2023	05.04.2024
	-	21,204	-	-	-	21,204	05.04.2023	05.04.2025
	-	21,204	-	-	-	21,204	05.04.2023	05.04.2026
	2,090,544	215,334	(2,171,322)	-	-	134,556		
Mr. Chung Yuk Man, Clarence	76,014	-	(76,014)	-	-	-	06.04.2022	06.04.2023
	76,014	-	-	-	-	76,014	06.04.2022	06.04.2024
	76,014	-	-	-	-	76,014	06.04.2022	06.04.2025
	-	39,258	(39,258)	-	-	-	05.04.2023	05.04.2023
	-	45,438	-	-	-	45,438	05.04.2023	05.04.2024
	-	45,438	-	-	-	45,438	05.04.2023	05.04.2025
	-	45,438	-	-	-	45,438	05.04.2023	05.04.2026
	228,042	175,572	(115,272)	-	-	288,342		
Mr. John William Crawford	20,271	-	(20,271)	-	-	-	06.04.2022	06.04.2023
	20,271	-	-	-	-	20,271	06.04.2022	06.04.2024
	20,271	-	-	-	-	20,271	06.04.2022	06.04.2025
	-	12,117	-	-	-	12,117	05.04.2023	05.04.2024
	-	12,117	-	-	-	12,117	05.04.2023	05.04.2025
	-	12,117	-	-	-	12,117	05.04.2023	05.04.2026
	60,813	36,351	(20,271)	-	-	76,893		
Total	**7,727,631**	**3,104,790**	**(5,240,109)**	**-**	**-**	**5,592,312**		

(ii) Restricted shares granted to other eligible participants

Category of participants	Number of restricted shares: Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Under the Melco Resorts Amended 2011 Share Incentive Plan								
MRE employee participants [1]	1,556,097	-	(1,515,633)	-	(40,464)	-	31.03.2020	31.03.2023
	8,592	-	-	-	-	8,592	31.03.2020	01.04.2024
	27,768	-	-	-	-	27,768	31.03.2020	07.04.2024
	2,133	-	-	-	-	2,133	31.03.2020	01.06.2024
	2,136	-	-	-	-	2,136	31.03.2020	09.06.2024
	969,360	-	(940,935)	-	(28,425)	-	07.04.2021	07.04.2023
	998,478	-	-	-	(47,976)	950,502	07.04.2021	07.04.2024
	10,326	-	-	-	-	10,326	07.04.2021	01.04.2024
	2,565	-	-	-	-	2,565	07.04.2021	01.06.2024
	2,565	-	-	-	-	2,565	07.04.2021	09.06.2024
	31,923	-	(31,923)	-	-	-	11.06.2021	11.06.2023
	31,923	-	-	-	-	31,923	11.06.2021	11.06.2024
	732	-	-	-	(732)	-	07.07.2021	07.07.2022[4]
Sub-total	3,644,598	-	(2,488,491)	-	(117,597)	1,038,510		
MRE service providers [2]	60,252	-	(60,252)	-	-	-	31.03.2020	31.03.2023
	12,849	-	(12,849)	-	-	-	07.04.2021	07.04.2023
	12,849	-	-	-	-	12,849	07.04.2021	07.04.2024
	897	-	(897)	-	-	-	11.06.2021	11.06.2023
	897	-	-	-	-	897	11.06.2021	11.06.2024
Sub-total	87,744	-	(73,998)	-	-	13,746		
MRE related entity participants [3]	-	-	-	-	-	-	-	-
Total	**3,732,342**	**-**	**(2,562,489)**	**-**	**(117,597)**	**1,052,256**		

	Number of restricted shares							
Category of participants	Unvested as at 1 January 2023	Awarded during the year	Vested during the year	Lapsed during the year	Cancelled during the year	Unvested as at 31 December 2023	Date of award	Vesting date
Under the Melco Resorts 2021 Share Incentive Plan								
MRE employee participants [1]	4,301,094	-	(4,198,308)	-	(102,786)	-	06.04.2022	06.04.2023
	4,387,131	-	-	-	(137,535)	4,249,596	06.04.2022	06.04.2024
	2,269,131	-	-	-	(69,417)	2,199,714	06.04.2022	06.04.2025
	86,034	-	-	-	-	86,034	06.04.2022	06.04.2024
	24,534	-	-	-	-	24,534	06.04.2022	01.06.2024
	24,537	-	-	-	-	24,537	06.04.2022	09.06.2024
	1,110	-	(1,110)	-	-	-	08.08.2022	06.04.2023
	1,110	-	-	-	-	1,110	08.08.2022	06.04.2024
	-	3,195,936	(3,195,936)	-	-	-	05.04.2023	05.04.2023
	-	1,540,482	-	-	(17,727)	1,522,755	05.04.2023	05.04.2024
	-	1,540,482	-	-	(17,727)	1,522,755	05.04.2023	05.04.2025
	-	1,540,482	-	-	(17,727)	1,522,755	05.04.2023	05.04.2026
	-	12,531	-	-	-	12,531	01.11.2023	01.11.2024
	-	12,531	-	-	-	12,531	01.11.2023	01.11.2025
	-	12,531	-	-	-	12,531	01.11.2023	01.11.2026
Sub-total	11,094,681	7,854,975	(7,395,354)	-	(362,919)	11,191,383		
MRE service providers [2]	154,101	-	(154,101)	-	-	-	06.04.2022	06.04.2023
	154,101	-	-	-	-	154,101	06.04.2022	06.04.2024
	52,914	-	-	-	-	52,914	06.04.2022	06.04.2025
	-	30,411	(30,411)	-	-	-	05.04.2023	05.04.2023
	-	32,112	-	-	-	32,112	05.04.2023	05.04.2024
	-	32,112	-	-	-	32,112	05.04.2023	05.04.2025
	-	32,112	-	-	-	32,112	05.04.2023	05.04.2026
Sub-total	361,116	126,747	(184,512)	-	-	303,351		
MRE related entity participants [3]	-	-	-	-	-	-	-	-
Total	**11,455,797**	**7,981,722**	**(7,579,866)**	**-**	**(362,919)**	**11,494,734**		

Notes:

1. MRE employee participants include both current and former directors (other than the Directors of the Company) and employees of Melco Resorts and/or its subsidiaries.

2. MRE service providers include both former and current service providers who provide or have provided services to Melco Resorts and/or its subsidiaries on a continuing or recurring basis in the ordinary and usual course of business of Melco Resorts and/or its subsidiaries.

3. MRE related entity participants include both current and former directors (other than Directors of the Company) and employees of the holding companies, fellow subsidiaries, or associated companies of Melco Resorts.

4. The contractual right to the vesting of 732 restricted shares has been terminated when the relevant employee notified of his resignation before the vesting date of 7 July 2022. Such 732 unvested restricted shares were cancelled on 21 April 2023.

5. In respect of the restricted shares vested during the year, the weighted average closing price of the shares of Melco Resorts immediately before the dates on which the restricted shares vested was US$4.16 per share of Melco Resorts. The participants are not required to pay any purchase price for the restricted shares upon vesting subject to the share award.

On 5 April 2023, a total of 11,048,919 restricted shares were granted under the Melco Resorts 2021 Share Incentive Plan, representing approximately 0.83% of the total number of issued shares of Melco Resorts on the date of grant. Out of these restricted shares, certain amounts have vested in 2023 and the remaining amounts will vest over a period of three years from 2024 to 2026. Those vested in 2023 were funded by existing shares of Melco Resorts and those that will vest in 2024 to 2026 are expected to be funded by the existing shares of Melco Resorts and not to involve any issue of new shares of Melco Resorts (or to involve any shares of Melco Resorts held by the Company or Melco Leisure) upon vesting. The participant is not required to pay any purchase price for the restricted shares upon vesting subject to the share award. The closing price of MRE ADSs trading on the Nasdaq Global Select Market immediately before the date on which such restricted shares were granted was US$12.70 (representing approximately US$4.23 per share of Melco Resorts). Having considered the nature/features of the restricted shares, the aggregate fair value of the restricted shares granted at the date of grant was US$45,595,206, which was determined with reference to the closing price of MRE ADSs trading on the Nasdaq Global Select Market at the date of award in accordance with HKFRS 2. The weighted average fair value per restricted share granted was US$4.13.

On 1 November 2023, a total of 37,593 restricted shares were granted under the Melco Resorts 2021 Share Incentive Plan, representing approximately 0.003% of the total number of issued shares of Melco Resorts on the date of grant. These restricted shares will vest over a period of three years from 2024 to 2026. The participant is not required to pay any purchase price for the restricted shares upon vesting subject to the share award. The closing price of MRE ADSs trading on the Nasdaq Global Select Market immediately before the date on which such restricted shares were granted was US$8.44 (representing approximately US$2.81 per share of Melco Resorts). Having considered the nature/features of the restricted shares, the aggregate fair value of the restricted shares granted at the date of grant was US$99,997, which was determined with reference to the closing price of MRE ADSs trading on the Nasdaq Global Select Market at the date of award in accordance with HKFRS 2. The weighted average fair value per restricted share granted was US$2.66.

During the year ended 31 December 2023, no share options and/or restricted shares involving the issue of new shares of Melco Resorts were granted under all share schemes of Melco Resorts, and none of the participants has been granted share options and/or restricted shares (under share schemes involving the issue of new shares) by Melco Resorts that exceed 1% of the total number of issued shares of Melco Resorts and none of the related entity participants or service providers of Melco Resorts has been granted share options and/or restricted shares (under share schemes involving the issue of new shares) by Melco Resorts that exceed 0.1% of the total number of issued shares of Melco Resorts in any 12-month period.

CONNECTED TRANSACTIONS

For the year ended 31 December 2023, no connected transactions which are subject to announcement and reporting requirements under Chapter 14A of the Listing Rules were entered into between the Company or any of its subsidiaries with a connected person.

WAIVER IN RELATION TO CONNECTED TRANSACTIONS

Grant of Waiver from Strict Compliance with the Connected Transactions Requirements under Rule 14A.103 of the Listing Rules

Mr. Thomas Jefferson Wu ("Mr. Wu"), an independent non-executive director of Melco Resorts, a listed subsidiary of the Company, is a connected person of the Company at subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. The parents of Mr. Wu (the "Parents") and the majority-controlled companies held directly or indirectly by the Parents (the "Parents' Controlled Companies") are, therefore, associates of Mr. Wu and are connected persons of the Company at subsidiary level pursuant to Rules 14A.07(4) and 14A.12(2) of the Listing Rules. It came to the attention of the Company that it would be impractical and unduly burdensome for Mr. Wu to provide the necessary information to the Company for it to comply with the connected transaction requirements for the transactions under Chapter 14A of the Listing Rules which may become applicable if a transaction entered into by the Group is connected only because of the interest of the Parents and/or the Parents' Controlled Companies (the "Transactions"). Accordingly, the Company applied for, and the Hong Kong Stock Exchange granted to the Company a waiver from the connected transactions requirements for the Transactions under Rule 14A.103 of the Listing Rules (the "Waiver"), subject to the conditions that:

(a) Mr. Wu is a connected person only because he is an independent non-executive director at the subsidiary level;

(b) the Company will disclose the Waiver in its annual reports as long as the Waiver remains valid and in place; and

(c) the Company and Mr. Wu will promptly notify the Hong Kong Stock Exchange if they become aware of any material changes in the information provided in the submissions in respect of the Waiver.

As at 31 December 2023, Mr. Wu continues to be an independent non-executive director of Melco Resorts and therefore a connected person of the Company at the subsidiary level and hence the Waiver remains valid and in place.

RELATED PARTY TRANSACTIONS

Significant related party transactions entered into by the Group during the year ended 31 December 2023, which did not constitute connected transactions under Chapter 14A of the Listing Rules, are disclosed in note 43 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the following persons/corporations had interests in five per cent or more of the issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares and underlying shares of the Company as notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity	No. of shares held	No. of underlying shares held	Approximate % of total issued shares(1)	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	301,368,606	–	19.87%	2
Lasting Legend Ltd.	Beneficial owner	122,243,024	–	8.06%	2
	Interest of controlled corporation	301,368,606	–	19.87%	2
Trident Trust Company (Cayman) Limited	Trustee	423,611,630	–	27.93%	3
Black Spade Capital Limited	Beneficial owner	91,445,132	–	6.03%	4
	Interest of controlled corporation	53,491,345	–	3.53%	4
King Dragon Ventures Limited	Interest of controlled corporations	144,936,477	–	9.56%	4
LHT I Limited	Interest of controlled corporations	144,936,477	–	9.56%	4
Zedra Asia Limited	Trustee	144,936,477	–	9.56%	5
L3G Holdings Inc.	Beneficial owner	312,666,187	–	20.62%	6
Zedra Trust Company (Cayman) Limited	Trustee	312,666,187	–	20.62%	6
Mr. Ho, Lawrence Yau Lung	Beneficial owner	8,000,000	26,988,000	2.31%	10
	Interest of controlled corporations	570,114,107	–	37.59%	7
	Interest of spouse	4,212,102	–	0.28%	8
	Others	312,666,187	–	20.62%	6
Ms. Lo Sau Yan, Sharen	Beneficial owner	4,212,102	–	0.28%	–
	Interest of spouse	890,780,294	26,988,000	60.51%	9, 10
Southeastern Asset Management, Inc.	Investment manager	90,903,781	–	5.99%	–

Notes:

1. As at 31 December 2023, the total number of issued shares of the Company was 1,516,683,755.

2. Better Joy Overseas Ltd. is a company controlled by Lasting Legend Ltd. and, therefore, Lasting Legend Ltd. was deemed to be interested in the 301,368,606 shares held by Better Joy Overseas Ltd. The shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company as such companies are owned by the person, company and/or trusts associated with Mr. Ho, Lawrence Yau Lung.

3. The 423,611,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.

4. Black Spade Capital Limited is wholly owned by King Dragon Ventures Limited which in turn is wholly owned by LHT I Limited and, therefore, King Dragon Ventures Limited and LHT I Limited were deemed to be interested in the 144,936,477 shares held by Black Spade Capital Limited and its wholly-owned subsidiary, Mighty Dragon Developments Limited. The shares held by the aforesaid companies also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company as such companies are owned by a trust associated with him.

5. The 144,936,477 shares relate to the same block of shares held by Black Spade Capital Limited and Mighty Dragon Developments Limited referred to in note 4 above.

6. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. Zedra Trust Company (Cayman) Limited is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung was deemed to have interests in the shares held by L3G Holdings Inc. by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

7. The 570,114,107 shares relate to the 301,368,606 shares, 122,243,024 shares, 53,491,345 shares, 91,445,132 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, Black Spade Capital Limited and Maple Peak Investments Inc., respectively, representing approximately 19.87%, 8.06%, 3.53%, 6.03% and 0.10% of the total issued shares of the Company. All of such companies are owned or controlled by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies.

8. Mr. Ho, Lawrence Yau Lung is the spouse of Ms. Lo Sau Yan, Sharen and was deemed to be interested in the shares of the Company through the interest of his spouse under the SFO.

9. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse under the SFO.

10. The interests of Mr. Ho, Lawrence Yau Lung in the underlying shares of the Company (in respect of the awarded shares granted by the Company) are set out in the "Directors' interests in shares, underlying shares and debentures" section of this report.

Save as disclosed above, as at 31 December 2023, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

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 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.

EQUITY-LINKED AGREEMENTS

Other than the share option schemes as disclosed in the "Share Schemes" section of this report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained the prescribed public float under the Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance so as to ensure better transparency and protection of shareholders' interests. Information on the Company's corporate governance practices is set out in the Corporate Governance Report on pages 43 to 60 of this annual report.

REMUNERATION POLICIES

The Company has in place remuneration policies for Directors, senior management and other staff. When determining remuneration packages of Directors and senior management, a number of factors will be taken into account, including benchmark of the relevant and similar roles in the industry, competitive market conditions, performance ratings of senior management by their leaders, and other relevant matters. Particulars of the emoluments of Directors on a named basis for the year are set out in note 12 to the consolidated financial statements.

The Company has adopted a share option scheme and share award schemes as an incentive to Directors and employees. Details of the schemes are set out in the "Share Schemes" section of this report and in note 36 to the consolidated financial statements.

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.

DONATIONS AND CHARITABLE CONTRIBUTIONS

During the year ended 31 December 2023, donations and charitable contributions by the Group for charitable and other purposes amounted to approximately HK$130,322,000 (2022: HK$63,879,000).

AUDITOR

The financial statements of the Company for the year ended 31 December 2023 have been audited by Ernst & Young, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

Hong Kong, 28 March 2024

INDEPENDENT AUDITOR'S REPORT

EY 安永

To the members of Melco International Development Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Melco International Development Limited (the "Company") and its subsidiaries (the "Group") set out on pages 103 to 217, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill and trademarks	
Referring to note 20 to the Group's consolidated financial statements for impairment testing on goodwill and trademarks, the Group carried goodwill and trademarks in the amounts of approximately HK$5,299 million and approximately HK$16,992 million, respectively, as at 31 December 2023. Management performs impairment tests at the end of each financial year, and the recoverable amounts of the Group's cash-generating units ("CGUs") or group of CGUs as at 31 December 2023 were determined by value-in-use calculations. We identified the impairment of goodwill and trademarks as a key audit matter because the impairment tests and assessments were largely based on management's expectations and estimates of future results of CGUs in the casino and hospitality operations of the Group. The assumptions used in impairment tests were based on management's estimates of variables such as budgeted revenues, gross margins, discount and growth rates. Further disclosures are included in notes 3 and 20 to the consolidated financial statements.	We obtained an understanding of the process and testing of the internal controls over the annual impairment assessments including the preparation of the profit and cash flow forecasts, setting of reasonable and supportable assumptions and input to the models used to estimate the recoverable amounts. We have also evaluated the reasonableness of the input and assumptions used to determine the profit and cash flow forecasts against historical performance, economic and industry indicators, publicly available information and the Group's strategic plans. We also involved our valuation specialists to assess the appropriateness of the discount rates and methodologies used; and re-performed the underlying calculations used in the Group's assessments and performed sensitivity testing of the input used.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Impairment of non-current non-financial assets (other than goodwill and trademarks)	
As at 31 December 2023, the aggregate carrying amounts of the Group's non-current non-financial assets, comprising property, plant and equipment, right-of-use assets, and intangible assets (other than goodwill and trademarks) amounted to approximately HK$52,433 million. The management performed impairment tests, where an indication of impairment exists or when annual impairment testing for an asset is required. We identified the impairment of non-current non-financial assets as a key audit matter because the impairment tests and assessments were largely based on management's expectations and estimates of future results in the casino and hospitality operations of the Group. The assumptions used in impairment tests were based on management's estimates of variables such as budgeted revenues, gross margins, discount and growth rates, which can be affected by expectations about future market and economic conditions. Related disclosure are included in notes 3, 17, 18 and 33 to the Group's consolidated financial statements.	We obtained an understanding of the process and testing of the internal controls over the Group's impairment assessments including the preparation of the profit and cash flow forecasts, setting of reasonable and supportable assumptions and input to the models used to estimate the recoverable amounts. We have also evaluated the reasonableness of the input and assumptions used to determine the profit and cash flow forecasts against historical performances, economic and industry indicators, publicly available information and the Group's strategic plans. We also involved our valuation specialists to assess the appropriateness of the discount rates and methodologies used; and re-performed the underlying calculations used in the Group's assessment and performed sensitivity testing on the input used.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Paul Kai Lung, Go.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

28 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
NET REVENUES	5	29,531,635	10,565,657
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees	6	(11,662,205)	(3,833,337)
Employee benefits expenses	7	(6,171,188)	(5,186,974)
Depreciation and amortisation	8	(4,445,793)	(4,586,000)
Other operating expenses, gains and losses, net	9	(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	10	(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	11	36,846	33,416
Share of losses of a joint venture	21	(631)	(543)
Share of losses of associates	22	(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	14	(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	16		
Basic and diluted		HK$(1.16)	HK$(3.40)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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	17	44,989,049	47,347,230	46,988,366
Right-of-use assets	33	5,079,373	5,581,446	7,069,510
Intangible assets	18	19,357,150	17,319,114	17,914,075
Goodwill	19	5,299,451	5,299,451	5,299,451
Investment in a joint venture	21	161,860	167,033	181,674
Investments in associates	22	18,556	44,581	29,278
Prepayments, deposits and other receivables	25	801,381	1,271,584	1,394,832
Restricted cash	26	975,076	2,752,241	50,693
Deferred tax assets	34	–	4,986	31,423
Other financial assets	28	–	–	20,320
Total non-current assets		76,681,896	79,787,666	78,979,622
CURRENT ASSETS				
Inventories	23	229,874	206,292	230,824
Trade receivables	24	715,857	437,273	425,098
Prepayments, deposits and other receivables	25	938,336	999,938	931,860
Other financial assets	28	–	21,168	–
Tax recoverable		759	112	758
Restricted cash	26	79,249	1,254,390	3,170
Cash and bank balances	27	10,765,478	14,317,506	13,452,432
		12,729,553	17,236,679	15,044,142
Assets classified as held for sale	29	–	67,273	169,513
Total current assets		12,729,553	17,303,952	15,213,655
CURRENT LIABILITIES				
Trade payables	30	91,807	52,557	46,779
Other payables, accruals and deposits received	31	7,982,093	6,338,282	7,345,052
Tax payable		220,739	91,562	105,123
Interest-bearing borrowings	32	1,000	420,794	215,616
Lease liabilities	33	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

	Notes	**31 December 2023** HK$'000	**31 December 2022** HK$'000 (Restated)	**1 January 2022** HK$'000 (Restated)
NON-CURRENT LIABILITIES				
Other payables, accruals and deposits received	31	2,527,612	267,586	239,858
Interest-bearing borrowings	32	63,556,455	71,790,213	57,660,985
Lease liabilities	33	1,885,781	1,985,986	3,201,416
Deferred tax liabilities	34	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	35	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

The accompanying notes are an integral part of the consolidated financial statements.

The consolidated financial statements on pages 103 to 217 were approved and authorised for issue by the board of Directors on 28 March 2024 and are signed on its behalf by:

Ho, Lawrence Yau Lung
Director

Evan Andrew Winkler
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the Company												
	Share capital HK$'000 (note 35)	Capital reserve HK$'000	Special reserve HK$'000 (note a)	Legal reserve HK$'000 (note b)	Other revaluation reserve HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Shares held under share award schemes HK$'000	Share award reserve HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2022	5,696,445	7,053	(5,678,694)	245,255	282	(242,838)	265,921	(107,247)	137,045	6,539,445	6,862,667	15,605,341	22,468,008
Exchange differences on translation of foreign operations	-	-	-	-	-	(115,409)	-	-	-	-	(115,409)	(155,351)	(270,760)
Actuarial gain arising from defined benefit obligations	-	-	-	-	900	-	-	-	-	-	900	786	1,686
Other comprehensive income/(loss) for the year	-	-	-	-	900	(115,409)	-	-	-	-	(114,509)	(154,565)	(269,074)
Loss for the year	-	-	-	-	-	-	-	-	-	(5,113,127)	(5,113,127)	(4,874,190)	(9,987,317)
Total comprehensive income/(loss) for the year	-	-	-	-	900	(115,409)	-	-	-	(5,113,127)	(5,227,636)	(5,028,755)	(10,256,391)
Exercise of share options	5,408	-	-	-	-	-	(2,014)	-	-	-	3,394	-	3,394
Recognition of share-based payments	-	-	234,614	-	-	-	7,112	-	70,571	-	312,297	187,224	499,521
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(1,411)	-	-	1,411	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	13,726	(24,441)	10,715	-	-	-
Purchase of shares for unvested shares under the share award schemes (note 35)	-	-	-	-	-	-	-	(15,242)	-	-	(15,242)	-	(15,242)
Modification of share options and awarded shares (note 36(I))	-	-	-	-	-	-	(241,130)	-	241,052	-	(78)	-	(78)
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(30)	(30)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(24,930)	(24,930)
Change in ownership interests of certain subsidiaries (note 38)	-	-	(144,097)	-	-	-	-	-	-	-	(144,097)	855,910	711,813
	5,408	-	90,517	-	-	-	(237,443)	(1,516)	287,182	12,126	156,274	1,018,174	1,174,448
At 31 December 2022	5,701,853	7,053*	(5,588,177)*	245,255*	1,182*	(358,247)*	28,478*	(108,763)*	424,227*	1,438,444*	1,791,305	11,594,760	13,386,065

	Attributable to owners of the Company												
	Share capital HK$'000 (note 35)	**Capital reserve** HK$'000	**Special reserve** HK$'000 (note a)	**Legal reserve** HK$'000 (note b)	**Other revaluation reserve** HK$'000	**Exchange reserve** HK$'000	**Share option reserve** HK$'000	**Shares held under share award schemes** HK$'000	**Share award reserve** HK$'000	**Retained profits/ (accumulated losses)** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
At 1 January 2023	5,701,853	7,053	(5,588,177)	245,255	1,182	(358,247)	28,478	(108,763)	424,227	1,438,444	1,791,305	11,594,760	13,386,065
Exchange differences on translation of foreign operations	-	-	-	-	-	25,356	-	-	-	-	25,356	38,044	63,400
Actuarial loss arising from defined benefit obligations	-	-	-	-	(3,232)	-	-	-	-	-	(3,232)	(2,879)	(6,111)
Other comprehensive income/(loss) for the year	-	-	-	-	(3,232)	25,356	-	-	-	-	22,124	35,165	57,289
Loss for the year	-	-	-	-	-	-	-	-	-	(1,743,932)	(1,743,932)	(1,750,189)	(3,494,121)
Total comprehensive income/(loss) for the year	-	-	-	-	(3,232)	25,356	-	-	-	(1,743,932)	(1,721,808)	(1,715,024)	(3,436,832)
Recognition of share-based payments	-	-	191,556	-	-	-	1,047	-	85,235	-	277,838	171,610	449,448
Shares vested under the share award schemes	-	-	-	-	-	-	-	108,357	(185,117)	76,760	-	-	-
Purchase of shares for unvested shares under the share award schemes (note 35)	-	-	-	-	-	-	-	(11,977)	-	-	(11,977)	-	(11,977)
Transfer to legal reserve	-	-	-	11	-	-	-	-	-	(11)	-	-	-
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(1,385)	(1,385)
Change in ownership interests of certain subsidiaries (note 38)	-	-	329,640	-	-	-	-	-	-	-	329,640	(341,752)	(12,112)
	-	-	521,196	11	-	-	1,047	96,380	(99,882)	76,749	595,501	(171,527)	423,974
At 31 December 2023	5,701,853	7,053*	(5,066,981)*	245,266*	(2,050)*	(332,891)*	29,525*	(12,383)*	324,345*	(228,739)*	664,998	9,708,209	10,373,207

* These reserve accounts comprise the consolidated deficit of HK$5,036,855,000 (2022: HK$3,910,548,000) in the consolidated statement of financial position.

The accompanying notes are an integral part of the consolidated financial statements.

Notes:

(a) The special reserve represents (1) the difference between the consideration paid and the aggregate of goodwill and the carrying values of the underlying assets and liabilities attributable to the additional interests in a former subsidiary, which subsequently became an associate of the Group acquired in previous years; (2) the difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid to acquire additional interest in a subsidiary; (3) the difference by which the non-controlling interests were adjusted and the fair value of consideration received in relation to the disposal of a partial interest of a subsidiary; (4) the deemed disposal of a partial interest in a subsidiary in relation to the exercise of share options by non-controlling interests; (5) share of net asset changes of a former associate in relation to the issuance of shares and sales of treasury shares of one of its subsidiaries; (6) share of net asset changes of a former associate resulting from the share repurchase and cancellation by a former associate, which increased the Group's effective ownership therein; (7) share of net asset changes of a subsidiary resulting from the share repurchase or issuance by the subsidiary, which changed the Group's effective ownership therein; (8) share of net asset changes of a former joint venture in relation to the deemed contribution from shareholders as a result of the provision of a non-interest-bearing loan to the joint venture; (9) share of special reserve of an associate; (10) the difference between the cash consideration and net assets acquired for privatisation of a subsidiary; and (11) share of net asset change of subsidiaries in relation to their share-based compensation.

(b) Subsidiaries of the Company incorporated in Macau are required to set aside a minimum of 10% to 25% of the entity's profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of the legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the board of directors of the relevant subsidiaries. As at 31 December 2023, the aggregate balance of the legal reserves amounted to Hong Kong dollars ("HK$") 245,266,000 (2022: HK$245,255,000).

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		(3,395,758)	(9,981,683)
Adjustments for:			
Depreciation and amortisation	8	4,445,793	4,586,000
Loss on disposal of property, plant and equipment	9	3,448	3,728
Impairment of non-financial assets	9	1,113,883	568,249
Impairment of assets classified as held for sale	9	–	53,267
Impairment/(reversal of impairment) of investments in associates	11	19,637	(871)
Reversal of allowances for credit losses, net	9	(23,200)	(5,628)
(Gain)/loss on disposal of assets classified as held for sale, net	9	(34,752)	3,248
Gain on lease modifications	9	(5,539)	(4)
Gain on fair value changes of financial assets at fair value through profit or loss	11	(764)	(848)
Share-based compensation	7	356,298	604,028
Interest income		(214,560)	(108,024)
Interest expense, net of amounts capitalised	10	4,298,758	3,262,133
Losses on modification or extinguishment of debts, net		69,650	–
Adjustment of lease liabilities		–	(2,850)
Share of losses of a joint venture	21	631	543
Share of losses of associates	22	6,446	6,050
		6,639,971	(1,012,662)
Changes in working capital:			
(Increase)/decrease in inventories		(23,645)	24,203
Increase in trade receivables		(247,293)	(8,208)
Decrease/(increase) in prepayments, deposits and other receivables		144,489	(40,728)
Increase in trade payables		39,250	5,778
Increase/(decrease) in other payables, accruals and deposits received		1,963,101	(1,003,022)
Cash generated from/(used in) operations		8,515,873	(2,034,639)
Income tax paid, net of refunds		(8,216)	(24,953)
Net cash generated from/(used in) operating activities		8,507,657	(2,059,592)

	Notes	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments and deposits for property, plant and equipment		(1,814,641)	(4,201,210)
Payments for intangible assets		(53,483)	(50,310)
Payments for right-of-use assets		(13,162)	(24,116)
Proceeds from disposal of property, plant and equipment		4,168	3,308
Proceeds from disposal of financial assets at fair value through profit or loss	28	21,932	–
Proceeds from disposal of assets classified as held for sale		116,622	122,161
Interest received		217,706	105,116
Payment for extension of gaming subconcession		–	(45,631)
Investment in an associate		–	(21,433)
Net cash used in investing activities		(1,520,858)	(4,112,115)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of interest-bearing borrowings		(18,633,784)	(215,474)
Interest paid		(4,028,910)	(3,238,678)
Payments of financing costs		(5,553)	(65,713)
Dividends paid to non-controlling shareholders		(7,119)	(23,724)
Payments of lease liabilities (including associated interest)		(427,361)	(457,683)
Payments of Concession and license liabilities (including associated interest)		(209,503)	–
Purchase of shares for the share award schemes		(11,977)	(15,242)
Repurchase of shares of subsidiaries		(12,042)	(333,224)
Proceeds from exercise of share options		1,851	3,394
Decrease/(increase) in restricted cash		2,961,873	(3,944,986)
Proceeds from interest-bearing borrowings		9,811,171	14,466,499
Net proceeds from issuance of shares by a subsidiary		–	1,045,289
Net cash (used in)/generated from financing activities		(10,561,354)	7,220,458
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,574,555)	1,048,751
Cash and cash equivalents at beginning of year		14,317,506	13,452,432
Effect of foreign exchange rate changes, net		22,527	(183,677)
CASH AND CASH EQUIVALENTS AT END OF YEAR		10,765,478	14,317,506
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	10,765,478	14,317,506

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2023

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 ("SCIHL"), 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 4 for additional information about the Group's segments.

1. ORGANISATION AND BUSINESS (continued)

(a) Corporate and group information (continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital	Proportion of ownership interest and voting rights held by the Company Directly 2023	2022	Indirectly 2023	2022
Melco Resorts	Cayman Islands	Investment holding	Ordinary shares - United States dollars ("US$") 14,046,791 (2022: US$14,450,521)	-	-	52.42%	54.50%
COD Resorts Limited	Macau	Integrated resort development and related operations	Quota capital - Macau Pataca ("MOP") 1,050,000	-	-	52.42%	54.50%
MCO Cotai Investments Limited	Cayman Islands	Investment holding	Ordinary share - US$0.01	-	-	52.42%	54.50%
MCO Holdings Limited	Cayman Islands	Investment holding	Ordinary share - US$0.01	-	-	52.42%	54.50%
MCO International Limited	Cayman Islands	Investment holding	Ordinary shares - US$4	-	-	52.42%	54.50%
MCO Investments Limited	Cayman Islands/ Hong Kong	Investment holding	Ordinary shares - US$2.02	-	-	52.42%	54.50%
MCO Nominee One Limited ("MCO Nominee One")	Cayman Islands/ Hong Kong	Investment holding and financing	Ordinary share - US$0.01	-	-	52.42%	54.50%
Melco Resorts (Macau) Limited ("Melco Resorts Macau")	Macau	Casino operations and investment holding	Ordinary shares - Class A shares[(1)]: MOP1,400,000,000 Class B shares[(2)]: MOP3,600,000,000	-	-	52.42%[(3)]	54.50%[(3)]
Melco Resorts and Entertainment (Philippines) Corporation ("MRP")	The Philippines	Investment holding	Common shares - Philippine Peso ("PHP") 5,689,764,700	-	-	52.17%	54.19%
Melco Resorts Finance Limited ("Melco Resorts Finance")	Cayman Islands/ Hong Kong	Investment holding and financing	Ordinary shares - US$12.02	-	-	52.42%	54.50%
Melco Resorts Leisure (PHP) Corporation ("Melco Resorts Leisure")	The Philippines	Integrated resort development and related operations	Common shares - PHP2,281,894,500	-	-	52.17%	54.19%
Melco Resorts Services Limited	Hong Kong	Investment holding and provision of management service to group companies	Ordinary shares - HK$1	-	-	52.42%	54.50%
MPHIL Holdings No. 1 Corporation	The Philippines	Investment holding	Ordinary shares - PHP2,281,894,500	-	-	52.17%	54.19%
MPHIL Holdings No. 2 Corporation	The Philippines	Investment holding	Ordinary shares - PHP2,281,894,500	-	-	52.17%	54.19%

1. ORGANISATION AND BUSINESS (continued)

(a) Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital	Proportion of ownership interest and voting rights held by the Company			
				Directly		Indirectly	
				2023	2022	2023	2022
MSC Cotai Limited ("MSC Cotai")	The British Virgin Islands ("BVI")	Investment holding	Ordinary shares - US$77,035.27	-	-	28.84%	29.98%
SCP Holdings Limited	BVI	Investment holding	Ordinary share - US$1 A share* - US$1	-	-	28.84%	29.98%
SCP One Limited	BVI	Investment holding	Ordinary share - US$1 A share* - US$1	-	-	28.84%	29.98%
SCP Two Limited	BVI	Investment holding	Ordinary share - US$1 A share* - US$1	-	-	28.84%	29.98%
Studio City Company Limited ("Studio City Company")	BVI/Hong Kong	Investment holding and financing	Ordinary shares - US$3	-	-	28.84%	29.98%
Studio City Developments Limited	Macau	Integrated resort development and related operations	Quota capital - MOP6,001,000	-	-	28.84%	29.98%
Studio City Finance Limited ("Studio City Finance")	BVI/Hong Kong	Investment holding and financing	Ordinary shares - US$3	-	-	28.84%	29.98%
Studio City Holdings Limited	BVI	Investment holding	Ordinary share - US$1	-	-	28.84%	29.98%
Studio City Holdings Two Limited	BVI	Investment holding	Ordinary share - US$1 A share* - US$1	-	-	28.84%	29.98%
SCIHL	Cayman Islands	Investment holding	Ordinary shares - Class A shares[(4)]: US$77,035.27 Class B shares[(4)]: US$7,251.18	0.09%	0.09%	28.75%	29.90%
Studio City Investments Limited ("Studio City Investments")	BVI/Hong Kong	Investment holding	Ordinary shares - US$3	-	-	28.84%	29.98%
ICR Cyprus	Cyprus	Investment holding	Ordinary shares - Euro ("EUR") 1,000,000	-	-	39.31%	40.87%
Integrated Casino Resorts Cyprus Limited	Cyprus	Operation of gaming business in an integrated resort and satellite casinos	Ordinary shares - EUR11,001 Redeemable preference share - EUR100 (2022: nil)	-	-	39.31%	40.87%
ICR Cyprus Resort Development Co Limited	Cyprus	Integrated resort development and related operations	Ordinary shares - EUR11,002	-	-	39.31%	40.87%

1. ORGANISATION AND BUSINESS (continued)

(a) Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Name	Place of incorporation/ operation	Principal activities	Particulars of issued share capital	Proportion of ownership interest and voting rights held by the Company Directly 2023	2022	Indirectly 2023	2022
Melco Leisure and Entertainment Group Limited ("Melco Leisure")	BVI/Hong Kong	Investment holding	Ordinary share - US$1	100%	100%	-	-
Melco Services Limited	BVI/Hong Kong	Provision of management service to group companies	Ordinary share - US$1	100%	100%	-	-
Melco Investment Resources Limited	BVI/Hong Kong	Financing	Ordinary share - US$1	100%	100%	-	-

* Class A share has no voting right.

1. ORGANISATION AND BUSINESS (continued)

(a) Corporate and group information (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Notes:

(1) The holders of the Class A shares of Melco Resorts Macau, as a group, are entitled to an annual dividend in an amount in the aggregate of up to MOP1 (the "Class A Dividend") and a distribution in the event of liquidation of Melco Resorts Macau or return of capital to the Class A shares in an amount in the aggregate of up to MOP1 (the "Class A Capital Distribution"), and shall be entitled to no other dividends, distributions, return of capital, liquidation proceeds, return of par value, or other sum of any type from Melco Resorts Macau.

(2) The Class B shares of Melco Resorts Macau in the aggregate represent the entire rights to receive dividends and other distributions from, and capital of, Melco Resorts Macau, after payment of the Class A Dividend and the Class A Capital Distribution in respect of Class A shares. The holders of the Class B shares, in proportion to their ownership thereof, shall be entitled to receive any dividends, distributions, capital, liquidation proceeds, par value, or other emoluments that may at any time be paid to or received by the holders of the Class A shares, except the Class A Dividend and the Class A Capital Distribution.

(3) Certain Macau laws require companies limited by shares (sociedade anónima) incorporated in Macau to have a minimum of three shareholders, and all gaming concessionaires to be managed by a Macau permanent resident, the managing director, who must hold at least 15% (2022: 15%) of the share capital of the concessionaire. In accordance with such Macau laws, 85% (2022: 85%) of the share capital of Melco Resorts Macau is indirectly owned by Melco Resorts. While the Group complies with the Macau laws, Melco Resorts Macau is considered an indirectly 52.42% (2022: 54.50%) owned subsidiary of the Company for purposes of the consolidated financial statements of the Company because the economic interest of the 15% (2022: 15%) holding of the managing director is limited to, in aggregate with other Class A shareholders, MOP1 on the winding up or liquidation of Melco Resorts Macau and to receive an aggregate annual dividend of MOP1.

(4) Each Class A ordinary share and each Class B ordinary share entitles its holder to one vote on all matters to be voted on by shareholders generally and holders of Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters presented to the shareholders for their vote or approval, except as otherwise required by applicable law or the memorandum of association and articles of association. The Class A ordinary shares and the Class B ordinary shares have the same rights, except that holders of the Class B ordinary shares only have voting and no economic rights to receive dividends or distribution upon the liquidation or winding up of SCIHL. In addition, pursuant to the terms of a participation agreement ("Participation Agreement") signed in 2018 among SCIHL, MSC Cotai, a subsidiary of SCIHL, and New Cotai, LLC ("New Cotai"), the holders of all outstanding Class B ordinary shares, New Cotai has a non-voting, non-shareholding economic participation interest in MSC Cotai, which entitles New Cotai to receive from MSC Cotai an amount equal to a certain percentage of the MSC Cotai's distribution, subject to adjustments, exceptions and conditions as set out in the Participation Agreement. The Participation Agreement also provides that New Cotai is entitled to exchange all or a portion of its participation interest for a number of Class A ordinary shares subject to adjustments, exceptions and conditions as set out in the Participation Agreement and a proportionate number of Class B ordinary shares will be deemed surrendered and automatically cancelled for no consideration as set out in the Participation Agreement when New Cotai exchanges all or a portion of the participation interest for Class A ordinary shares.

The above table lists the subsidiaries of the Company which, in the opinion of the management of the Group, principally affected the results for the year or formed a substantial portion of the total assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Melco Resorts Finance, Studio City Finance and Studio City Company, subsidiaries of the Company, had issued debt securities of HK$31,958,650,000, HK$15,538,263,000 and HK$2,702,567,000, respectively, at the end of the year, as disclosed in note 32, in which the Group has no interest.

1. ORGANISATION AND BUSINESS (continued)

(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 ("HKICPA") 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 as further explained in note 2.4. These consolidated financial statements are presented in HK$ except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and other components of equity; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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")

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) 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 32) of 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.

(b) Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the consolidated financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

(c) Amendments to HKAS 8 *Definition of Accounting Estimates* clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(d) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. Upon the application of the amendments, the Group has determined the temporary differences arising from right-of-use assets and lease liabilities separately, which have been reflected in the reconciliation disclosed in note 34 to the consolidated financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under HKAS 12.

(e) Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has not yet applied the temporary exception during the current year because the entities comprising the Group are operating in jurisdictions in which the Pillar Two tax law has not yet been enacted or substantively enacted. The Group will disclose known or reasonably estimable information related to its exposure to Pillar Two income taxes in the consolidated financial statements by the time when the Pillar Two tax law has been enacted or substantively enacted and will disclose separately the current tax expense or income related to Pillar Two income taxes when it is in effect.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised HKFRSs, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*[1]
Amendments to HKAS 21	*Lack of Exchangeability*[2]

1 Effective for annual periods beginning on or after 1 January 2024
2 Effective for annual periods beginning on or after 1 January 2025
3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any accumulated impairment. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Goodwill

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment is recognised. An impairment recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, deferred tax assets and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value-in-use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment is recognised in profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment been recognised for the asset in prior years. A reversal of such an impairment is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and accumulated impairment. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. Estimated useful lives are as follows:

Freehold land	Not depreciated
Buildings	4 to 40 years
Gaming equipment	3 to 5 years
Leasehold improvements	Over the shorter of the lease terms or 3 to 10 years
Furniture, fixtures and equipment	2 to 15 years
Transportation	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Generally, any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any accumulated impairment, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. The Group's finite-lived intangible assets consist of gaming concession and licenses, internal-use software and proprietary rights. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill) (continued)

Intangible assets with indefinite useful lives are tested for impairment annually and whenever there is an indication that they may be impaired either individually or at the CGU level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

All research costs are charged to profit or loss as incurred. Expenditure incurred on projects to develop new software is capitalised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Development expenditure which does not meet these criteria is expensed when incurred.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group recognises a right-of-use asset at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any accumulated impairment, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. Right-of-use assets are subject to impairment, if applicable.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to all leases that have lease terms of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income includes minimum operating lease income and variable lease income and is recognised in “Entertainment, retail and other revenues”. Minimum operating lease income is accounted for on the straight-line basis over the lease terms. Variable lease income or contingent rent that does not depend on an index or a rate is recognised as income in the accounting period in which it is earned. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as minimum operating lease income.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 *Revenue from Contracts with Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial assets at amortised cost are subject to impairment under the general approach for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. At each reporting date, the Group defines a financial asset as credit-impaired, when it meets one or more of the following criteria indicating the debtor is in significant financial difficulty:

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

- a breach of contract, such as a default or past due event;
- the Group, for economic or contractual reasons relating to the debtor's financial difficulty, having granted to the debtor a concession that the Group would not otherwise consider;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

Simplified approach

The Group applies the simplified approach in calculating ECLs for trade receivables. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed using a provision matrix that is based on the Group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions forecasts and forward-looking information that is available without undue cost or effort.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and lease liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings and payables

After initial recognition, trade and other payables and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expense in profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Shares held under share award schemes

Own equity instruments which are reacquired and held by the Company or the Group are recognised directly in equity at cost. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out, weighted average and specific identification methods. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments, which are not restricted as to use.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Restricted cash

The current portion of restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Group expects those funds will be released or utilised in accordance with the terms of the respective agreements within the next 12 months, while the non-current portion of restricted cash represents those funds that will not be released or utilised within next 12 months.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

The Group's revenues from contracts with customers consist of casino wagers, sales of rooms, food and beverage, entertainment, retail and other goods and services.

(a) Casino revenues

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Group accounts for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers and gaming promoters and cash discounts and other cash incentives earned by customers are recorded as a reduction of gross casino revenues. In addition to the wagers, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivise future gaming or in exchange for incentives or points earned under the Group's non-discretionary incentive programs (including loyalty programs).

For casino transactions that include complimentary goods or services provided by the Group to incentivise future gaming, the Group allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Complimentary goods or services that are provided under the Group's control and discretion and supplied by third parties are recorded as other operating expenses, gains and losses, net.

The Group operates different non-discretionary incentive programs in certain of its properties which include loyalty programs (the "Loyalty Programs") to encourage repeat business mainly from loyal slot machine customers and table games patrons. Customers earn points primarily based on gaming activity and such points can be redeemed for free play and other free goods and services. For casino transactions that include points earned under the Loyalty Programs, the Group defers a portion of the revenue by recording the estimated standalone selling prices of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Group-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Loyalty Programs, the residual amount is recorded as casino revenue when the wagers are settled.

(b) Entertainment and resort facilities revenue

The transaction prices of rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from customers for such goods and services and are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by the Group are excluded from revenues. Advance deposits on rooms and convention space and advance tickets sales are recorded as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by the Group are allocated to each good or service based on its relative standalone selling price.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from other sources

Rental income is included in "Entertainment, retail and other revenues" and is recognised in accordance with HKFRS 16. See Leases for the accounting policy of rental income.

Contract and contract-related liabilities

A contract and contract-related liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract and contract-related liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract and contract-related liabilities are recognised as revenue when the Group performs under the contract.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

Equity-settled share options/share awards granted to employees

The Group operates share option and share award schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes valuation model or with reference to the market closing prices of the shares, further details of which are given in note 36 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefits expenses, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

Equity-settled share options/share awards granted to employees (continued)

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options and awarded shares is reflected as additional share dilution in the computation of earnings per share.

Equity-settled share options/share awards granted to consultants

Equity-settled share-based payment transactions with parties other than employees are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case they are measured by reference at the fair value of the equity instrument granted measured at the date the counterparty renders the service. The fair values of the services received are recognised as expenses, with a corresponding increase in equity, when the counterparties render services, unless the services qualify for recognition as assets.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The cumulative expense recognised for cash-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of awards that will ultimately vest.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Short-term and other long-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Any changes in the liabilities' carrying amounts resulting from service cost, interest and remeasurements are recognised in profit or loss except to the extent that another HKFRS requires or permits their inclusion in the cost of an asset.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Further details of dividends are given in note 15 to the consolidated financial statements.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

These consolidated financial statements are presented in HK$, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than HK$. As at the end of the reporting period, the assets and liabilities of these entities are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their profits or losses are translated into HK$ at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into HK$ at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Useful lives of trademarks

Certain trademarks of the Group were acquired through the deemed acquisition of Melco Resorts on 9 May 2016 which have legal lives of 7 to 10 years and are renewable for the same consecutive period upon expiry at minimal cost. The Group is of the opinion that the Group will renew the trademarks continuously and has the ability to do so. Such trademarks are considered by the Group to have indefinite useful lives because they are expected to contribute to net cash inflows and will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and/or whenever there is an indication that they may be impaired.

Lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for expected credit losses on trade receivables

The Group applies HKFRS 9 simplified approach in calculating ECLs for its trade receivables. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns and adjusted for factors specific to the debtors, general economic conditions forecasts and forward-looking information that is available without undue cost or effort. Should there be any change in such estimates, it could have a material effect to the carrying amount of trade receivables.

The information about the ECLs on the Group's trade receivables is disclosed in note 24.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Assessment of economic useful lives

Property, plant and equipment and intangible assets (other than goodwill and trademarks) are depreciated or amortised over their estimated useful lives. The assessment of estimated useful lives is based on the nature of the assets, the experience of the Group, taking into account factors such as technological progress, changes in market demand, expected usage and physical wear and tear and legal consideration, such as contractual life. Useful lives are periodically reviewed for continued appropriateness. Due to the long lives of the assets, changes to the estimates used can result in variations in their carrying values.

The carrying amounts of property, plant and equipment and intangible assets (other than goodwill and trademarks) as at 31 December 2023 were HK$44,989,049,000 (2022: HK$47,347,230,000) and HK$2,364,692,000 (2022: HK$326,656,000), respectively.

Impairment of non-current non-financial assets (other than goodwill and trademarks)

The Group performs an impairment test on all non-financial assets (including the right-of-use assets), where an indication of impairment exists or when annual impairment testing for an asset is required. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its value-in-use and its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or the CGU and chooses a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill and trademarks

Determining whether goodwill and trademarks are impaired requires estimations of the recoverable amounts of the CGUs or group of CGUs to which goodwill and trademarks have been allocated, which are the higher of the value-in-use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the CGUs or group of CGUs and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or changes in facts and circumstances result in a downward revision of future cash flows, a material impairment/further impairment may arise. As at 31 December 2023, the carrying amounts of goodwill and trademarks were HK$5,299,451,000 (2022: HK$5,299,451,000) and HK$16,992,458,000 (2022: HK$16,992,458,000), respectively. Details of the recoverable amount calculation are disclosed in note 20.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. 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 the Philippine Parties (as defined in note 40), 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.

4. SEGMENT INFORMATION (continued)

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 5)	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)

4. SEGMENT INFORMATION (continued)

Segment net revenues and results (continued)

Year ended 31 December 2022

	Casino and Hospitality HK$'000	Others HK$'000	Total HK$'000
Segment net revenues			
Sales to external customers (note 5)	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)

4. SEGMENT INFORMATION (continued)

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

4. SEGMENT INFORMATION (continued)

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

4. SEGMENT INFORMATION (continued)

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 5.

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.

5. NET REVENUES

	2023 HK$'000	2022 HK$'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 4)	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).

Contract and contract-related liabilities

In providing goods and services to its customers, there may be a timing difference between cash receipts from customers and recognition of revenue, resulting in a contract or contract-related liability.

The Group primarily has three types of liabilities related to contracts with customers: (1) outstanding gaming chips, which represent the amounts owed in exchange for gaming chips held by customers and gaming promoters, (2) loyalty program liabilities, which represent the deferred allocation of revenues relating to incentives earned from Loyalty Programs, and (3) advance deposits and ticket sales, which represent casino front money deposits that are funds deposited by customers and gaming promoters before gaming play occurs and advance payments on goods and services yet to be provided such as advance ticket sales and deposits on rooms and convention space. These liabilities are generally expected to be recognised as revenues within one year of being purchased, earned or deposited and are recorded as other payables, accruals and deposits received in the consolidated statement of financial position. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers and gaming promoters, increases in unredeemed incentives relating to the Loyalty Programs and additional deposits made by customers and gaming promoters.

Details of contract and contract-related liabilities are as follows:

	Outstanding gaming chips		Advance deposits and ticket sales		Loyalty program liabilities	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Balance at 1 January	291,713	562,637	2,175,653	2,415,338	121,575	189,891
Balance at 31 December	648,473	291,713	1,960,406	2,175,653	281,225	121,575
Increase/(decrease)	356,760	(270,924)	(215,247)	(239,685)	159,650	(68,316)

6. GAMING TAX AND LICENSE FEES

The Group is subject to taxes and license fees based on gross gaming revenue and other metrics in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. Further details on the commitments under the gaming concession and licenses are disclosed in note 42.

7. EMPLOYEE BENEFITS EXPENSES

	2023 HK$'000	2022 HK$'000
Wages, salaries and staff welfare	4,438,444	3,742,718
Discretionary bonus	665,805	301,609
Defined contribution plans and social security funds	250,378	201,925
Share-based compensation	356,298	604,028
Others	460,263	336,694
Total employee benefits expenses including directors' emoluments	6,171,188	5,186,974

8. DEPRECIATION AND AMORTISATION

	Notes	2023 HK$'000	2022 HK$'000
Depreciation of property, plant and equipment	17	3,815,054	3,562,839
Depreciation of right-of-use assets	33	345,219	383,732
Less: capitalised in construction in progress	33	(7,138)	(28,587)
Amortisation of intangible assets	18	292,658	668,016
		4,445,793	4,586,000

9. OTHER OPERATING EXPENSES, GAINS AND LOSSES, NET

	2023 HK$'000	2022 HK$'000
Advertising and promotions	1,150,997	243,298
Impairment of non-financial assets (note 17)	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

10. INTEREST EXPENSE, NET OF AMOUNTS CAPITALISED

	2023 HK$'000	2022 HK$'000
Interest on:		
Interest-bearing borrowings	3,922,166	3,362,027
Lease liabilities	233,546	232,043
Concession and license liabilities	183,579	–
Amortisation of deferred financing costs	162,398	171,423
	4,501,689	3,765,493
Less: interest capitalised (note)	(202,931)	(503,360)
	4,298,758	3,262,133

Note: Borrowing costs capitalised during the year ended 31 December 2023 were calculated by applying a capitalisation rate of 5.84% (2022: 5.81%) to expenditures on qualifying assets.

11. OTHER INCOME, NET

	2023 HK$'000	2022 HK$'000
Gain on fair value changes of financial assets at fair value through profit or loss	764	848
(Impairment)/reversal of impairment of investment in associates	(19,637)	871
Others	55,719	31,697
	36,846	33,416

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the seven (2022: seven) directors were as follows:

2023

	Mr. Ho, Lawrence Yau Lung HK$'000 (note a)	Mr. Evan Andrew Winkler HK$'000 (note a)	Mr. Chung Yuk Man, Clarence HK$'000 (note a)	Mr. Ng Ching Wo HK$'000 (notes b and d)	Mr. Tsui Che Yin, Frank HK$'000 (note c)	Mr. John William Crawford HK$'000 (note c)	Ms. Karuna Evelyne Shinsho HK$'000 (note c)	Total HK$'000
Fees	-	-	2,350	253	380	2,142	313	5,438
Other emoluments:								
Salaries and other benefits	18,834	15,660	4,488	-	-	-	-	38,982
Discretionary bonus (note e)	-	11,405	5,735	-	-	-	-	17,140
Pension costs – defined contribution plans	36	-	18	-	-	-	-	54
Share-based compensation	161,726	16,814	8,433	732	412	1,660	389	190,166
Total emoluments	180,596	43,879	21,024	985	792	3,802	702	251,780

2022

	Mr. Ho, Lawrence Yau Lung HK$'000 (note a)	Mr. Evan Andrew Winkler HK$'000 (note a)	Mr. Chung Yuk Man, Clarence HK$'000 (note a)	Mr. Ng Ching Wo HK$'000 (note b)	Mr. Tsui Che Yin, Frank HK$'000 (note c)	Mr. John William Crawford HK$'000 (note c)	Ms. Karuna Evelyne Shinsho HK$'000 (note c)	Total HK$'000
Fees	-	-	2,209	420	340	2,143	320	5,432
Other emoluments:								
Salaries and other benefits	10,446	7,861	4,302	-	-	18	-	22,627
Pension costs – defined contribution plans	36	-	18	-	-	-	-	54
Share-based compensation	222,442	60,745	11,505	469	372	1,765	361	297,659
Total emoluments	232,924	68,606	18,034	889	712	3,926	681	325,772

Notes:

(a) The individuals represent the Executive Directors of the Company and directors of certain subsidiaries of the Company. The Executive Directors' emoluments shown above were for their services in connection with management of the affairs and as director of the Company and the Group.

(b) The individual represents a Non-executive Director of the Company. The Non-executive Director's emoluments shown above were for his services as director of the Company.

(c) The individuals represent the Independent Non-executive Directors of the Company and certain subsidiaries of the Company. The Independent Non-executive Directors' emoluments shown above were for their services as directors of the Company and the Group.

(d) Mr. Ng Ching Wo, in pursuit of his retirement plan, resigned as Non-executive Director of the Company with effect from 1 September 2023.

(e) The discretionary bonus was determined based on the Group's financial performance for the year ended 31 December 2023.

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (continued)

Notes: (continued)

Mr. Ho, Lawrence Yau Lung ("Mr. Ho") is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

Except for one director who waived emoluments of approximately HK$1,200,000 (2022: HK$1,200,000), no other directors waived any emoluments in the years ended 31 December 2023 and 2022.

During both years, all directors were granted awarded shares, in respect of their services to the Group under the long-term incentive schemes set out in note 36.

13. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three (2022: two) directors, details of whose remuneration are set out in note 12 above. Details of the remuneration for the year of the remaining two (2022: three) highest paid employees who are neither a director nor the Chief Executive of the Company are as follows:

	2023 HK$'000	**2022** HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	18,737	21,649
Discretionary bonus	7,972	–
Pension costs – defined contribution plans	1,657	2,232
Share-based compensation	23,836	68,849
	52,202	92,730

The number of the highest paid employees (excluding directors and the Chief Executive) whose remuneration fell within the following bands are as follows:

	Number of employees	
	2023	**2022**
HK$21,000,001 to HK$21,500,000	–	1
HK$22,500,001 to HK$23,000,000	1	–
HK$29,500,001 to HK$30,000,000	1	–
HK$32,500,001 to HK$33,000,000	–	1
HK$38,500,001 to HK$39,000,000	–	1
	2	3

During both years, all highest paid employees (excluding directors and the Chief Executive) were granted share options and/or awarded shares, in respect of their services to the Group under the long-term incentive schemes set out in note 36.

14. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Macau Complementary Tax has been provided at the rate of 12% (2022: 12%) on the estimated taxable income earned in or derived from Macau during the year, if applicable. Pursuant to Dispatches of the Macau Chief Executive dated 17 February 2022 and 1 September 2022, Melco Resorts Macau 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 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 18) 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 MOP4,000,000 (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.

On 26 March 2021, in the Philippines, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") took effect on 11 April 2021. CREATE reduced the minimum corporate income tax in the Philippines from 2% to 1% for the period from 1 July 2020 to 30 June 2023 and the corporate income tax rate in the Philippines from 30% to 25% starting 1 July 2020. The gaming operations of Melco Resorts Leisure, the operator of City of Dreams Manila, are exempt from Philippine Corporate Income Tax, among other taxes, pursuant to the Philippine Amusement and Gaming Corporation ("PAGCOR") charter and are subject to license fees which are inclusive of the 5% franchise tax based on gross gaming revenue in the Philippines, in lieu of all other taxes.

14. INCOME TAX EXPENSE (continued)

No provision for Cyprus Corporate Income Tax has been made for the years ended 31 December 2023 and 2022 as there are no taxable profits.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the Group operates.

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

	2023 HK$'000	**2022** HK$'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 (note 34)	(37,895)	24,613
Total	98,363	5,634

The income tax expense for the year is reconciled to the loss before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 HK$'000	**2022** HK$'000
Loss before income tax	(3,395,758)	(9,981,683)
Tax at the Macau Complementary Tax rate of 12% (2022: 12%)	(407,491)	(1,197,802)
Effect of different tax rates of the Company and subsidiaries operating in other jurisdictions	(127,225)	(122,079)
Effect of tax losses that cannot be carried forward	–	125,053
Effect of tax exemption granted by the government	(590,422)	(201,299)
Effect of income not taxable for income tax purposes	(131,231)	(94,692)
Effect of expenses not deductible for income tax purpose	820,497	671,745
Effect of tax losses and temporary differences not recognised	509,422	851,268
Utilisation of tax losses previously not recognised	(64)	(743)
Lump sum in lieu of Macau Complementary tax on dividends	44,165	18,350
Overprovision in prior years	(19,288)	(44,167)
Income tax expense for the year	98,363	5,634

15. DIVIDENDS

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the board of directors of the Company (the "Board") does not recommend the payment of any dividends for the years ended 31 December 2023 and 2022.

16. 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 HK$'000	2022 HK$'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 '000	2022 '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.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold land HK$'000	Buildings HK$'000	Gaming equipment HK$'000	Restaurant vessels, ferries and pontoons HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Transportation HK$'000	Construction in progress HK$'000	Total HK$'000
Cost:									
At 1 January 2022	466,421	42,912,675	1,607,747	67,249	7,491,368	5,852,262	1,492,957	8,014,767	67,905,446
Exchange adjustments	(24,928)	-	(68,898)	-	(237,456)	(124,776)	(1,414)	(121,456)	(578,928)
Additions	-	11,669	101,691	-	184,804	731,218	4,567	3,633,730	4,667,679
Reclassifications	-	131,673	1,135	-	(174,462)	41,654	-	-	-
Classified as assets held for sale (note 29)	-	-	-	-	-	-	(200,192)	-	(200,192)
Disposals and write-off	-	(13,930)	(104,018)	(67,249)	(336,376)	(203,916)	(1,011)	-	(726,500)
At 31 December 2022	441,493	43,042,087	1,537,657	-	6,927,878	6,296,442	1,294,907	11,527,041	71,067,505
Exchange adjustments	15,236	32,838	12,360	-	25,693	30,035	398	78,668	195,228
Additions	-	4,590	203,555	-	220,738	643,457	9,534	800,472	1,882,346
Reclassifications	-	12,079,824	(154)	-	66,794	244,107	905	(12,391,476)	-
Disposals and write-off	-	(54,011)	(49,827)	-	(102,993)	(177,368)	(196)	(2,949)	(387,344)
At 31 December 2023	456,729	55,105,328	1,703,591	-	7,138,110	7,036,673	1,305,548	11,756	72,757,735

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold land HK$'000	Buildings HK$'000	Gaming equipment HK$'000	Restaurant vessels, ferries and pontoons HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Transportation HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation and impairment:									
At 1 January 2022	-	10,062,348	1,269,980	67,249	4,547,851	4,339,023	630,629	-	20,917,080
Exchange adjustments	-	-	(57,859)	-	(167,563)	(115,331)	(1,474)	-	(342,227)
Provided for the year	-	1,827,423	164,397	-	979,224	453,068	138,727	-	3,562,839
Classified as assets held for sale (note 29)	-	-	-	-	-	-	(98,669)	-	(98,669)
Impairment	-	301,998	2,309	-	40,714	27,482	28,213	-	400,716
Disposals and write-off	-	(13,930)	(103,078)	(67,249)	(333,422)	(200,778)	(1,007)	-	(719,464)
At 31 December 2022	-	12,177,839	1,275,749	-	5,066,804	4,503,464	696,419	-	23,720,275
Exchange adjustments	-	1,753	8,372	-	20,348	16,641	307	-	47,421
Provided for the year	-	2,192,617	127,035	-	851,639	539,331	104,432	-	3,815,054
Impairment, net	-	509,438	(667)	-	47,479	9,414	-	-	565,664
Disposals and write-off	-	(54,010)	(49,476)	-	(102,097)	(173,949)	(196)	-	(379,728)
At 31 December 2023	-	14,827,637	1,361,013	-	5,884,173	4,894,901	800,962	-	27,768,686
Carrying values:									
At 31 December 2023	456,729	40,277,691	342,578	-	1,253,937	2,141,772	504,586	11,756	44,989,049
At 31 December 2022	441,493	30,864,248	261,908	-	1,861,074	1,792,978	598,488	11,527,041	47,347,230

The net carrying amount of property, plant and equipment pledged to secure against the Group's interest-bearing borrowings as at 31 December 2023 was HK$38,411,862,000 (2022: HK$41,169,479,000) (note 32).

As a result of change in forecasted performance of Altira Macau, a CGU (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.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

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.

During the year ended 31 December 2022, an impairment of HK$28,213,000 on an aircraft was recognised before classification as assets held for sale (note 29(c)).

All impairments are included in "other operating expenses, gains and losses, net" in the consolidated statement of profit or loss and other comprehensive income.

In accordance with the Macau gaming law, the Reversion Assets (as defined in note 18) that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Effective as at 1 January 2023, the Reversion Assets were transferred by the Macau government to Melco Resorts Macau for the duration of the Concession, in return for annual payments for the right to operate the Reversion Assets as part of the Concession as disclosed in note 18.

As the Group will continue to operate with the Reversion Assets in the same manner as under the previous gaming subconcession, obtain substantially all of the economic benefits and bear all of the risks arising from the operation of these assets, and assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Group continues to recognise these Reversion Assets as property, plant and equipment over their remaining estimated useful lives.

The Reversion Assets that reverted to the Macau government on 31 December 2022, and included in the above tables, consisted of the following:

	2022 HK$'000
Buildings	2,853,281
Furniture, fixtures and equipment	222,196
Gaming equipment	707,536
	3,783,013
Less: accumulated depreciation and impairment	(2,027,188)
	1,755,825

18. INTANGIBLE ASSETS

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

(i) Concession and licenses

	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 (note 17)	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

18. INTANGIBLE ASSETS (continued)

(i) Concession and licenses (continued)

(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.

18. INTANGIBLE ASSETS (continued)

(i) Concession and licenses (continued)

(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 EUR2,500,000 (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.

18. INTANGIBLE ASSETS (continued)

(i) Concession and licenses (continued)

(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 PAGCOR in the Philippines on 29 April 2015 and expires on 11 July 2033 to operate City of Dreams Manila in the Philippines. Further details of the terms and commitments under the Regular License are included in notes 40 and 42, respectively.

(ii) Trademarks

	2023 HK$'000	**2022** HK$'000
Cost:		
At 1 January and 31 December	16,992,458	16,992,458

The trademarks have legal lives of 7 to 10 years and are renewable for the same consecutive period upon expiry at minimal cost. These trademarks are considered by the Group to have indefinite useful lives because they are expected to contribute to net cash inflows and will not be amortised until their useful lives are determined to be finite. Instead they are tested for impairment annually and whenever there is an indication that they may be impaired. Particulars regarding impairment testing of trademarks are disclosed in note 20.

18. INTANGIBLE ASSETS (continued)

(iii) Other intangible assets

	Club membership HK$'000	Internal-use software HK$'000	Proprietary rights HK$'000	Total HK$'000
Cost:				
At 1 January 2022	5,580	437,543	93,133	536,256
Additions	–	27,790	–	27,790
Exchange adjustments	–	(1,180)	–	(1,180)
At 31 December 2022 and 1 January 2023	5,580	464,153	93,133	562,866
Additions	–	102,540	–	102,540
Disposal	–	(105)	–	(105)
Exchange adjustments	–	200	–	200
At 31 December 2023	5,580	566,788	93,133	665,501
Accumulated amortisation:				
At 1 January 2022	–	150,754	10,762	161,516
Charge for the year	–	79,530	9,313	88,843
Exchange adjustments	–	(814)	–	(814)
At 31 December 2022 and 1 January 2023	–	229,470	20,075	249,545
Charge for the year	–	82,079	9,313	91,392
Exchange adjustments	–	(49)	–	(49)
At 31 December 2023	–	311,500	29,388	340,888
Carrying values:				
At 31 December 2023	5,580	255,288	63,745	324,613
At 31 December 2022	5,580	234,683	73,058	313,321

The club membership has indefinite useful live because the membership has no expiry date and the internal-use software which has finite useful lives of 3 to 15 years is amortised on a straight-line basis. The proprietary rights are related to an entertainment show in City of Dreams. The estimated useful life is 10 years and the proprietary rights are amortised on a straight-line basis.

19. GOODWILL

	2023 HK$'000	2022 HK$'000
At 1 January and 31 December	5,299,451	5,299,451

The goodwill arose from the deemed acquisition of Melco Resorts in 2016 which was allocated to a group of CGUs under Melco Resorts. Melco Resorts belongs to the "Casino and Hospitality" segment.

Particulars regarding impairment testing on goodwill are disclosed in note 20.

20. IMPAIRMENT TESTING ON GOODWILL AND TRADEMARKS

(a) Goodwill

For the purpose of impairment testing on goodwill, the recoverable amount of the group of CGUs under Melco Resorts has been determined based on value-in-use calculations. The value-in-use calculations use cash flow projections based on financial budgets approved by management covering a five-year period. The rate used to discount the forecast cash flows from the group of CGUs under Melco Resorts is 11.16% (2022: 12.12%). The discount rate used is pre-tax and reflects specific risks relating to the group of CGUs under Melco Resorts. The cash flow projections beyond the five-year period for the group of CGUs under Melco Resorts are extrapolated with growth rates ranging from 1.7% to 3.0% (2022: 2.0% to 3.0%).

(b) Trademarks

For the purpose of impairment testing, trademarks as set out in note 18 were allocated to four individual CGUs operating in the "Casino and Hospitality" segment. The carrying amounts of trademarks as at 31 December 2023 and 2022 allocated to these CGUs are as follows:

	2023 HK$'000	2022 HK$'000
City of Dreams	11,184,643	11,184,643
Studio City	5,088,329	5,088,329
City of Dreams Manila	455,473	455,473
Mocha Clubs	264,013	264,013
	16,992,458	16,992,458

The basis of the recoverable amounts of the above CGUs and their key underlying assumptions are summarised below:

The recoverable amounts of each of the CGUs as above have been determined on the basis of value-in-use calculations. Their recoverable amounts are based on certain similar key assumptions. All value-in-use calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flow projections beyond the five-year period are extrapolated with growth rates ranging from 1.7% to 3.0% (2022: 2.2% to 3.0%). The rates used to discount the forecast cash flows from City of Dreams, Studio City, City of Dreams Manila and Mocha Clubs are 10.34%, 11.32%, 12.46% and 11.71% (2022: 11.37%, 12.65%, 13.77% and 12.68%), respectively. The discount rates used are pre-tax and reflected specific risks relating to the CGUs.

20. IMPAIRMENT TESTING ON GOODWILL AND TRADEMARKS (continued)

Cash flow projections during the budget period for CGUs or group of CGUs are based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses, capital expenditure and working capital requirements during the budget period. The assumptions and estimations are based on the CGU's past performance, management's expectations of the market development and the success of the cost cutting strategy implemented by the Group. Management believes that any reasonably possible change in any of these assumptions would not cause the recoverable amounts of the CGUs or group of CGUs to fall below the carrying amounts of the CGUs or group of CGUs.

During the years ended 31 December 2023 and 2022, management determined that there was no impairment of its CGUs or group of CGUs containing goodwill and trademarks.

21. INVESTMENT IN A JOINT VENTURE

	2023 HK$'000	**2022** HK$'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 (note a)	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

Note:

(a) Notwithstanding that the above joint venture is held as to 51% by the Group, under the Joint Venture Cooperation Agreement as defined below, the Group is solely entitled to all profits or losses arising from its ownership and operation of a theme park to be developed therein.

21. INVESTMENT IN A JOINT VENTURE (continued)

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.

Information of the joint venture that is not material to the Group

	2023 HK$'000	**2022** HK$'000
The Group's share of losses for the year	(631)	(543)
The Group's share of other comprehensive loss for the year	(4,542)	(14,098)
The Group's share of total comprehensive loss for the year	(5,173)	(14,641)

22. INVESTMENTS IN ASSOCIATES

	2023 HK$'000	**2022** HK$'000
Cost of investments in associates		
Unlisted in the U.S.	52,517	52,517
Net changes in investments in associates	(317)	(317)
Share of changes in net assets and exchange reserve	280	222
Share of post-acquisition results, net of dividends received	(14,287)	(7,841)
Impairment recognised (note a)	(19,637)	–
	18,556	44,581

Particulars of the associates at the end of the reporting period are as follows:

Name	**Place of incorporation/ operation**	**Proportion of ownership interest and voting rights held by the Group** **2023**	 **2022**	**Principal activities**
CleanRobotics Technologies, Inc ("CleanRobotics") (note a)	The U.S.	28.85%	28.85%	Waste management
Metalmark Innovations, PBC ("Metalmark") (note b)	The U.S.	15.49%	15.49%	Air purification solutions

22. INVESTMENTS IN ASSOCIATES (continued)

Notes:

(a) On 17 August 2021, the Group acquired preferred stocks issued by CleanRobotics, a private company, for an aggregate consideration of US$4,000,000 (equivalent to approximately HK$31,084,000). The preferred stocks shall vote together with the common stocks of CleanRobotics on an as-converted basis and the Group is entitled to appoint one director to the board of CleanRobotics in accordance with the terms of the agreements. CleanRobotics became an associate of the Group on 17 August 2021. During the year ended 31 December 2023, impairment of US$2,510,000 (equivalent to approximately HK$19,637,000) (including goodwill on acquisition of US$2,337,000 (equivalent to approximately HK$18,251,000) included in the cost of investment) was recognised. In March 2024, a representative of the Group resigned as director of the board of CleanRobotics.

(b) On 17 February 2022, the Group acquired shares of preferred stock issued by Metalmark, a private company, for an aggregate consideration of approximately US$2,750,000 (equivalent to approximately HK$21,433,000). The shares of preferred stock shall vote together with the shares of common stock of Metalmark on an as-converted basis and the Group is entitled to appoint one director to the board of Metalmark in accordance with the terms of the agreements. Metalmark became an associate of the Group on 17 February 2022. As at 31 December 2023, goodwill on acquisition of US$1,308,000 (equivalent to approximately HK$10,218,000) (2022: US$1,308,000 (equivalent to approximately HK$10,215,000)) was included in the cost of investment.

Aggregate information of the associates that are not individually material

	2023 HK$'000	**2022** HK$'000
The Group's share of losses for the year	(6,446)	(6,050)
The Group's share of other comprehensive income for the year	58	222
The Group's share of total comprehensive loss for the year	(6,388)	(5,828)
Aggregate carrying amount of the Group's investments in associates	18,556	44,581
Unrecognised share of losses of the associates for the year	–	(9,134)
Cumulative unrecognised share of losses of the associates	–	(461,859)

23. INVENTORIES

	2023 HK$'000	**2022** HK$'000
Finished goods	144,228	137,862
Food and beverages	85,646	68,430
	229,874	206,292

24. TRADE RECEIVABLES

In relation to the gaming operations from the Casino and Hospitality segment, the Group can grant unsecured credit lines to gaming promoters based on pre-approved credit limits. When credit is granted, the Group typically issues markers to gaming promoters with a credit period of 30 days. Credit lines granted to all gaming promoters are subject to monthly review and settlement procedures. While the Group terminated the arrangements with gaming promoters in Macau in December 2021, the Group entered into new arrangements with certain gaming promoters during the year ended 31 December 2023.

For certain approved casino customers, the Group typically allows a credit period of 14 to 28 days on issuance of markers following investigations of creditworthiness. An extended repayment term of up to 90 days may be offered to casino customers with large gaming losses and established credit history.

The Group currently has a legally enforceable right to offset the commissions payable and front money deposits against the casino receivables which it intends to settle on a net basis. As at 31 December 2023, the gross amounts of casino receivables are HK$2,363,950,000 (2022: HK$2,047,998,000) and the aggregate amounts of the commissions payable and front money deposits are HK$538,528,000 (2022: HK$194,399,000).

The Group's trade receivables related to the rooms, food and beverage, entertainment and retail from the Casino and Hospitality segment which are largely operated on cash on delivery or due immediately on the date of billing, except for those well-established customers to whom credit terms of 30-60 days may be granted.

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

	2023 HK$'000	**2022** HK$'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

24. TRADE RECEIVABLES (continued)

Movement in the allowances for credit losses

	2023 HK$'000	2022 HK$'000
At 1 January	1,428,687	1,561,858
Reversal of allowances for credit losses, net	(30,455)	(6,174)
Write-off	(245,191)	(126,997)
At 31 December	1,153,041	1,428,687

For the year ended 31 December 2023, reversal of allowances for credit losses, net, of HK$30,455,000 (2022: HK$6,174,000) was recognised in profit or loss and included in the Casino and Hospitality segment.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount HK$'000	Expected credit losses HK$'000
Current	7.2%	319,950	22,986
Past due:			
Within 1 month	0.2%	92,705	145
More than 1 month but within 3 months	6.5%	75,523	4,929
More than 3 months but within 6 months	43.5%	64,952	28,247
More than 6 months	83.4%	1,315,768	1,096,734
	61.7%	1,868,898	1,153,041

As at 31 December 2022

	Expected credit loss rate	Gross carrying amount HK$'000	Expected credit losses HK$'000
Current	8.1%	103,008	8,353
Past due:			
Within 1 month	2.3%	40,436	936
More than 1 month but within 3 months	4.2%	71,011	2,957
More than 3 months but within 6 months	57.7%	1,476	852
More than 6 months	85.8%	1,650,029	1,415,589
	76.6%	1,865,960	1,428,687

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023 HK$'000	2022 HK$'000
Current assets		
Prepayments and other assets	605,168	749,368
Other receivables	283,938	188,415
Deposits	49,230	62,155
	938,336	999,938
Non-current assets		
Prepayments and other assets	653,673	1,038,743
Rental, utilities and other deposits	87,324	78,057
Deposits for acquisition of property, plant and equipment	58,149	152,231
Other receivables	2,235	2,553
	801,381	1,271,584

During the year ended 31 December 2023, impairment of other receivables of HK$6,473,000 (2022: HK$546,000) were recognised in profit or loss and included in the Casino and Hospitality segment.

26. RESTRICTED CASH

Restricted cash mainly consists of cash deposited in (i) collateral bank accounts for bank guarantees (as disclosed below); and (ii) collateral bank accounts associated with borrowings under credit facilities.

On 20 September 2022, Melco Resorts Macau provided a bank guarantee in an amount of MOP820,000,000 (equivalent to approximately HK$796,117,000) to the Macau government to guarantee the satisfaction of any labour liabilities upon expiry of the previous gaming subconcession. As stipulated in the bank guarantee contract, MOP410,000,000 (equivalent to approximately HK$398,058,000) was required to be held in a cash deposit account as collateral to secure the bank guarantee. In January 2023, such bank guarantee and the cash deposited in the collateral bank account were released. The cash of MOP410,000,000 (equivalent to approximately HK$398,058,000) deposited in the collateral account was included in the current portion of restricted cash in the consolidated statement of financial position as at 31 December 2022.

On 9 December 2022, as required by the Concession, Melco Resorts Macau provided a bank guarantee in favour of the Macau government of MOP1,000,000,000 (equivalent to approximately HK$970,874,000) to secure the fulfilment of performance of certain of its legal and contractual obligations, including labour obligations. As stipulated in the bank guarantee contract, MOP1,000,000,000, or an equivalent amount in other currencies, is required to be held in a cash deposit account as collateral in order to secure the bank guarantee. The bank guarantee will remain in effect until 180 days after the earlier of the expiration or termination of the Concession. As at 31 December 2023 and 2022, the cash of HK$970,874,000 (equivalent to MOP1,000,000,000) held in the collateral bank account was included in the non-current portion of restricted cash in the consolidated statement of financial position.

27. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits, with original maturities of three months or less, carrying prevailing deposit interest rate.

28. OTHER FINANCIAL ASSETS

	2023 HK$'000	2022 HK$'000
Financial assets at fair value through profit or loss	–	21,168

The amount represented an investment in the senior unsecured convertible note issued by an independent private limited liability company (the "Issuer") which was subscribed for at par by the Group on 26 April 2021 in the principal amount of US$2,500,000 (equivalent to approximately HK$19,440,000) (the "Convertible Note").

As at 31 December 2022, fair value of the Convertible Note was US$2,711,000 (equivalent to approximately HK$21,168,000). The Convertible Note was grouped under Level 3 hierarchy and the table set out below provided information on how the fair value of the Convertible Note was determined by virtue of the valuation technique and input bases used.

Description	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Convertible Note	Discounted cash flow method	Discount rate	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by approximately 0.2%

In June 2023, the Group sold the Convertible Note to an independent third party at a consideration of US$2,800,000 (equivalent to approximately HK$21,932,000).

During the year ended 31 December 2023, the Group recognised a fair value gain of HK$764,000 (2022: HK$848,000) before the disposal of the Convertible Note in "Other income, net" in the consolidated statement of profit or loss and other comprehensive income.

29. ASSETS CLASSIFIED AS HELD FOR SALE

	Notes	2023 HK$'000	2022 HK$'000
Hakone Assets	a	–	66,402
Investment in MCR	b	–	871
		–	67,273

(a) Hakone Assets

In September 2021, the Group announced the discontinuance of its pursuit of a Yokohama integrated resort development in Japan. In December 2021, an external advisor was engaged to locate potential buyers and prepare marketing materials for the disposal of the Group's assets in Japan, including a ski resort in Nagano, Japan operated by Kabushiki Kaisha Okushiga Kogen Resort (the "Japan Ski Resort") and a parcel of freehold land together with the accompanying building structures in Hakone, Japan (the "Hakone Assets"). After considering the relevant facts, the Group concluded the assets and liabilities of the Japan Ski Resort and the Hakone Assets met the criteria for classification as held for sale as at 31 December 2021 which were reported under the Casino and Hospitality segment.

On 8 December 2022, the Group entered into an agreement with an independent third party (the "Buyer") to dispose of its entire interest in the Japan Ski Resort with net liabilities of HK$107,010,000 (including a loan payable to the Group of Japanese Yen ("JPY") 2,215,180,000 (equivalent to approximately HK$131,797,000)) for a consideration of JPY1 and to transfer the loan receivable from the Japan Ski Resort as mentioned above of JPY2,215,180,000 (equivalent to approximately HK$131,797,000) to the Buyer for a consideration of JPY1. The disposal was completed on 30 December 2022 and the Group recorded a loss on disposal of assets held for sale of HK$23,886,000 in profit or loss during the year ended 31 December 2022.

As at 31 December 2022, 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.

29. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

(b) Investment in MCR

As at 31 December 2022, the Group owned 18.85% equity interest in Mountain China Resorts (Holding) Limited ("MCR"), a limited liability company principally engaged in the operation of ski resorts in the PRC. The investment was reclassified from investment in an associate to asset held for sale during the year ended 31 December 2022.

On 16 December 2022, the shareholders of MCR approved an amalgamation proposal of MCR. The amalgamation was completed on 18 January 2023 (the "Amalgamation") and MCR's shares were delisted from the TSX Venture Exchange of Canada on 20 January 2023. Under the Amalgamation, all shares in MCR held by the Group were exchanged into shares of the amalgamated company and deemed to have been redeemed immediately upon the effectiveness of the Amalgamation by the amalgamated company, for an aggregate consideration of approximately Canadian dollars 151,000 (equivalent to approximately HK$871,000). After consideration of relevant facts, the Group concluded the investment would be partially recovered by the share redemption and an impairment provision of HK$871,000 was reversed to profit or loss during the year ended 31 December 2022. In addition, the investment met the criteria for classification as asset held for sale which was reported under the Others segment as at 31 December 2022 and the Group ceased to record the results of MCR under the equity method at the time when it was reclassified to an asset held for sale. The carrying amount of the investment, net of impairment, was HK$871,000 as at 31 December 2022, being the fair value less costs to sell. The investment was derecognised during the year ended 31 December 2023.

(c) Aircraft

In June and August 2022, the Group signed two sale and purchase agreements with respective buyers to sell two aircraft (the "Aircraft") for an aggregate selling price of US$15,800,000 (equivalent to approximately HK$124,022,000). After considering the relevant facts, the Group concluded the Aircraft met the criteria for classification as assets held for sale which was reported under the Casino and Hospitality segment. Due to a decrease in the market value, an impairment of property, plant and equipment of HK$28,213,000 was provided for one of the Aircraft. The recoverable amount of US$7,302,000 (equivalent to approximately HK$57,317,000) was its fair value less costs to sell. The fair value was estimated based on the buyer indicative purchase price which was considered as a level 2 input under the fair value hierarchy. Upon completion of the disposals of the Aircraft in September 2022, the Group recorded a gain on disposal of assets held for sale of HK$20,638,000 on the Aircraft during the year ended 31 December 2022.

As at 31 December 2022, total comprehensive losses of HK$17,462,000 relating to the assets held for sale had been accumulated in equity.

30. 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

The trade payables are non-interest-bearing and are normally settled on credit terms of 15 to 45 days.

31. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	Note	**2023**	**2022**
		HK$'000	HK$'000
Current liabilities			
Advance deposits and ticket sales	5	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	5	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	5	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

32. INTEREST-BEARING BORROWINGS

	Notes	31 December 2023 HK$'000	31 December 2022 HK$'000 (Restated)	1 January 2022 HK$'000 (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 HK$'000	31 December 2022 HK$'000	1 January 2022 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

32. INTEREST-BEARING BORROWINGS (continued)

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

	31 December 2023 HK$'000	31 December 2022 HK$'000	1 January 2022 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).

Notes:

(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.

32. INTEREST-BEARING BORROWINGS (continued)

Notes: (continued)

(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 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.

In March 2022, the Group obtained confirmation from the facility agent that certain provisions contained in the 2021 Credit Facilities were waived subject to certain conditions, including placing a cash collateral of US$220,000,000 (equivalent to approximately HK$1,721,696,000). As of 8 April 2022, the cash collateral was placed in a pledged account. The cash collateral (including interest earned) of US$222,761,000 (equivalent to approximately HK$1,739,656,000) was released on 13 January 2023.

32. INTEREST-BEARING BORROWINGS (continued)

Notes: (continued)

(c) (continued)

On 16 August 2022, the Group further obtained confirmation from the facility agent that certain provisions contained in the 2021 Credit Facilities were waived and amended, subject to certain conditions. Net proceeds from the 2022 Share Repurchase (as defined in note 38) was deposited into a designated bank account on 30 August 2022 for the future repayment of principal and payment of interest under the 2021 Credit Facilities.

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.

32. INTEREST-BEARING BORROWINGS (continued)

Notes: (continued)

(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, Studio City Investments 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.

(e) As at 31 December 2023, an unsecured credit facility amounting to PHP2,350,000,000 (equivalent to approximately HK$330,370,000) (2022: PHP2,350,000,000 (equivalent to approximately HK$327,019,000)) was available for drawdown, subject to satisfaction of certain conditions precedent. As at 31 December 2023 and 2022, the available drawdown currencies under the credit facility are PHP and US$ and the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period. The credit facility availability period 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.

(f) 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.

(g) 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 the following assets of the Group:

(i) certain property, plant and equipment (note 17);

(ii) certain right-of-use land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent) (note 33);

(iii) certain bank deposits;

(iv) receivables and other assets including certain intragroup loans; and

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

33. LEASES

Group as a lessee

The Group has lease contracts for land, buildings, gaming equipment, transportation assets and furniture, fixtures and equipment used in its operations. The Group leases the land and certain of the building structures for City of Dreams Manila under the MRP Lease Agreement as described in note 40(d), Cyprus Casino sites, Mocha Clubs sites, office spaces, warehouses, staff quarters, and certain parcels of land in Macau on which Altira Macau, City of Dreams and Studio City are located. Certain lease agreements provide for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by the Group and its lessors and, in some cases, contingent rental expenses stated as a percentage of turnover. Certain leases include options to extend the lease term and options to terminate the lease term. The land concession contracts in Macau have a term of 25 years, which is renewable for further consecutive periods of 10 years, subject to applicable legislation in Macau. The estimated term related to the land concession contracts in Macau is 40 years.

Set out below are the carrying amounts of the right-of-use assets and lease liabilities and the movements during the year.

	Right-of-use assets						
	Land	**Buildings**	**Gaming equipment**	**Transportation**	**Furniture, fixtures and equipment**	**Total**	**Lease liabilities**
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2022	5,462,857	1,600,788	1,664	3,554	647	7,069,510	3,711,393
Additions	–	93,636	3,596	108	26,916	124,256	100,140
Depreciation	(185,419)	(186,814)	(1,034)	(2,739)	(7,726)	(383,732)	–
Modification	(71,061)	(873,825)	–	(87)	(39)	(945,012)	(945,016)
Impairment (note 17)	(167,533)	–	–	–	–	(167,533)	–
Adjustment of lease liabilities	–	–	–	–	–	–	(2,850)
Interest expense	–	–	–	–	–	–	232,043
Payments	–	–	–	–	–	–	(457,683)
Exchange adjustments	(10,400)	(105,385)	(54)	(208)	4	(116,043)	(278,452)
As at 31 December 2022	5,028,444	528,400	4,172	628	19,802	5,581,446	2,359,575
Additions	–	211,263	3,901	–	2,446	217,610	204,448
Depreciation	(173,941)	(161,580)	(1,842)	(667)	(7,189)	(345,219)	–
Modification	(61,541)	(7,377)	(779)	112	(471)	(70,056)	(75,595)
Impairment (note 17)	(310,468)	–	–	–	–	(310,468)	–
Interest expense	–	–	–	–	–	–	233,546
Payments	–	–	–	–	–	–	(427,361)
Exchange adjustments	624	5,192	168	18	58	6,060	21,643
As at 31 December 2023	4,483,118	575,898	5,620	91	14,646	5,079,373	2,316,256

33. LEASES (continued)

Group as a lessee (continued)

	2023 HK$'000	**2022** HK$'000
Analysed of lease liabilities into:		
Current portion	430,475	373,589
Non-current portion	1,885,781	1,985,986
	2,316,256	2,359,575

The maturity analysis of lease liabilities is disclosed in note 44(b).

The following are the amounts recognised in profit or loss in relations to leases:

	2023 HK$'000	**2022** HK$'000
Depreciation of right-of-use assets	345,219	383,732
Less: capitalised in construction in progress	(7,138)	(28,587)
Interest expense on lease liabilities	233,546	232,043
Impairment of right-of-use assets (note 17)	310,468	167,533
Expense relating to short-term leases	2,681	5,629
Variable lease payments not included in the measurement of lease liabilities	21,013	17,756
Gain on lease modifications	(5,539)	(4)
Adjustment of lease liabilities	–	(2,850)
Total amount recognised in profit or loss	900,250	775,252

The Group has total cash outflows for leases of HK$464,216,000 during the year ended 31 December 2023 (2022: HK$505,184,000).

As at 31 December 2023, certain right-of-use land with an aggregate carrying amount of HK$4,264,533,000 (2022: HK$4,722,163,000) were pledged to secure against the Group's interest-bearing borrowings (note 32).

33. LEASES (continued)

Group as a lessor

The Group entered into non-cancellable operating leases mainly for its mall spaces in the sites of City of Dreams, City of Dreams Manila, Studio City and City of Dreams Mediterranean with various retailers that expire at various dates through December 2035. Certain of the operating leases include minimum base fees with contingent fee clauses based on percentages of turnover. For the years ended 31 December 2023 and 2022, the Group earned minimum operating lease income of HK$348,849,000 and HK$314,907,000, respectively, and variable lease income of HK$61,558,000 and HK$27,572,000, respectively.

At the end of the reporting period, undiscounted future minimum lease payments to be received under all non-cancellable operating leases were as follows:

	2023 HK$'000	**2022** HK$'000
Within one year	440,795	377,389
More than one year but within two years	440,654	375,838
More than two years but within three years	234,155	378,707
More than three years but within four years	56,688	186,189
More than four years but within five years	26,392	31,884
After five years	28,437	14,385
	1,227,121	1,364,392

The total future minimum rentals do not include any escalated contingent fee amounts.

34. DEFERRED TAX

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purpose:

	2023 HK$'000	**2022** HK$'000
Deferred tax assets	–	4,986
Deferred tax liabilities	(2,342,280)	(2,384,984)
	(2,342,280)	(2,379,998)

34. DEFERRED TAX (continued)

The following are the major deferred tax (liabilities) and assets recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Right-of-use assets HK$'000	Lease liabilities HK$'000	Intangible assets HK$'000	Cyprus license liabilities HK$'000	Tax losses HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022	(2,394,112)	(197,169)	210,585	-	-	58,802	(35,472)	(2,357,366)
Credit/(charge) to profit or loss for the year (note 14)	(4,984)	100,712	(103,731)	-	-	(26,444)	9,834	(24,613)
Exchange adjustments	888	19,983	(21,195)	-	-	(915)	3,220	1,981
At 31 December 2022	(2,398,208)	(76,474)	85,659	-	-	31,443	(22,418)	(2,379,998)
Credit/(charge) to profit or loss for the year (note 14)	61,585	8,384	(11,580)	(70,914)	70,892	3,538	(24,010)	37,895
Exchange adjustments	(307)	(617)	707	(1,063)	1,086	251	(234)	(177)
At 31 December 2023	(2,336,930)	(68,707)	74,786	(71,977)	71,978	35,232	(46,662)	(2,342,280)

At the end of the reporting period, the Group has unused estimated tax losses of approximately HK$14,067,246,000 (2022: HK$15,012,671,000). A deferred tax asset has been recognised in respect of HK$174,205,000 (2022: HK$172,093,000) of tax losses to the extent that it is probable that future taxable profits or temporary differences will be available against which the temporary differences can be utilised. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$13,893,041,000 (2022: HK$14,840,578,000) due to the unpredictability of future profit streams.

Included in unrecognised tax losses are losses of HK$12,818,539,000 (2022: HK$13,678,734,000) that are allowed to be carried forward and utilised against the taxable profit which shall not exceed 3 to 20 years (2022: 3 to 20 years). Other losses may be carried forward indefinitely.

At the end of the reporting period, the Group has deductible temporary differences of approximately HK$11,067,789,000 (2022: HK$6,379,897,000). No deferred tax asset has been recognised in relation to these deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, no deferred tax has been recognised for withholding taxes that would be payable on the undistributed earnings that are subject to withholding taxes of the Group's subsidiaries as it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognised totalled approximately HK$5,835,031,000 as of 31 December 2023 (2022: HK$5,832,922,000).

35. SHARE CAPITAL

	Number of ordinary shares		Amount	
	2023	**2022**	**2023** HK$'000	**2022** HK$'000
Issued and fully paid:				
At 1 January	1,516,683,755	1,516,205,755	5,701,853	5,696,445
Exercise of share options	–	478,000	–	5,408
At 31 December	1,516,683,755	1,516,683,755	5,701,853	5,701,853

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

During the year ended 31 December 2023, the trustee of the Share Purchase Scheme as defined in note 36 under the Company's share award schemes purchased 2,000,000 (2022: 3,050,000) ordinary shares of the Company on the Hong Kong Stock Exchange for an aggregate consideration of approximately HK$11,977,000 (2022: HK$15,242,000) which are for future vesting of unvested shares under the Company's Share Purchase Scheme.

As at 31 December 2023, 3,880,746 (2022: 12,167,906) and 75,000 (2022: 75,000) issued shares of the Company were held by the Company's Share Purchase Scheme and Share Subscription Scheme as defined in note 36 under the Company's share award schemes, respectively.

Subsequent to the end of the reporting period, in January 2024, the trustee of the Share Purchase Scheme as defined in note 36 under the Company's share award schemes purchased 17,281,000 ordinary shares of the Company on the Hong Kong Stock Exchange for an aggregate consideration of approximately HK$91,540,000 which are for future vesting of unvested shares under the Company's Share Purchase Scheme.

36. LONG-TERM INCENTIVE SCHEMES

(I) The Company

Share option schemes

The Company operates three share option schemes, one adopted by the Company on 8 March 2002 (the "2002 Share Option Scheme"), one adopted by the Company on 30 May 2012, with certain rules of the scheme amended on 5 June 2020, (the "2012 Share Option Scheme") following the expiry of the 2002 Share Option Scheme on 7 March 2012 and a new one adopted by the Company on 7 June 2022 (the "2022 Share Option Scheme") following the expiry of the 2012 Share Option Scheme on 29 May 2022, for grants of options, subject to certain criteria as defined in the share option schemes, to eligible participants including directors, employees and consultants of the Group and its affiliates to purchase the Company's ordinary shares. All share option schemes have a term of 10 years. Following the expiry of the 2002 Share Option Scheme and 2012 Share Option Scheme, no further share options can be granted thereunder but the outstanding options shall continue to be valid and exercisable in accordance with their terms of issue. The maximum term of a share option is 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for share options to be granted is up to 10% of the Company's ordinary shares in issue on the respective dates of approval of each of the schemes, the 10% limit may be refreshed with the Company's shareholders approval. As at 31 December 2023, the total number of shares available for grants under the 2022 Share Option Scheme is 151,668,375. During the year ended 31 December 2023, there were no share options granted or outstanding under the 2022 Share Option Scheme.

The exercise price of a share option grant is determined at the higher of (i) the closing price of the Company's ordinary shares as stated in the daily quotation sheet issued by the Hong Kong Stock Exchange on the date of grant; and (ii) the average closing prices of the Company's shares as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the date of grant. The outstanding share options generally vest over 1 to 3 years (2022: 1 to 3 years).

On 6 April 2022, the Board announced an option exchange program, to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new awarded shares to be granted, subject to the eligible participants' consent (the "Melco Option Exchange Program"). The share options eligible for exchange under the Melco Option Exchange Program were those that were granted during the years from 2016 to 2021 under the 2012 Share Option Scheme, including those unvested, or vested but not exercised. The Melco Option Exchange Program became effective on 6 April 2022 (the "Melco Modification Date"), with a total of 33,590,000 eligible share options were accepted and surrendered by eligible participants (the "Melco Cancelled Share Options") and the Company granted an aggregate of 453,000 new share options under the 2012 Share Option Scheme (the "Melco Replacement Share Options") and 11,032,000 new awarded shares under the Share Purchase Scheme adopted by the Company on 18 October 2007 (the "Melco Replacement Share Awards"). The Melco Replacement Share Options and the Melco Replacement Share Awards have vesting periods of one to two years. The Melco Replacement Share Options expire 10 years from 6 April 2022. A total incremental share-based compensation expense resulting from the Melco Option Exchange Program was approximately HK$326,000, representing the excess of (i) the fair value of the Melco Replacement Share Options measured using the Black-Scholes valuation model on the Melco Modification Date; and (ii) the fair value of the Melco Replacement Share Awards determined with reference to the closing price of the Company's ordinary share as stated in the daily quotation sheet issued by the Hong Kong Stock Exchange on the Melco Modification Date, over the fair value of the Melco Cancelled Share Options immediately before the exchange. The incremental share-based compensation expenses are being recognised over the new vesting periods of the Melco Replacement Share Options and Melco Replacement Share Awards, and the unrecognised compensation costs remaining from the Melco Cancelled Share Options are being recognised over the remainder of their original vesting periods.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(I) The Company (continued)

Share option schemes (continued)

The Company uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of the Company's ordinary shares trading on the Hong Kong Stock Exchange. Expected life is based upon the vesting term, and expected life adopted by other publicly traded companies. The risk-free interest rate used for each period presented is based on the Hong Kong Government Bond rate at the time of grant for the period equal to the expected life.

The fair values of share options granted under the 2012 Share Option Scheme were estimated on the dates of grant/modification using the following assumptions:

	Grant/modification date of the share options 6 April 2022
Share price at date of grant/modification of share options	HK$7.10
Exercise price	HK$7.278
Expected volatility	46% – 48%
Expected life	4.1 – 6.1 years
Risk-free rate	2.24% – 2.41%
Expected dividend yield	0%
Weighted average fair value of a share option at date of grant/modification	HK$3.02

(a) 2002 Share Option Scheme

Movements of the share options granted under the 2002 Share Option Scheme are set out below:

	Number of share options	**Weighted average exercise price** HK$
Outstanding at 1 January 2022	838,000	7.10
Exercised	(478,000)	7.10
Lapsed	(360,000)	7.10
Outstanding at 31 December 2022 and 2023	–	–
Exercisable at 31 December 2023 and 2022	–	–

The weighted average share price at the date of exercise was HK$9.11 during the year ended 31 December 2022.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(I) The Company (continued)

Share option schemes (continued)

(b) *2012 Share Option Scheme*

Movements of the share options granted under the 2012 Share Option Scheme are set out below:

	Number of share options	Weighted average exercise price HK$
Outstanding at 1 January 2022	35,613,000	18.08
Granted	933,000	7.28
Granted under Melco Option Exchange Program	453,000	7.28
Cancelled under Melco Option Exchange Program	(33,590,000)	18.27
Outstanding at 31 December 2022 and 2023	3,409,000	11.86
Exercisable at 31 December 2023	2,561,000	11.18
Exercisable at 31 December 2022	2,009,000	12.21

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

	2023		2022	
Range of exercise prices HK$	**Number of share options outstanding**	**Weighted average remaining contractual life** (years)	**Number of share options outstanding**	**Weighted average remaining contractual life** (years)
7.01 – 8.00	1,386,000	8.27	1,386,000	9.27
10.01 – 11.00	1,499,000	2.27	1,499,000	3.27
12.01 – 13.00	74,000	6.29	74,000	7.29
14.01 – 15.00	202,000	3.27	202,000	4.27
19.01 – 20.00	107,000	5.28	107,000	6.28
23.01 – 24.00	141,000	4.28	141,000	5.28
	3,409,000		3,409,000	

36. LONG-TERM INCENTIVE SCHEMES (continued)

(I) The Company (continued)

Share award schemes

On 18 October 2007, the Company adopted two share incentive award schemes, which have been subsequently amended, namely The Melco Share Purchase Scheme Trust (the "Share Purchase Scheme") and The Melco Share Award Scheme Trust (the "Share Subscription Scheme"), with certain rules of such schemes amended on 28 August 2014, 12 June 2015, 31 March 2020 and 6 April 2022, under trust arrangement pursuant to the trust deed, for grants of shares award, subject to certain criteria as defined in the share incentive award schemes, to eligible participants including directors, employees, and consultants of the Group. The shares awarded to the grantees under the Share Purchase Scheme will mainly be settled by the shares of the Company purchased in the market by an independent trustee whereas the shares awarded to the grantees under the Share Subscription Scheme will be settled by allotment and issuance of new shares of the Company to an independent trustee. Such shares will be held in trust for the award holders until the vesting criteria and conditions have been satisfied. The Share Purchase Scheme and the Share Subscription Scheme both have a term of 20 years and the scheme limit under each of the schemes is 2% (the scheme limit of Share Purchase Scheme changed from 2% to 3% with effect from 6 April 2022) of the issued shares of the Company from time to time (excluding the shares which have already been transferred to the eligible participants on vesting and providing that the Board and such committee delegated by the Board to administer the relevant schemes may resolve to increase such limit at its sole discretion). The fair values of the awarded shares are determined with reference to the closing prices of the ordinary shares of the Company as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange at the respective dates of grant or modification, if applicable.

As at 31 December 2023, the accrued liability associated with the cash-settled awarded shares was HK$9,955,000 (2022: HK$18,165,000). Remeasurement gain of the liability associated with the cash-settled awarded shares of HK$1,698,000 (2022: HK$1,509,000) was recognised for the year ended 31 December 2023.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(I) The Company (continued)

Share award schemes (continued)

(a) Share Purchase Scheme

Movements of the awarded shares granted under the Share Purchase Scheme are set out below:

	Number of awarded shares	Weighted average grant/ modification date fair value HK$
Equity-settled		
Unvested at 1 January 2022	10,782,296	15.31
Granted	15,472,700	7.10
Granted under Melco Option Exchange Program	7,381,925	7.10
Vested	(1,319,106)	15.76
Modified to cash-settled	(15,990)	15.32
Unvested at 31 December 2022 and 1 January 2023	32,301,825	9.48
Granted	12,010,180	9.54
Vested	(11,992,954)	8.52
Unvested at 31 December 2023	32,319,051	9.86
Cash-settled		
Unvested at 1 January 2022	958,704	18.75
Granted	215,300	7.10
Granted under Melco Option Exchange Program	3,650,075	7.10
Vested	(932,894)	18.86
Modified from equity-settled	15,990	15.32
Unvested at 31 December 2022 and 1 January 2023	3,907,175	7.18
Granted	177,820	9.54
Vested	(1,927,046)	7.21
Unvested at 31 December 2023	2,157,949	7.35
Total unvested awarded shares at 31 December 2023	34,477,000	9.70
Total unvested awarded shares at 31 December 2022	36,209,000	9.23

(b) Share Subscription Scheme

No award was granted or outstanding under the Share Subscription Scheme during the years ended 31 December 2023 and 2022.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts

Melco Resorts share incentive plans

Melco Resorts adopted a share incentive plan in 2011 (as amended) (the "Melco Resorts 2011 Share Incentive Plan") and a share incentive plan in 2021 (the "Melco Resorts 2021 Share Incentive Plan"). Under the plans, Melco Resorts may grant various share-based awards, including but not limited to, options, restricted shares, share appreciation rights and other types of awards, subject to certain criteria as defined in the share incentive plans, to eligible participants including directors, employees and consultants of Melco Resorts and its subsidiaries and affiliates (including the Company).

All share incentive plans of Melco Resorts have a term of 10 years. In view of impending expiry of the Melco Resorts 2011 Share Incentive Plan, Melco Resorts adopted the Melco Resorts 2021 Share Incentive Plan effective on 6 December 2021 (also the termination date of the Melco Resorts 2011 Share Incentive Plan). Upon the termination of the Melco Resorts 2011 Share Incentive Plan, no further awards can be granted under the Melco Resorts 2011 Share Incentive Plan but the provisions of such plan shall remain in full force and effect in all other respects for any awards granted prior to the date of the termination of such plan.

The maximum term of an award is 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the Melco Resorts 2021 Share Incentive Plan may be increased from time to time, provided that the maximum aggregate number of Melco Resorts' ordinary shares which may be issued upon exercise of options granted under the Melco Resorts 2021 Share Incentive Plan shall not be more than 10% of the total number of the issued share capital of Melco Resorts on the date the new plan limit is approved by the shareholders of the Company in accordance with the applicable listing rules in Hong Kong. As at 31 December 2023, there were 104,653,941 ordinary shares available for grants under the Melco Resorts 2021 Share Incentive Plan.

The exercise price of a share option grant is determined at the market closing price of Melco Resorts' ADSs trading on the Nasdaq Global Select Market on the date of grant. The outstanding share options generally vest over 1 to 3 years (2022: 1 to 3 years).

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts (continued)

Melco Resorts share incentive plans (continued)

On 28 March 2022, the compensation committee of Melco Resorts approved a proposal to allow for an option exchange program, designed to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants' consent (the "Melco Resorts Option Exchange Program"). The share options eligible for exchange under the Melco Resorts Option Exchange Program were those that were granted during the years from 2012 to 2021 under the Melco Resorts 2011 Share Incentive Plan, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Melco Resorts Option Exchange Program became unconditional and effective on 15 April 2022, the date Melco Resorts accepted the eligible participants' consent (the "Melco Resorts Modification Date"), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the "Melco Resorts Cancelled Share Options") and Melco Resorts granted an aggregate of 2,486,241 new share options (the "Melco Resorts Replacement Share Options") and 5,912,547 new restricted shares (the "Melco Resorts Replacement Restricted Shares") under the Melco Resorts 2021 Share Incentive Plan. The Melco Resorts Replacement Share Options and Melco Resorts Replacement Restricted Shares have vesting periods of one to two years. The Melco Resorts Replacement Share Options expire 10 years from 6 April 2022. A total incremental share-based compensation expense resulting from the Melco Resorts Option Exchange Program was approximately US$3,306,000 (equivalent to approximately HK$25,947,000), representing the excess of (i) the fair value of certain Melco Resorts Replacement Share Options measured using the Black-Scholes valuation model on the Melco Resorts Modification Date; and (ii) the fair value of certain Melco Resorts Replacement Restricted Shares determined with reference to the market closing price of Melco Resorts' ADSs trading on the Nasdaq Global Select Market on the Melco Resorts Modification Date, over the fair value of the Melco Resorts Cancelled Share Options that were granted during 2013 to 2021 immediately before the exchange. The incremental share-based compensation expenses are being recognised over the new vesting periods of the Melco Resorts Replacement Share Options and Melco Resorts Replacement Restricted Shares, and the unrecognised compensation costs remaining from the Melco Resorts Cancelled Share Options are being recognised over the remainder of their original vesting periods.

Melco Resorts uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco Resorts' ADSs trading on the Nasdaq Global Select Market. Expected life is based upon the vesting term or the historical expected life of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected life.

The fair values of the restricted shares are determined with reference to the market closing prices of Melco Resorts' ADSs trading on the Nasdaq Global Select Market on the dates of grant or modification, if applicable.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts (continued)

Melco Resorts share incentive plans (continued)

The fair values of share options granted under the Melco Resorts 2021 Share Incentive Plan were estimated on the dates of grant/modification using the following assumptions:

	Grant/modification date of the share options		
	5 April 2023	**15 April 2022**	**6 April 2022**
Share price at date of grant/modification of share options	US$4.13	US$2.27	US$2.47
Exercise price	US$4.13	US$2.47	US$2.47
Expected volatility	58.67%	52.50%	51.00%
Expected life	5.1 years	4.6 years	5.1 years
Risk-free rate	3.39%	2.75%	2.69%
Expected dividend yield	2.50%	2.50%	2.50%
Weighted average fair value of share options at the date of grant/modification	US$1.82	US$0.82	US$0.94

Share options

(a) Melco Resorts 2011 Share Incentive Plan

Movements of the share options granted under the Melco Resorts 2011 Share Incentive Plan during the years ended 31 December 2023 and 2022 are set out below:

	Number of share options	**Weighted average exercise price** US$
Outstanding at 1 January 2022	30,696,106	6.07
Forfeited or expired	(1,773,409)	5.49
Cancelled under Melco Resorts Option Exchange Program	(26,076,978)	6.13
Outstanding at 31 December 2022 and 1 January 2023	2,845,719	5.89
Exercised	(14,094)	4.13
Forfeited or expired	(141,978)	5.42
Outstanding at 31 December 2023	2,689,647	5.93
Exercisable at 31 December 2023	2,570,973	5.88
Exercisable at 31 December 2022	2,262,303	6.02

The weighted average share price at the date of exercise was US$4.63 during the year ended 31 December 2023.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts (continued)

Melco Resorts share incentive plans (continued)

Share options (continued)

(a) Melco Resorts 2011 Share Incentive Plan (continued)

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

	2023		2022	
Range of exercise prices	**Number of share options outstanding**	**Weighted average remaining contractual life**	**Number of share options outstanding**	**Weighted average remaining contractual life**
US$		(years)		(years)
4.01 – 5.00	1,037,043	6.25	1,111,266	7.25
5.01 – 6.00	365,130	1.62	403,971	2.41
6.01 – 7.00	729,357	5.63	757,467	6.69
8.01 – 9.00	323,652	5.25	338,550	6.25
9.01 – 10.00	234,465	4.24	234,465	5.24
	2,689,647		2,845,719	

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts (continued)

Melco Resorts share incentive plans (continued)

Share options (continued)

(b) Melco Resorts 2021 Share Incentive Plan

Movements of the share options granted under the Melco Resorts 2021 Share Incentive Plan during the years ended 31 December 2023 and 2022 are set out below:

	Number of share options	Weighted average exercise price US$
Outstanding at 1 January 2022	–	–
Granted	2,874,285	2.47
Granted under Melco Resorts Option Exchange Program	2,486,241	2.47
Outstanding at 31 December 2022 and 1 January 2023	5,360,526	2.47
Granted	158,949	4.13
Exercised	(68,148)	2.47
Outstanding at 31 December 2023	5,451,327	2.52
Exercisable at 31 December 2023	2,133,066	2.47
Exercisable at 31 December 2022	–	–

The weighted average share price at the date of exercise was US$4.36 during the year ended 31 December 2023.

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

	2023		2022	
Range of exercise prices US$	Number of share options outstanding	Weighted average remaining contractual life (years)	Number of share options outstanding	Weighted average remaining contractual life (years)
2.01 – 3.00	5,292,378	8.26	5,360,526	9.26
4.01 – 5.00	158,949	9.26	–	–
	5,451,327		5,360,526	

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts (continued)

Melco Resorts share incentive plans (continued)

Restricted shares

(a) Melco Resorts 2011 Share Incentive Plan

Movements of the restricted shares granted under the Melco Resorts 2011 Share Incentive Plan during the years ended 31 December 2023 and 2022 are set out below:

	Number of restricted shares	**Weighted average grant date fair value**
		US$
Unvested at 1 January 2022	18,531,384	5.35
Vested	(10,282,560)	5.29
Forfeited	(543,504)	5.57
Unvested at 31 December 2022 and 1 January 2023	7,705,320	5.42
Vested	(5,760,885)	4.97
Forfeited	(117,597)	5.93
Unvested at 31 December 2023	1,826,838	6.81

(b) Melco Resorts 2021 Share Incentive Plan

Certain restricted shares were approved by Melco Resorts to be granted under the Melco Resorts 2021 Share Incentive Plan to the eligible management personnel of the Group in lieu of the 2022 bonus for their services performed during 2022. A total of 4,350,111 restricted shares were granted and vested immediately on 5 April 2023 with the grant date fair value of US$12.38 per ADS or US$4.13 per share, which was the closing price of Melco Resorts' ADSs trading on the Nasdaq Global Select Market on the date of grant. Based on the estimated bonus amount, share-based compensation expenses of HK$139,991,000, of which HK$5,312,000 were capitalised, were recognised for such grant during the year ended 31 December 2022.

36. LONG-TERM INCENTIVE SCHEMES (continued)

(II) Melco Resorts (continued)

Melco Resorts share incentive plans (continued)

Restricted shares (continued)

(b) Melco Resorts 2021 Share Incentive Plan (continued)

Movements of the restricted shares granted under the Melco Resorts 2021 Share Incentive Plan during the years ended 31 December 2023 and 2022 are set out below:

	Number of restricted shares	**Weighted average grant/ modification date fair value** US$
Unvested at 1 January 2022	–	–
Granted	19,282,521	2.35
Granted under Melco Resorts Option Exchange Program	5,912,547	2.27
Vested	(5,574,357)	2.33
Forfeited	(437,283)	2.40
Unvested at 31 December 2022 and 1 January 2023	19,183,428	2.33
Granted	11,086,512	4.12
Vested	(12,819,975)	2.87
Forfeited	(362,919)	2.64
Unvested at 31 December 2023	17,087,046	3.08

37. EMPLOYEE BENEFIT PLANS

The Group operates defined contribution fund schemes in different jurisdictions, which allow eligible employees to participate in defined contribution plans (the "Defined Contribution Fund Schemes"). The Group either contributes a fixed percentage of the eligible employees' relevant income, a fixed amount or an amount which matches the contributions of the employees up to a certain percentage of relevant income to the Defined Contribution Fund Schemes. The Group's contributions to the Defined Contribution Fund Schemes are vested with employees in accordance to vesting schedules, achieving full vesting ranging from upon contribution to 10 years from the date of employment. The Defined Contribution Fund Schemes were established under trusts with the fund assets being held separately from those of the Group by independent trustees.

Employees employed by the Group in different jurisdictions are members of government-managed social security fund schemes (the "Social Security Fund Schemes"), which are operated by the respective governments, if applicable. The Group is required to pay monthly fixed contributions or certain percentages of employee relevant income and meet the minimum mandatory requirements of the respective Social Security Fund Schemes to fund the benefits.

Forfeited contributions totalling HK$17,791,000 (2022: HK$8,125,000) were utilised during the year ended 31 December 2023. As at 31 December 2023, HK$8,527,000 (2022: HK$12,060,000) was available to reduce future contributions.

During the year ended 31 December 2023, the Group's contributions into the defined contribution retirement benefits schemes and social security funds were HK$250,378,000 (2022: HK$201,925,000).

38. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES

Melco Resorts

On 18 August 2022, the Company, Melco Resorts and Melco Leisure 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.

38. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES (continued)

SCIHL

During February and March 2022, SCIHL, respectively, announced and completed a series of private offers of 400,000,000 Class A ordinary shares to certain existing shareholders and holders of its ADSs, including the Group, with gross proceeds amounting to US$300,000,000 (equivalent to approximately HK$2,338,305,000), of which approximately US$134,944,000 (equivalent to approximately HK$1,051,857,000) was from non-controlling interests and approximately US$165,056,000 (equivalent to approximately HK$1,286,448,000) was from the Group (the "2022 Private Placements"). The 2022 Private Placements increased the Group's shareholding in SCIHL which was funded by the Group's drawdown of US$170,000,000 (equivalent to approximately HK$1,327,700,000) from the 2020 Credit Facilities on 23 February 2022. The Group retains its controlling financial interests in SCIHL before and after the 2022 Private Placements.

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 SCIHL decreased from 31.41% on 1 January 2022 to 29.98% on 31 December 2022. The Group recognised a decrease of HK$964,000 in special reserve and an increase of HK$1,046,253,000 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 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.

39. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2023, property, plant and equipment amounting to HK$256,511,000 (2022: HK$1,086,875,000) were purchased from external parties and remained unsettled as at 31 December 2023.

During the year ended 31 December 2023, intangible assets amounting to HK$49,057,000 (2022: HK$22,520,000) were purchased from external parties and remained unsettled as at 31 December 2023.

(b) Changes in liabilities arising from financing activities during the years ended 31 December 2023 and 2022

	Interest-bearing borrowings HK$'000	**Lease liabilities** HK$'000	**Concession and license liabilities** HK$'000
At 1 January 2022	57,876,601	3,711,393	–
New leases	–	100,140	–
Net changes of cash flows from financing activities	14,200,508	(457,683)	–
Exchange adjustments	59,423	(278,452)	–
Other (note)	74,475	(715,823)	–
At 31 December 2022	72,211,007	2,359,575	–
New leases	–	204,448	–
Recognition of Concession and license liabilities	–	–	2,450,395
Net changes of cash flows from financing activities	(8,824,025)	(427,361)	(209,503)
Exchange adjustments	47,331	21,643	9,121
Other (note)	123,142	157,951	183,579
At 31 December 2023	63,557,455	2,316,256	2,433,592

Note:

"Other" mainly represents the effects of movements in deferred financing costs, modification or extinguishment of debts, lease modification and interest incurred during the year.

40. REGULAR LICENSE, COOPERATION AGREEMENT, OPERATING AGREEMENT AND MRP LEASE AGREEMENT FOR CITY OF DREAMS MANILA

The following agreements related to the development of City of Dreams Manila were entered into by the relevant parties of the Licensees (described below) and certain of its subsidiaries, which became effective on 13 March 2013 and end on the date of expiry of the Regular License, currently expected to be on 11 July 2033, unless terminated earlier in accordance with the respective terms of the individual agreements.

(a) Regular License

On 29 April 2015, PAGCOR issued a regular casino gaming license, as amended (the "Regular License") in replacement of a provisional license granted by PAGCOR as of 13 March 2013, to the co-licensees (the "Licensees") namely, MPHIL Holdings No.1 Corporation, a subsidiary of MRP, and its subsidiaries including Melco Resorts Leisure (collectively the "MPHIL Holdings Group"), SM Investments Corporation ("SMIC"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (SMIC, Belle and PLAI are collectively referred to as the "Philippine Parties") for the establishment and operation of City of Dreams Manila, with Melco Resorts Leisure, a co-licensee, as the "special purpose entity" to operate the casino business and as representative for itself and on behalf of the other co-licensees in dealings with PAGCOR. The Regular License has the same terms and conditions as the provisional license and is valid until 11 July 2033. Further details of the terms and commitments under the Regular License are included in note 42.

(b) Cooperation Agreement

The Licensees and certain of its subsidiaries entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements which govern the rights and obligations of the Licensees. Under the Cooperation Agreement, Melco Resorts Leisure is appointed as the sole and exclusive representative of the Licensees in connection with the Regular License and is designated as the operator to operate and manage City of Dreams Manila. Further details of the commitments under the Cooperation Agreement are included in note 42.

(c) Operating Agreement

The Licensees entered into an operating agreement (the "Operating Agreement") which governs the operation and management of City of Dreams Manila by Melco Resorts Leisure. Under the Operating Agreement, Melco Resorts Leisure is appointed as the sole and exclusive operator and manager of City of Dreams Manila, and is responsible for, and has sole discretion (subject to certain exceptions) and control over, all matters relating to the operation and management of City of Dreams Manila (including the gaming and non-gaming operations). The Operating Agreement also includes terms of certain monthly payments to PLAI from Melco Resorts Leisure, based on the performance of gaming operations of City of Dreams Manila, and is included in payments to the Philippine Parties in the consolidated statement of profit or loss and other comprehensive income, and further provides that Melco Resorts Leisure has the right to retain all revenues from non-gaming operations of City of Dreams Manila.

As a result of the disruptions and impact caused by the COVID-19 outbreak, on 22 March 2021, Melco Resorts Leisure and PLAI entered into a supplemental agreement to the Operating Agreement where the monthly payments paid or payable by Melco Resorts Leisure from 2019 to 2022 were adjusted.

40. REGULAR LICENSE, COOPERATION AGREEMENT, OPERATING AGREEMENT AND MRP LEASE AGREEMENT FOR CITY OF DREAMS MANILA (continued)

(d) MRP Lease Agreement

Melco Resorts Leisure and Belle entered into a lease agreement, as amended from time to time (the "MRP Lease Agreement") under which Belle agreed to lease to Melco Resorts Leisure the land and certain of the building structures for City of Dreams Manila. The leased property is used by Melco Resorts Leisure and any of its affiliates exclusively as a hotel, casino and resort complex.

During the year ended 31 December 2022, Melco Resorts Leisure and Belle entered into supplemental agreements to the MRP Lease Agreement to make certain adjustments to the rental payments paid or payable by Melco Resorts Leisure from 2022 to 2033.

41. CONTRACTUAL COMMITMENTS

	2023 HK$'000	**2022** HK$'000
Capital expenditure in respect of the acquisition of property, plant and equipment	405,723	613,025

42. OTHER COMMITMENTS

Concession – Macau

Under the Concession awarded by the Macau government to Melco Resorts Macau on 16 December 2022, in addition to the fixed premium and variable premiums, as well as the Fee disclosed in note 18, Melco Resorts Macau is obligated to pay the Macau government the following:

(i) A special gaming tax of an amount equal to 35% of gross gaming revenue on a monthly basis;

(ii) Contributions of 2% and 3% of gross gaming revenue to a public fund, and to urban development, touristic promotion and social security, respectively, on a monthly basis. These contributions may be waived or reduced with respect to gross gaming revenue generated by foreign patrons under certain circumstances;

(iii) A special premium in the event the average gross gaming revenue of Melco Resorts Macau's gaming tables does not reach the annual minimum of MOP7,000,000 (equivalent to approximately HK$6,796,000) and the average gross gaming revenue of the electronic gaming machines does not reach the annual minimum of MOP300,000 (equivalent to approximately HK$291,000). The amount of the special premium is equivalent to the difference between the amount of the special gaming tax paid by Melco Resorts Macau and the amount that would be paid under the annual minimum set average gross gaming revenue for gaming tables and electronic gaming machines; and

(iv) Melco Resorts Macau must maintain a guarantee issued by a Macau bank in favour of the Macau government in the amount of MOP1,000,000,000 (equivalent to approximately HK$970,874,000) until 180 days after the earlier of the expiration or termination of the Concession to guarantee its performance of certain of its legal and contractual obligations, including labour obligations.

As a result of the bank guarantee issued by the bank to the Macau government as disclosed above, a sum of 0.03% per annum of the guarantee amount is payable by Melco Resorts Macau to the bank.

Committed investment

In connection with the Concession, Melco Resorts Macau has undertaken to carry out investment in the overall amount of MOP11,823,700,000 (equivalent to approximately HK$11,479,320,000) by December 2032. The investment plan includes gaming and non-gaming related projects in the expansion of foreign market patrons, conventions and exhibitions, entertainment shows, sports events, art and culture, health and well-being, thematic entertainment, gastronomy, community and maritime tourism and others. Out of the total investment amount referred to above, MOP10,008,000,000 (equivalent to approximately HK$9,716,505,000) is to be applied to non-gaming related projects, with the balance applied to gaming related projects.

42. OTHER COMMITMENTS (continued)

Concession – Macau (continued)

Committed investment (continued)

Melco Resorts Macau has undertaken to carry out incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003,000,000 (equivalent to approximately HK$1,944,660,000), in the event the Macau's annual gross gaming revenue reaches MOP180,000,000,000 (equivalent to approximately HK$174,757,282,000) (the "Incremental Investment Trigger"). As Macau's annual gross gaming revenue exceeded MOP180,000,000,000 (equivalent to approximately HK$174,757,282,000) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003,000,000 (equivalent to approximately HK$1,944,660,000) to MOP12,011,000,000 (equivalent to approximately HK$11,661,165,000), with the overall investment amount increased to MOP13,826,700,000 (equivalent to approximately HK$13,423,980,000) to be carried out by December 2032. As of 31 December 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,330,971,000 (equivalent to approximately HK$1,292,205,000).

Regular License – Philippines

Commitments required by PAGCOR under the Regular License are as follows:

(i) to secure a surety bond in favour of PAGCOR in the amount of PHP100,000,000 (equivalent to approximately HK$14,058,000) to ensure prompt and punctual remittances/payments of all license fees;

(ii) license fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the gross gaming revenues: (a) 15% high roller tables; (b) 25% non-high roller tables; (c) 25% slot machines and electronic gaming machines; and (d) 15% junket operations. The license fees are inclusive of the 5% franchise tax under the terms of the PAGCOR Charter. In October 2021, certain terms under the Regular License were amended to include the monthly minimum guarantee fee of PHP300,000 (equivalent to approximately HK$42,000) on certain games under the 25% non-high roller tables effective on 15 March 2022. This monthly minimum guarantee fee was discontinued in June 2022, but was reinstated on 2 March 2023;

(iii) the Licensees are required to remit 2% of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the Licensees and approved by PAGCOR;

(iv) PAGCOR may collect a 5% fee on non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues from hotel operations should not be subject to the 5% fee except for rental income received from retail concessionaires; and

(v) grounds for revocation of the Regular License, among others, are as follows: (a) failure to comply with material provisions of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) the holder has become bankrupt or insolvent; and (d) if the debt-to-equity ratio is more than 70:30. As at 31 December 2023 and 2022, MPHIL Holdings Group, as one of the Licensee parties, has complied with the required debt-to-equity ratio under the definition as agreed with PAGCOR.

42. OTHER COMMITMENTS (continued)

Cooperation Agreement – Philippines

Under the terms of the Cooperation Agreement, the Licensees are jointly and severally liable to PAGCOR under the Regular License and each Licensee (indemnifying Licensee) must indemnify the other Licensees for any losses suffered or incurred by that Licensee arising out of, or in connection with, any breach by the indemnifying Licensee of the Regular License. Also, each of the Philippine Parties and MPHIL Holdings Group agree to indemnify the non-breaching party for any losses suffered or incurred as a result of a breach of any warranties.

Gaming License – Cyprus

Pursuant to the Cyprus License agreement, in addition to the Cyprus License Fee (see note 18), the Cyprus Subsidiary has committed to pay the Cyprus government a casino tax of an amount equal to 15% of the gross gaming revenue on a monthly basis and the rate shall not be increased during the period of exclusivity for the Cyprus License.

Guarantees

Except as disclosed in note 32 and the bank guarantees under "Concession – Macau" section of this note, the Group had made the following significant guarantees as at 31 December 2023:

(i) Melco Resorts entered into two deeds of guarantee with third parties amounting to US$35,000,000 (equivalent to approximately HK$273,412,000) to guarantee certain payment obligations of the City of Dreams' operations;

(ii) in October 2013, one of the Company's subsidiaries entered into a trade credit facility agreement for HK$200,000,000 ("Trade Credit Facility") with a bank to meet certain payment obligations of the Studio City project. The Trade Credit Facility which matured on 31 August 2023 was further extended to 31 August 2025 in July 2023, with no material changes in the underlying terms and conditions, and is guaranteed by Studio City Company. As at 31 December 2023, approximately HK$5,000,000 of the Trade Credit Facility had been utilised; and

(iii) Melco Resorts Leisure issued a corporate guarantee of PHP100,000,000 (equivalent to approximately HK$14,058,000) to a bank in respect of a surety bond issued to PAGCOR as disclosed above under the Regular License.

42. OTHER COMMITMENTS (continued)

Litigation

Car parking spaces litigation

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

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

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

The trial day was scheduled to be held in the second quarter of 2024.

Based on legal advice, the Group is of the view that the chance that Gain Premium being successful in its defence and counterclaim is not probable and therefore no provision for counterclaim liability has been made by the Group in these consolidated financial statements.

General litigation

As at 31 December 2023, the Group was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impact on the Group's consolidated financial statements as a whole.

43. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel

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

	2023 HK$'000	2022 HK$'000
Short-term benefits	56,492	38,655
Discretionary bonus	23,782	–
Post-employment benefits	869	869
Share-based compensation	204,389	328,813
	285,532	368,337

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals, the Group's operating results and market standards.

(b) Other related party transaction

As at 31 December 2023, Mr. Ho and his controlled entity held an aggregate principal amount of US$60,000,000 (equivalent to approximately HK$468,706,000) (2022: US$60,000,000 (equivalent to approximately HK$468,571,000)) senior notes issued by a subsidiary of the Company, which are unsecured and not convertible or exchangeable. Mr. Ho and his controlled entity purchased the senior notes at their face values.

During the year ended 31 December 2023, total interest expenses of US$3,300,000 (equivalent to approximately HK$25,839,000) (2022: US$3,300,000 (equivalent to approximately HK$25,850,000) in relation to the senior notes issued by the subsidiary were paid or payable to Mr. Ho and his controlled entity.

(c) Intercompany credit facility

On 28 March 2022, the Company entered into a facility agreement (the "Facility Agreement") with Melco Resorts pursuant to which a US$250,000,000 (equivalent to approximately HK$1,952,500,000) revolving loan facility was granted by Melco Resorts as lender to the Company as borrower for a period of 12 months after the first utilisation date (the last day of such period being the "Final Repayment Date"). The Company could request utilisation of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of the Company and its subsidiaries (excluding Melco Resorts and its subsidiaries). Principal amounts outstanding under the Facility Agreement bore interest at an annual rate of 11%, with outstanding principal amounts and accrued interest payable by the Company on the Final Repayment Date. The Company drew down US$200,000,000 (equivalent to approximately HK$1,569,403,000) on 7 April 2022. On 31 December 2022, the Company and Melco Resorts agreed to amend the Final Repayment Date to 30 June 2024, subject to certain conditions. As at 31 December 2022, the outstanding principal amount due from the Company to Melco Resorts was US$200,000,000 (equivalent to approximately HK$1,561,902,000) and the amount of which was eliminated in the consolidated financial statements for the year ended 31 December 2022. On 10 March 2023, the Facility Agreement was terminated following the settlement of all outstanding amounts under the Facility Agreement due by the Company to Melco Resorts in January and March 2023.

44. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial assets

2023

	Financial assets at amortised cost HK$'000
Trade receivables	715,857
Financial assets included in prepayments, deposits and other receivables	422,727
Cash and bank balances	10,765,478
Restricted cash	1,054,325
	12,958,387

2022

	Financial assets at fair value through profit or loss HK$'000	Financial assets at amortised cost HK$'000
Trade receivables	–	437,273
Financial assets included in prepayments, deposits and other receivables	–	331,180
Cash and bank balances	–	14,317,506
Other financial assets	21,168	–
Restricted cash	–	4,006,631
	21,168	19,092,590

Financial liabilities

	Financial liabilities at amortised cost	
	2023 HK$'000	2022 HK$'000
Trade payables	91,807	52,557
Financial liabilities included in other payables, accruals and deposits received	6,045,106	4,063,525
Interest-bearing borrowings	63,557,455	72,211,007
Lease liabilities	2,316,256	2,359,575
	72,010,624	78,686,664

44. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, deposits, restricted cash, other financial assets, cash and bank balances, trade and other payables, interest-bearing borrowings and lease liabilities. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. Details of the sensitivity analysis for currency risk and interest rate risk are set out below.

Market risk

(i) Currency risk

The Group operates in various countries in Asia and Europe and is exposed to foreign exchange risk. Foreign exchange risk arises from future commercial transactions and recognised monetary assets and liabilities denominated in a currency that is not the functional currency of the relevant group entities. The Group has certain cash and bank balances, trade and other receivables, deposits, restricted cash, other financial assets, trade and other payables and interest-bearing borrowings denominated in currencies other than the functional currencies of the relevant group entities.

The Group has not engaged in the hedging transactions with respect to foreign exchange exposure of the revenues and expenses in the day-to-day operations during the years ended 31 December 2023 and 2022. Instead, the Group maintains a certain amount of the operating funds in the same currencies in which the Group has obligations, thereby reducing the exposure to currency fluctuations. However, the Group occasionally enters into foreign exchange transactions as part of financing transactions and capital expenditure programs.

The Group's foreign currency transactions are mainly denominated in US$.

The carrying amounts of the US$-denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		**Liabilities**	
	2023	**2022**	**2023**	**2022**
	HK$'000	HK$'000	HK$'000	HK$'000
US$	21,614,215	22,882,665	(27,450,805)	(35,470,712)

44. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to transactions denominated in US$ against HK$, which is the functional currency of the relevant group entities.

The following table details the Group's sensitivity to a 1% increase or decrease in HK$ against US$. 1% is the sensitivity rate used for US$, when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding US$-denominated monetary items and adjusts their translation at the year end for a 1% change in foreign currency rate.

The number below indicates a decrease in loss where the HK$ strengthens 1% against US$ and all other variables were held constant. For a 1% weakening of the HK$ against the relevant US$ and all other variables were held constant, there would be an equal and opposite impact on the loss.

	US$ Impact (note) HK$'000
2023: Loss for the year	58,366
2022: Loss for the year	125,880

Note: This is mainly attributable to the exposure on outstanding US$-denominated cash and bank balances, receivables, payables and other financial assets at the end of the reporting period.

44. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is primarily exposed to cash flow interest rate risk in relation to borrowings which carried interest at floating rate (see note 32 for details). 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.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for variable-rate borrowings. The analysis is prepared by assuming the amount of variable-rate borrowings at the end of the reporting period was outstanding for the whole year. 50 basis points is the sensitivity rate used for variable-rate borrowings, when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rate.

The following analysis details the Group's sensitivity to a 50 basis points increase or decrease on its variable-rate borrowings.

The numbers below indicate an increase in loss if the interest rate had been 50 basis points higher and all other variables were held constant. If the interest rate had been 50 basis points lower and all other variables were held constant, there would be an equal and opposite impact on the loss.

	Borrowings HK$'000
2023: Loss for the year	66,844
2022: Loss for the year	106,871

44. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

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.

As at 31 December 2023, the Group has concentration of credit risk as 40% (2022: 64%) of the Group's trade receivables are due from the Group's five largest customers under the Casino and Hospitality segment. The Group believes that the concentration of its credit risk in trade receivables is mitigated substantially by its credit evaluation processes, credit policies, credit controls and collection procedures, and also believes that no significant credit risk is inherent in the Group's trade receivables not provided with allowances for credit losses as of 31 December 2023 and 2022.

Maximum exposure and year-end staging

Credit risk from the financial assets of the Group was mainly comprised cash and cash equivalents, restricted cash, trade receivables, other financial assets, deposits and other receivables. The carrying amounts of these financial assets represented the maximum exposure to credit risk.

The credit risk on cash and cash equivalents and restricted cash was limited because they were deposited with several banks with high credit ratings assigned by international credit-rating agencies. Trade receivables, deposits and other receivables and other financial assets were considered as high grade as the Group only trades with recognised and creditworthy parties.

The Group applies the general approach for impairment of these financial assets except for trade receivables and other financial assets. For the years ended 31 December 2023 and 2022, other than impairment on certain financial assets, the credit risks for the financial assets that are subject to impairment under the general approach have not increased significantly since initial recognition and for which the loss allowances are measured at an amount equal to 12-month ECLs. The Group applies the simplified approach for impairment of trade receivables (note 24).

44. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

For management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as a significant source of liquidity, details of which are set out in note 32. As at 31 December 2023, the Group had available unused banking facilities of HK$8,246,959,000 (2022: HK$561,019,000), subject to the satisfaction of certain conditions precedent.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual repayment date or the earliest date that the Group is required to pay. The amounts disclosed are based on undiscounted cash flows that include principal and interest payments.

To the extent that interest flows are at floating rates, the undiscounted amount is derived from the interest rate at the end of the reporting period.

	On demand or less than one year HK$'000	**In the second year** HK$'000	**In the third to fifth years** HK$'000	**Over five years** HK$'000	**Total undiscounted cash flows** HK$'000
31 December 2023					
Trade and other payables	3,859,198	311,835	1,202,881	2,448,633	7,822,547
Borrowings	3,787,764	22,207,523	32,108,493	18,039,168	76,142,948
Lease liabilities	453,132	395,205	1,048,790	1,835,972	3,733,099
	8,100,094	22,914,563	34,360,164	22,323,773	87,698,594
31 December 2022 (Restated)					
Trade and other payables	3,887,945	195,412	18,274	14,451	4,116,082
Borrowings	4,523,528	19,356,347	35,896,915	29,710,962	89,487,752
Lease liabilities	392,033	361,718	1,024,694	2,197,462	3,975,907
	8,803,506	19,913,477	36,939,883	31,922,875	97,579,741
1 January 2022 (Restated)					
Trade and other payables	4,457,390	180,442	12,867	7,142	4,657,841
Borrowings	3,045,142	3,249,770	32,003,115	36,036,641	74,334,668
Lease liabilities	527,407	454,813	1,327,951	3,252,992	5,563,163
	8,029,939	3,885,025	33,343,933	39,296,775	84,555,672

Prior period comparatives of borrowings have been restated for the adoption of the 2020 Amendments and 2022 Amendments (note 2.2).

44. FINANCIAL INSTRUMENTS (continued)

(c) Fair value measurements of financial instruments

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

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

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

Fair value hierarchy as at 31 December

	2023 HK$'000	**2022** HK$'000
Financial assets at fair value through profit or loss		
Level 3		
Convertible Note	–	21,168

The fair value of the Convertible Note as at 31 December 2022 was determined based on the discounted cash flow method as detailed in note 28 and were classified as Level 3 of the fair value hierarchy. The Group disposed of the Convertible Note during the year ended 31 December 2023.

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

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

Based on the results of the assessment, the Group considers that the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements that are not measured at fair value on a recurring basis approximate their fair values.

45. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of debt, which is the interest-bearing borrowings disclosed in note 32, and equity attributable to owners of the Company, comprised of issued share capital and deficit/reserves.

	2023	**2022**
	HK$'000	HK$'000
Debt – interest-bearing borrowings (note 32)	63,557,455	72,211,007
Equity attributable to owners of the Company	664,998	1,791,305

The Group reviews the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on the directors' assessment, the Group will balance its overall capital structure through the payment of dividends, new share issues and share repurchase as well as the issue of new debt or the redemption of existing debt.

46. NON-WHOLLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of non-wholly-owned subsidiaries that have material non-controlling interests

Name	**Place of incorporation and principal place of business**	**Proportion of ownership interests and voting rights held by non-controlling interests**		**Loss allocated to non-controlling interests**		**Accumulated non-controlling interests**	
		2023	**2022**	**2023**	**2022**	**2023**	**2022**
				HK$'000	HK$'000	HK$'000	HK$'000
Melco Resorts Group	Cayman Islands/Macau/the Philippines/Cyprus	47.58%	45.50%	(1,750,118)	(4,871,955)	9,676,248	11,562,727
Individually immaterial subsidiaries with non-controlling interests				(71)	(2,235)	31,961	32,033
				(1,750,189)	(4,874,190)	9,708,209	11,594,760

46. NON-WHOLLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

The summarised financial information of Melco Resorts Group below represents amounts before intragroup eliminations.

Melco Resorts Group

	31 December 2023 HK$'000	31 December 2022 HK$'000	1 January 2022 HK$'000 (Restated)
Current assets	12,072,426	16,209,194	14,577,468
Non-current assets	76,477,750	79,457,298	78,664,694
Current liabilities	8,613,578	6,732,897	7,887,764
Non-current liabilities	65,176,467	70,410,516	57,093,962

	2023 HK$'000	2022 HK$'000
Revenue	29,548,857	10,582,797
Expenses	32,444,649	19,469,663
Loss for the year	(2,895,792)	(8,886,866)
Other comprehensive loss for the year	(108,711)	(272,221)
Total comprehensive loss for the year	(3,004,503)	(9,159,087)
Dividend to non-controlling shareholders	1,385	2,262

	2023 HK$'000	2022 HK$'000
Net cash generated from/(used in) operating activities	8,697,545	(2,042,418)
Net cash used in investing activities	(22,755)	(5,691,753)
Net cash (used in)/generated from financing activities	(12,607,668)	9,152,878
Effect of foreign exchange rate changes, net	15,357	(152,227)
Net cash (outflow)/inflow	(3,917,521)	1,266,480

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2023 HK$'000	2022 HK$'000
NON-CURRENT ASSETS		
Investments in subsidiaries	6,961,312	6,583,465
Intangible assets	5,580	5,580
Prepayments, deposits and other receivables	–	1,563
Amount due from a subsidiary	5,332,001	5,512,260
Total non-current assets	12,298,893	12,102,868
CURRENT ASSETS		
Prepayments, deposits and other receivables	1,267	1,129
Amounts due from subsidiaries	2,177,865	2,367,934
Loan to a subsidiary	–	1,561,902
Cash and bank balances	168,186	98,604
Total current assets	2,347,318	4,029,569
CURRENT LIABILITIES		
Other payables, accruals and deposits received	14,875	47,208
Amounts due to subsidiaries	890,848	886,866
Loans from subsidiaries	177,000	1,559,283
Total current liabilities	1,082,723	2,493,357
NET CURRENT ASSETS	1,264,595	1,536,212
TOTAL ASSETS LESS CURRENT LIABILITIES	13,563,488	13,639,080
NON-CURRENT LIABILITIES		
Other payables, accruals and deposits received	427	6,112
Amount due to a subsidiary	–	127,555
Loan from a subsidiary	1,382,683	1,561,902
Total non-current liabilities	1,383,110	1,695,569
Net assets	12,180,378	11,943,511

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

	2023 HK$'000	2022 HK$'000
EQUITY		
Share capital	5,701,853	5,701,853
Reserves (note)	6,478,525	6,241,658
Total equity	12,180,378	11,943,511

The Company's statement of financial position was approved and authorised for issue by the board of Directors on 28 March 2024 and are signed on its behalf by:

Ho, Lawrence Yau Lung
Director

Evan Andrew Winkler
Director

47. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Capital reserve HK$'000	Share option reserve HK$'000	Shares held under share award schemes HK$'000	Share award reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2022	7,053	265,921	(107,247)	137,045	5,801,953	6,104,725
Profit for the year	–	–	–	–	76,584	76,584
Exercise of share options	–	(2,014)	–	–	–	(2,014)
Recognition of share-based payments	–	7,112	–	70,571	–	77,683
Transfer of share option reserve upon expiry of share options	–	(1,411)	–	–	1,411	–
Shares vested under the share award schemes	–	–	13,726	(24,441)	10,715	–
Purchase of shares for unvested shares under the share award schemes (note 35)	–	–	(15,242)	–	–	(15,242)
Modification of share options and awarded shares (note 36(l))	–	(241,130)	–	241,052	–	(78)
At 31 December 2022	7,053	28,478	(108,763)	424,227	5,890,663	6,241,658
Profit for the year	–	–	–	–	162,562	162,562
Recognition of share-based payments	–	1,047	–	85,235	–	86,282
Shares vested under the share award schemes	–	–	108,357	(185,117)	76,760	–
Purchase of shares for unvested shares under the share award schemes (note 35)	–	–	(11,977)	–	–	(11,977)
At 31 December 2023	7,053	29,525	(12,383)	324,345	6,129,985	6,478,525

FIVE-YEAR FINANCIAL SUMMARY

31 December 2023

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2019	2020	2021	2022	2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Net revenues	44,987,768	13,424,435	15,638,846	10,565,657	29,531,635
Profit/(loss) for the year	1,768,158	(12,377,928)	(7,943,261)	(9,987,317)	(3,494,121)
Profit/(loss) for the year attributable to:					
Owners of the Company	689,772	(6,339,887)	(3,808,968)	(5,113,127)	(1,743,932)
Non-controlling interests	1,078,386	(6,038,041)	(4,134,293)	(4,874,190)	(1,750,189)
	1,768,158	(12,377,928)	(7,943,261)	(9,987,317)	(3,494,121)

CONSOLIDATED ASSETS AND LIABILITIES

	At 31 December				
	2019	2020	2021	2022	2023
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	100,361,573	95,534,733	94,193,277	97,091,618	89,411,449
Total liabilities	(58,693,881)	(64,757,437)	(71,725,269)	(83,705,553)	(79,038,242)
	41,667,692	30,777,296	22,468,008	13,386,065	10,373,207
Equity attributable to owners of the Company	16,950,323	10,764,187	6,862,667	1,791,305	664,998
Non-controlling interests	24,717,369	20,013,109	15,605,341	11,594,760	9,708,209
	41,667,692	30,777,296	22,468,008	13,386,065	10,373,207

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Mr. Ho, Lawrence Yau Lung *(Chairman and Chief Executive Officer)*
Mr. Evan Andrew Winkler *(President and Managing Director)*
Mr. Chung Yuk Man, Clarence

Independent Non-executive Directors
Mr. John William Crawford
Mr. Tsui Che Yin, Frank
Ms. Karuna Evelyne Shinsho

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

AUDIT COMMITTEE
Mr. John William Crawford *(Chairman)*
Mr. Tsui Che Yin, Frank
Ms. Karuna Evelyne Shinsho

REMUNERATION COMMITTEE
Mr. Tsui Che Yin, Frank *(Chairman)*
Mr. John William Crawford
Ms. Karuna Evelyne Shinsho

NOMINATION AND CORPORATE GOVERNANCE COMMITTEE
Mr. Tsui Che Yin, Frank *(Chairman)*
Mr. John William Crawford
Ms. Karuna Evelyne Shinsho
Mr. Leung Hoi Wai, Vincent*

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

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

COMPANY SECRETARY
Mr. Leung Hoi Wai, Vincent

REGISTERED OFFICE
38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

AUDITOR
Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

* non-voting co-opted member

LEGAL ADVISORS
Gibson, Dunn & Crutcher LLP
King & Wood Mallesons

SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Standard Limited
17th Floor, Far East Finance Centre,
16 Harcourt Road, Hong Kong

STOCK CODE
200 (Listed on the Hong Kong Stock Exchange)

WEBSITE
www.melco-group.com

Election of Language or Means of Receipt of Corporate Communications
This annual report is printed in English and Chinese, and is available in the "Investor Relations" section of the Company's website at www.melco-group.com.

Shareholders are encouraged to access the Company's corporate communications (including but not limited to annual reports, interim reports, notices of meeting, listing documents, circulars and proxy forms) electronically via the Company's website to help protect the environment. Shareholders may at any time change their choice of language or means of receiving the Company's corporate communications free of charge by giving not less than 7 days' notice in writing to the Company's share registrar, Tricor Standard Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to melco200-ecom@hk.tricorglobal.com.

www.melco-group.com

HONG KONG
38/F, THE CENTRIUM, 60 WYNDHAM STREET, CENTRAL, HONG KONG
TEL: +852 3151 3777

MACAU
8/F C, 762-840 AVENIDA DA PRAIA GRANDE, CHINA PLAZA, MACAU
TEL: +853 8296 1777

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C132597