



MELCO

INTERIM REPORT  
中期報告 2019

MELCO INTERNATIONAL  
DEVELOPMENT LIMITED  
新濠國際發展有限公司

INCORPORATED IN HONG KONG WITH LIMITED LIABILITY  
於香港註冊成立之有限公司  
A HONG KONG LISTED COMPANY (STOCK CODE : 200)  
香港上市公司 (股票代號 : 200)



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# MANAGEMENT DISCUSSION AND ANALYSIS



The latest developments at City of Dreams will solidify the Group's leadership in both the premium-mass and mass segments, positioning it to offer customers Macau's most fully integrated and modern gaming and entertainment experience.

## SIGNIFICANT EVENTS AND DEVELOPMENTS

Melco International Development Limited ("Melco International" or the "Company", together with its subsidiaries collectively referred to as the "Group") always strives to be a pioneer in premium travel, leisure and entertainment by delivering world-class premium offerings that go beyond gaming. In the first half of 2019, Melco International has achieved new milestones as it continues its global expansion strategy.

Since its opening in June 2018, Morpheus, our iconic flagship hotel for City of Dreams in Macau, has become an instant global architectural icon, receiving numerous international recognitions and awards. This signals global recognition for our dedication to excellence and further strengthens the Group's position as a leading integrated resort operator globally.

In Cyprus, the Group is committed to further enhance the country's efforts to become a must-visit international tourist destination. Currently scheduled to open in Limassol in 2021, City of Dreams Mediterranean will be Europe's largest integrated resort, showcasing the Group's renowned array of gaming and non-gaming amenities. Following the launch of Cyprus Casinos ("C2") including a temporary casino in Limassol and the satellite casinos in Nicosia and Larnaca last year, the Ayia Napa satellite casino opened its doors to the public in July 2019, and the last satellite casino in

Paphos is scheduled to launch in the coming months. In July 2019, Melco International completed the sale of all of its ordinary shares of ICR Cyprus Holdings Limited (“ICR Cyprus”), which represents a 75% equity interest in ICR Cyprus, to Melco Resorts & Entertainment Limited (“Melco Resorts”).

The Group continues to focus on opportunities for global expansion, bringing the most premium and luxurious experience to guests around the world. With operations across Macau, the Philippines and Cyprus, our subsidiary Melco Resorts announced its agreement to acquire a 19.99% stake in Crown Resorts Limited (“Crown”) from CPH Crown Holdings Pty Limited (“CPH”) in May 2019. Crown is a company listed on the Australian Securities Exchange and operates two of Australia’s leading integrated resorts, Crown Melbourne Entertainment Complex and Crown Perth Entertainment Complex, along with Crown Aspinalls, a high-end licensed casino in the United Kingdom. The Group believes the strategic acquisition will expand its business presence into two new markets, Australia and the United Kingdom.

Japan continues to be the Group’s core focus and we expect development of integrated resorts to soon commence in this incredibly exciting tourist destination. The Group has released designs of our proposed Osaka integrated resort in May 2019 and has also participated in the Yokohama’s Request for Information and Osaka’s Request for Concept. With our focus on the Asian premium segment, high-quality assets, dedication to world-class entertainment offerings, market-leading social safeguards and compliance culture, and our commitment to trusted partnerships with governments and local communities, we believe the Group is in a strong position to help Japan realize its vision for an integrated resort development with unique Japanese touch. The Group has been dedicating the necessary resources and, if selected to be a partner, is committed to invest at least US\$10 billion to build the most amazing, biggest and most technologically advanced integrated resort in Japan.

## **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 casino gaming and entertainment casino resort facilities in Asia and Europe. As of 30 June 2019, Melco International, through its subsidiary, holds approximately 54.05% of the total issued shares of Melco Resorts.

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

Beyond Macau, in the Philippines, a Philippine subsidiary of Melco Resorts currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila. In the Republic of Cyprus, with the completion of the purchase of all of Melco International’s ordinary

# MANAGEMENT DISCUSSION AND ANALYSIS

shares of ICR Cyprus by Melco Resorts in July 2019, which represents a 75% equity interest in ICR Cyprus, Melco Resorts is currently developing the City of Dreams Mediterranean integrated resort project and operating Cyprus Casinos including a temporary casino in Limassol and three satellite casinos, with a fourth satellite casino scheduled to open in the coming months.

Despite ongoing challenges in the global economy, Melco International managed to achieve stable operating and financial results in the first half of 2019. With net revenues at HK\$22.4 billion, profit for the period slightly decreased by 4.2% to HK\$1.0 billion, while adjusted EBITDA grew 15.9% to HK\$6.4 billion.

## **City of Dreams**

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property targeting high-end customers and rolling chip players from regional markets across Asia. The property operated on average 518 gaming tables and 822 gaming machines in the first half of 2019. City of Dreams is currently being upgraded through its Phase 3 development, which includes extensive renovation on the mass gaming floor with newly designed gaming spaces and the significantly upgraded VIP gaming areas on the second floor of City of Dreams.

Morpheus is the latest addition to City of Dreams. Opened in June 2018, Morpheus is the world's first-ever free-form exoskeleton high-rise architectural structure designed by legendary architect the late Dame Zaha Hadid, DBE. It represents another stunning world-first contribution the Group has created in Macau, characterized by



Morpheus has become the first in Macau to be honoured with the prestigious architecture and design accolade at Prix Versailles 2019 for Central and Northeast Asia in the Hotels category, and was the winner of the "Design Den" category in the Big Sleep Awards 2019 by National Geographic Traveller (UK).

an unprecedented level of attention to detail and designed with the premium guest experience in mind. Morpheus offers guests world-class experiences that exceed five-star hotel standards. Along with a total of 772 guest rooms, suites and villas, Morpheus also features an executive lounge, a sky pool situated 130 metres above ground, world-class culinary delights from award-winning and legendary chefs Alain Ducasse and Pierre Hermé, the world's most fashion-forward brands and retail options, a curated art installation space featuring internationally renowned artists, as well as an in-house Spa Butler concept.

Building on the synergies created by its spectacular gaming and non-gaming entertainment offerings, including the world's largest water extravaganza The House of Dancing Water, and a strong retail proposition and restaurant offerings, City of Dreams has consistently strengthened its position as the leading premium-mass market leisure destination in Macau.

After the opening of Morpheus, renovation of Nüwa is expected to start in 2020, and The Countdown hotel will also be redeveloped and rebranded as Libertine, a funky rebel branded hotel with guestrooms that are ultra-cool.

Each of these hotels in City of Dreams will offer guests an array of premium and luxury experiences while retaining its own distinctive design and the same dedication to style, quality and attention to detail.



The cinematically-themed Studio City is designed to be the most diversified entertainment offering in Macau. It will soon be going through a Phase 2 expansion to further elevate the integrated resort to offer a significant point of differentiation from all other Macau resorts.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Studio City**

The Hollywood-inspired and cinematically-themed integrated entertainment, retail and gaming resort Studio City is designed to be the most diversified entertainment offering in Macau. The property operated on average 293 gaming tables and 980 gaming machines in the first half of 2019.

Studio City is undergoing continuous enhancement with a series of property upgrades. Highlights this year include the opening of the “ShowHouse” nightclub in February, the “Flip Out” trampoline park in May and the 65,000-square-foot, Macau’s largest virtual reality zone “Legend Heroes Park” in August.

Studio City will soon be going through a Phase 2 expansion to further elevate the integrated resort to offer a significant point of differentiation from all other Macau resorts.

## **Altira Macau**

Altira Macau is a casino and hotel designed to cater to Asian rolling chip customers sourced primarily through gaming promoters. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. Through delivering impeccable services customized to each guest, both Altira Macau and Altira Spa have attained the highest Forbes Travel Guide Five-Star recognition for ten consecutive years since 2010. Altira Macau operated on average 104 gaming tables and 170 gaming machines operated as a Mocha Club at Altira Macau in the first half of 2019.



Strategically located at the gateway of Entertainment City, City of Dreams Manila provides an unparalleled entertainment and hospitality experience for the Southeast Asia market and continues to set the reference for the Group’s robust capacity to execute on its international vision.



### **Mocha Clubs**

Mocha Clubs comprises the largest non-casino based operations of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has brought a series of innovative and top quality electronic gaming machines from around the world to offer a contemporary entertainment mix to broader visitors. Mocha Clubs operated eight clubs with a total of 1,471 gaming machines (including 170 gaming machines at Altira Macau) in the first half of 2019.

### **City of Dreams Manila**

Beyond Macau, City of Dreams Manila, strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asia market and continues to set the reference for the Group's robust capacity to execute on its international vision. The dynamic property boasts the ultimate entertainment, hotel, retail, dining and lifestyle experiences with aggregated gaming space, including VIP and mass-market gaming facilities with an average of 304 gaming tables and 2,256 gaming machines in the first half of 2019.

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

In July 2019, Melco Resorts completed the acquisition from Melco International all of its ordinary shares of ICR Cyprus, which represents a 75% equity interest in ICR Cyprus, a joint venture company which is developing the City of Dreams Mediterranean integrated resort project in Cyprus. ICR Cyprus holds a 30-year casino-gaming license commencing from June 2017, of which the first 15 years are exclusive.



The launch of the C2 temporary casino and satellite casinos has received favourable responses since they opened, and the fourth C2 satellite casino will commence operations in the coming months.

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City of Dreams Mediterranean, the first integrated resort in Cyprus, is scheduled to open in 2021 and will help enhance Cyprus' efforts to become a must-visit global tourism destination. It is currently expected to attract 300,000 tourists annually in its first year of operation. Upon completion, it will become Europe's largest premier integrated resort. Its 7,500-square-metre gaming area comprises over 100 tables and over 1,000 state-of-the-art slot machines, a five-star 500-room hotel, five world-class international restaurants and cafeterias, large recreation and wellness facilities, high-end brand name luxury retail, a 1,500-seat outdoor amphitheatre and 9,600-square-metres of meetings, incentives, conventions and exhibitions (MICE) facilities and Expo Centre. This integrated resort will further help elevate Cyprus as a top global leisure and business travel destination in the region and internationally.

In advance of the opening of City of Dreams Mediterranean, C2 Limassol temporary casino opened its doors in June 2018. Spanning 4,600 square metres overall, the gaming area at C2 Limassol is a spacious 1,300 square metres and features 33 tables and 242 slot machines. Following the two C2 satellite casinos launched in Nicosia and Larnaca in 2018, C2 Ayia Napa satellite casino opened its doors in July 2019 and C2 Paphos satellite casino is scheduled to commence operations in the coming months. Operations of C2 Limassol will cease when City of Dreams Mediterranean is launched, while the four C2 satellite casinos will continue their operations.

### OUTLOOK

In the first half of 2019, the Group continues to focus on improving the quality of our services and entertainment offerings as well as upgrading the infrastructure of our properties, with the goal to better cater to customers around the world. We are confident that the US\$1.1 billion iconic hotel Morpheus can further solidify the Group's position as a pioneer and innovator in premium travel, leisure and entertainment.

Overall for the Macau gaming industry, the industry is expected to benefit through exciting infrastructure developments around Macau, including the recent opening of the Hong Kong-Zhuhai-Macau Bridge, building-out of Cotai and the ongoing development of Hengqin Island, which will further expand Macau's appeal as a regional and global tourist destination. Upcoming transportation infrastructure projects such as the rollout of the Light Rail Transit system throughout Macau in the second half of 2019 will further improve the connectivity in the city. These developments are set to further boost tourist volumes and foot traffic throughout Macau, especially with Mainland China's growing volumes of tourists and overnight visitors around the Asia Pacific region.

We remain cautiously optimistic about the potential downside risks in the coming years. We will closely manage against these risks with a proactive approach supported by our experienced global management team. We have plans in place as we anticipate our gaming license renewal in 2022 and we are committed to engage with the Macau government throughout this process. We will also carefully observe and prepare any counter measures for scenarios that might impact the volume of inbound tourists to Macau.

Our long-term growth strategy for Macau remains to focus on the premium-mass and mass segments, which we believe will drive sustainable growth and profit for our industry. We will continue to invest in balancing our exposure to both VIP and mass gaming patrons and to further grow a diversified portfolio to attract the broader tourism market through our non-gaming entertainment and leisure offers. To better cater to our target market segments, the Group is overseeing exciting developments across our properties that will further boost our competitiveness to offer differentiated and premium services to our guests.

The completion of City of Dreams Phase 3 will be a key focus. With the launch of Morpheus, our City of Dreams portfolio now includes the premium and ultra-luxurious Zaha Hadid-designed concept hotel Morpheus in addition to the chic and classic Nüwa which will be undergoing renovation soon, and the upcoming funky rebel hotel Libertine. This combined portfolio of hotels will provide a set of differentiated accommodation options that offer our guests unique and tailored experiences, with each hotel offering its own distinctive style while maintaining an overall focus on quality, attention to detail and top-notch service. These latest developments at City of Dreams will solidify our leadership in both the premium-mass and mass segments, positioning us to offer customers Macau's most fully integrated and modern gaming and entertainment experience.

At Studio City, we will continue to undertake a series of property upgrades designed to further refine our entertainment offerings to attract a broader tourism segment that includes families and next generation tourists. In 2019, we have opened the



Japan continues to be the Group's core focus. With offices in Tokyo and Osaka and an upcoming one in Yokohama along with a local leadership team, the Group is now fully engaged to explore local partnerships and to further build up our local presence.

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65,000-square-foot, Macau’s largest virtual reality zone ‘Legend Heroes Park’, along with the launch of the “ShowHouse” nightclub and the “Flip Out” trampoline park. Furthermore, the Phase 2 development of Studio City is expected to have two hotel towers, a water park, a cineplex and additional gaming space.

Internationally, we remain bullish on our exposure to an expanding network of global operations and business development opportunities beyond Macau. In the Philippines, the market has continued to deliver healthy and stable growth along with robust financial performance. Given the fast-growth trajectory of Southeast Asian tourism along with continued upgrades in the Philippine transportation infrastructure projects, the Group anticipates continued growth in this market, with increased regional and global tourist arrivals and overnight visitors from ASEAN countries.

For Cyprus, the launch of the C2 temporary casino and satellite casinos has received favourable responses since they opened, and one more C2 satellite casino will commence operations in the coming months. With the strong support from the Cypriot government and positive word of mouth by patrons in the region, we anticipate a continued uptick in customer growth and are confident that the project will further position us as a leader in the global market.

With operations across Macau, the Philippines and Cyprus, the Group announced its agreement to acquire a 19.99% stake in Crown from CPH in May 2019. The Group believes the strategic acquisition will expand our business presence into two new markets, Australia and the United Kingdom.



The award-winning spectacle at City of Dreams, The House of Dancing Water, has won the “Best IR Non-Gaming Attraction” award at the Global Gaming Expo (G2E) Asia Awards 2019.

Japan remains to be our core focus. Following the passage of the Integrated Resorts Implementation Bill in July 2018, we are very focused and dedicated to becoming an international integrated resort operator in the country. Japan will be hosting a series of exciting upcoming events that will further see a boost in tourism, including the 2020 Summer Olympics in Tokyo and 2025 World Expo in Osaka. As such, we believe the tourism industry in Japan will continue to see steady growth in the coming years and this will bring huge potential to its burgeoning integrated resort market. To this end, we have been working diligently to engage the Japan market for the past 10 years and will continue to engage with the national and local governments, communities and local companies for potential partnerships and collaborations. With offices in Tokyo and Osaka and an upcoming one in Yokohama along with a local leadership team, we are now fully engaged to explore local partnerships and to further build up our local presence. With our focus on the Asian premium segment, high quality assets and dedication to world-class entertainment offerings, we believe the Group is in a strong position to be a partner to Japan's journey in its integrated resort development with unique Japanese touch.

Being responsible and accountable to all our guests, colleagues and stakeholders has always been central to the Group's business philosophy. To this end, we released our latest Sustainability Report in April 2019 to further elevate the Group's commitment as a force for good across all its resorts globally. Under the strategy "Above and Beyond", our report outlines ambitious goals and actionable targets that further enhance our commitments around key environmental, social, and governance issues that are critical to our business.



Dedicated to bringing unique ultra-luxurious experiences to its guests, City of Dreams has partnered with TheArsenale to launch its first showroom in Asia.

## MANAGEMENT DISCUSSION AND ANALYSIS

Our corporate DNA is always to do better and to create a category of hospitality and entertainment that goes beyond gaming, and do this in the most sustainable and responsible way to our local communities. We believe we are well positioned to continue to be a pioneer and innovator in premium travel and entertainment in Macau and internationally. With our diversified revenue streams across market segments and geographies with distinctive high-quality hotel brands, along with growing global demand for premium and tailored travel experiences, our strong foundation supported by dedicated management team, solid corporate governance and strong property portfolio are well placed to continue contributing to the Group's near and long term success and development.

### ACHIEVEMENT AND AWARDS

Melco International strives to operate with high standards in corporate governance and corporate social responsibility, both of which are integral to our commitment to strengthen the Group's leading position as a global leisure and entertainment integrated resort operator. Our efforts have continued to be widely acknowledged in the first half of 2019.

#### Corporate Governance

In recognition for our good corporate governance practices, our management team has received prestigious leadership awards from the business and investor community. Our Group Chairman and Chief Executive Officer, Mr. Lawrence Ho, was honoured as "Asia's Best CEO" at the Asian Excellence Awards by Corporate Governance Asia magazine for



Melco has launched the 'Unexpected Encounters' exhibition at City of Dreams as part of 'Art Macao: International Art Exhibition', presenting an impressive art collection of contemporary masters, demonstrating how contemporary art has liberated itself from classical forms.

the eighth time in 2019, while the Company has also garnered the “Best IR Company” award for the eighth year in 2019.

These accolades showcase the Group’s continued dedication to accountability, fairness and transparency to all our stakeholders.

### **Corporate Social Responsibility**

Melco International continues to be steadfastly committed to be a responsible partner to our employees and local communities. In April 2019, the Group released its latest Sustainability Report for 2018 to further elevate the Group’s commitment as a force for good across all its resorts globally. We have brought together our social, environmental and governance achievements and commitments in a new strategy – “Above & Beyond”. Being responsible and accountable to all our guests, colleagues and stakeholders has always been central to our business philosophy. The commitment focuses on becoming carbon neutral and zero waste by 2030, while continuing to focus on responsible gaming and promoting good governance and ethics.

In addition to the Sustainability Report, Melco Resorts also announced that it was the first and only hospitality group and integrated resort operator globally to become a signatory to The New Plastics Economy Global Commitment, led by the Ellen MacArthur Foundation in collaboration with UN Environment in the same month.

Our efforts and strong commitment to sustainability and social impact have been recognized by industry-wide awards. In recognition of our efforts in corporate social



Forming part of Melco’s contribution to Art Macao, the ‘Journey’ exhibition at Studio City is a visual adventure that explores the evolution of contemporary Japanese anime from its beginnings rooted in *ukiyo-e*, the traditional art of Japanese woodblock print and painting.

## MANAGEMENT DISCUSSION AND ANALYSIS

responsibility, Melco International has received the Certificate of Merit in the “Best in ESG Awards – Large Market Capitalization” category in BDO ESG Awards 2019. In addition, Melco Resorts has been awarded the “Socially Responsible Operator of the Year (Land Based)” award at the 12th International Gaming Awards, recognizing its dedication to corporate social responsibility initiatives, especially for promoting responsible gaming measures and programs. It has also been honoured by the Global Gaming Expo (G2E) Asia Awards 2019 for the “Best Corporate Social Responsibility Contribution” award for its dedication to social responsibility.

Altira Macau has been honoured with the Green Key standard of excellence in environmental responsibility and sustainable operations in 2019. This achievement signifies that the Group’s entire hotel portfolio in Macau, including Morpheus, Nüwa and The Countdown at City of Dreams, as well as Studio City Hotel, has been awarded the globally recognized Green Key standard of excellence, making Melco Resorts the only company to have a full Green Key awarded hotel portfolio in Macau.

### Business Operations

The Group continues to provide its customers with the most outstanding mix of hospitality, leisure, culinary and entertainment experiences across the world.

The Group has attained a record-breaking 85 stars across all its properties in the 2019 Forbes Travel Guide (“FTG”), highest for any integrated resort operator in Asia with a total of 13 FTG Five-Star and five Four-Star awards. This is a true testament to our impeccable services and distinguished products on offer.



Studio City is undertaking a series of property upgrades designed to further refine our entertainment offerings to attract a broader tourism segment, including Macau’s first large-scale indoor trampoline park “Flip Out” launched in May this year.



Altira Macau and Altira Spa have been honoured with FTG Five-Star recognition for ten consecutive years from 2010 to 2019, while its Mediterranean cuisine Aurora and its Japanese tempura specialist Tenmasa have both earned FTG Five-Star recognition for the sixth and fifth consecutive years, respectively, in 2019. Nüwa at City of Dreams, Macau remains the first and only property in Asia to receive FTG Five-Star across its entire portfolio of hotel, spa (Nüwa Spa) and dining facilities (Jade Dragon, The Tasting Room and Shinji by Kanesaka). Studio City is honoured for the first time as a triple category FTG Five-Star property (Studio City's Star Tower, Zensa Spa and Pearl Dragon). Nüwa at City of Dreams Manila was also awarded FTG Five-Star recognition in 2019.

Since its grand opening in June 2018, Morpheus has received numerous awards in recognition of its stunning architectural design, further reinforcing the Group's position as a pioneer and innovator in premium travel, leisure and entertainment. Morpheus has become the first in Macau to be honoured with the prestigious architecture and design accolade at Prix Versailles 2019 for Central and Northeast Asia in the Hotels category, and was the winner of the "Design Den" category in the Big Sleep Awards 2019 by National Geographic Traveller (UK). These achievements follow Morpheus being named "2019 Building of the Year" in the Hospitality Architecture Category voted by readers of ArchDaily, and the "Best Hotel Architecture Macau" and "Best New Hotel Construction & Design Macau" at Asia Pacific Property Awards 2019.

The award-winning spectacle at City of Dreams, The House of Dancing Water, has won the "Best IR Non-Gaming Attraction" award at the Global Gaming Expo (G2E)



The 65,000-square-foot 'Legend Heroes Park' is Macau's largest virtual reality zone, featuring more than 60 games on virtual and augmented reality, holograms, motion tracking, projection mapping, 4D+, video arcade games, and sportainment.

# MANAGEMENT DISCUSSION AND ANALYSIS

Asia Awards 2019, underpinning the Group's position as a leading integrated resort operator globally that constantly strives to excel in what we offer to our guests. The House of Dancing Water is the world's largest water-based extravaganza that has been showcased to over 6 million audiences from around the world since its debut in 2010.

The Group's world-class restaurants continue to garner global recognition for its culinary offerings. Jade Dragon has once again been named among Asia's 50 Best Restaurants 2019. This is the third consecutive year that the restaurant receives this prestigious award and is ranked the top restaurant in Macau.

All these accolades demonstrate industry-wide recognition from the community for our steadfast commitment to excellence in all aspects of our business, ranging from corporate governance, operational performance to our relentless dedication to customer-centric experience. We make it our top priority to continue this level of excellence in the Group and continue to maintain a market leading position going forward.

## FINANCIAL REVIEW

### RESULTS FOR THE SIX MONTHS ENDED 30 JUNE

<i>HK\$' million</i>	2019 (Unaudited)	2018 (Unaudited)	YoY%
Net revenues	22,352.3	19,796.1	12.9%
Adjusted EBITDA	6,399.3	5,522.7	15.9%
Profit attributable to owners of the Company	462.1	344.6	34.1%
Basic earnings per share (HK\$)	0.31	0.23	35.3%

### FINANCIAL POSITION AS AT

<i>HK\$' million</i>	30 June 2019 (Unaudited)	31 December 2018 (Audited)	YoY%
Total assets	103,983.0	98,026.2	6.1%
Total liabilities	62,649.6	57,323.2	9.3%
Shareholders' equity	16,639.7	16,232.2	2.5%
Net assets value per share attributable to owners of the Company (HK\$)	11.0	10.7	2.9%
Gearing ratio (%)	42.4%	39.6%	N/A

### Net revenues

Net revenues of the Group increased by 12.9% from HK\$19.8 billion for the six months ended 30 June 2018 to HK\$22.4 billion for the six months ended 30 June 2019. The increase in net revenues was mainly attributable to increased casino revenue as a result of better performance in the mass market table games segment.

HK\$' million	Six months ended 30 June		
	2019 (Unaudited)	2018 (Unaudited)	YoY%
<b>Revenue from contracts with customers</b>			
Casino revenue	19,490.2	17,300.8	12.7%
Entertainment and resort facilities revenue:			
Rooms	1,336.6	1,053.1	26.9%
Catering service income	926.0	777.0	19.2%
Entertainment, retail and other	596.4	658.8	-9.5%
Electronic gaming machines participation	0.6	3.9	-85.7%
Others	0.2	0.3	-30.4%
	<u>22,350.0</u>	<u>19,793.9</u>	<u>12.9%</u>
<b>Revenue from other sources</b>			
Property rental income	<u>2.3</u>	<u>2.2</u>	<u>7.4%</u>
	<u><u>22,352.3</u></u>	<u><u>19,796.1</u></u>	<u><u>12.9%</u></u>



The Group has launched its sustainability strategy “Above & Beyond” and set out ambitious goals and actionable targets that further enhance its commitments around key environmental, social, and governance issues that are critical to its business.

# MANAGEMENT DISCUSSION AND ANALYSIS

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

Adjusted EBITDA for the six months ended 30 June 2019 increased by 15.9% to HK\$6.4 billion, compared to HK\$5.5 billion for the six months ended 30 June 2018. The improvement in Adjusted EBITDA was mainly attributable to better performance in the mass market table games segment and the commencement of operations of Cypus Casinos since June 2018.

## Profit Attributable to owners of the Company

Profit attributable to owners of the Company increased by 34.1% from HK\$344.6 million for the six months ended 30 June 2018 to HK\$462.1 million for the six months ended 30 June 2019. The increase was mainly attributable to better performance in the mass market table games segment and lower pre-opening costs, partially offset by higher depreciation and amortization expenses as a result of the opening of Morpheus in June 2018 and higher finance costs.

## Basic Earnings Per Share

Basic earnings per share increased from HK\$0.23 per share for the six months ended 30 June 2018 to HK\$0.31 per share for the six months ended 30 June 2019.

## Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2019, contributed a majority of the financial results for the Group.

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

According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, it recorded total operating revenues of US\$2.8 billion for the six months ended 30 June 2019, versus US\$2.5 billion for the six months ended 30 June 2018. The increase in total operating revenues was primarily attributable to a better performance in the mass market table games segment and higher non-gaming revenue as a result of the opening of Morpheus in June 2018.

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<sup>(1)</sup> Adjusted EBITDA is the profit for the period before deduction of finance costs, income tax, depreciation and amortization, pre-opening costs, development costs, property charges and other, share-based compensation expenses, payments to the Philippine parties under the cooperative arrangement (the "Philippine Parties"), land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses, loss on disposal of an investment in an associate and loss on disposal of subsidiaries. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. However, Adjusted EBITDA presented in this interim report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Operating income for the six months ended 30 June 2019 was US\$393.3 million, compared with operating income of US\$339.2 million for the same period in 2018, representing an increase of 16%.

The Adjusted Property EBITDA<sup>(2)</sup> for the six months ended 30 June 2019 was US\$849.0 million, compared to Adjusted Property EBITDA of US\$757.3 million for the same period in 2018, representing an increase of 12%.

Net income attributable to the financial performance of Melco Resorts for the six months ended 30 June 2019 was US\$217.7 million, compared with a net income attributable to the financial performance of Melco Resorts of US\$213.9 million for the same period in 2018.

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



Altira Macau has been honoured with the Green Key standard of excellence in environmental responsibility and sustainable operations in 2019, making Melco Resorts the only company to have a full Green Key awarded hotel portfolio in Macau.

# MANAGEMENT DISCUSSION AND ANALYSIS

## City of Dreams

For the six months ended 30 June 2019, total operating revenues at City of Dreams was US\$1,504.2 million versus US\$1,218.2 million for the same period in 2018. City of Dreams generated Adjusted Property EBITDA of US\$479.3 million for the six months ended 30 June 2019, representing an increase of 26% compared to US\$379.5 million for the same period in 2018.

### Gaming Performance

US\$'million	Six months ended 30 June		
	2019	2018	YoY%
<b>VIP Gaming</b>			
Rolling chip volumes	25,145.7	21,622.5	16.3%
Win rate	3.26%	2.96%	N/A
<b>Mass Market</b>			
Table drop	2,690.0	2,364.6	13.8%
Hold percentage	31.5%	30.2%	N/A
<b>Gaming Machine</b>			
Handle	2,018.3	2,117.6	-4.7%
Win rate	3.9%	5.1%	N/A

### Non-Gaming Performance

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2019 was US\$194.6 million, compared with US\$149.7 million in the same period in 2018.

## Altira Macau

For the six months ended 30 June 2019, total operating revenues at Altira Macau was US\$237.3 million compared to US\$243.5 million in the same period in 2018. Altira Macau generated Adjusted Property EBITDA of US\$23.8 million for the six months ended 30 June 2019 compared with Adjusted Property EBITDA of US\$36.3 million in the same period in 2018.

## Gaming Performance

US\$'million	Six months ended 30 June		
	2019	2018	YoY%
<b>VIP Gaming</b>			
Rolling chip volumes	9,318.7	10,366.7	-10.1%
Win rate	3.41%	3.32%	N/A
<b>Mass Market</b>			
Table drop	289.2	271.2	6.6%
Hold percentage	22.5%	19.5%	N/A
<b>Gaming Machine</b>			
Handle	144.2	56.0	157.5%
Win rate	4.7%	5.9%	N/A

## Non-Gaming Performance

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2019 was US\$13.2 million, compared with US\$13.4 million in the same period in 2018.



The Group hosted the annual 'Quiz for Knowledge Responsible Gaming Competition' for colleagues as part of the employee education component of the Group's award-winning responsible gaming system.

# MANAGEMENT DISCUSSION AND ANALYSIS

## **Mocha Clubs**

Total operating revenues from Mocha Clubs totaled US\$60.0 million for the six months ended 30 June 2019 compared to US\$58.5 million in the same period in 2018. Mocha Clubs generated US\$11.3 million of Adjusted Property EBITDA for the six months ended 30 June 2019 compared with Adjusted Property EBITDA of US\$12.2 million in the same period in 2018.

### *Gaming Performance*

<i>US\$'million</i>	Six months ended 30 June		
	2019	2018	YoY%
<b>Gaming Machine</b>			
Handle	1,273.7	1,273.0	0.1%
Win rate	4.7%	4.5%	N/A

## **Studio City**

For the six months ended 30 June 2019, total operating revenues at Studio City was US\$659.3 million compared to US\$682.6 million in the same period in 2018. Studio City generated Adjusted Property EBITDA of US\$191.2 million for the six months ended 30 June 2019 compared with Adjusted Property EBITDA of US\$183.3 million in the same period in 2018.

### *Gaming Performance*

<i>US\$'million</i>	Six months ended 30 June		
	2019	2018	YoY%
<b>VIP Gaming</b>			
Rolling chip volumes	5,758.8	12,682.8	-54.6%
Win rate	3.03%	2.67%	N/A
<b>Mass Market</b>			
Table drop	1,728.4	1,639.5	5.4%
Hold percentage	28.8%	26.0%	N/A
<b>Gaming Machine</b>			
Handle	1,191.6	1,196.6	-0.4%
Win rate	3.2%	3.5%	N/A



### *Non-Gaming Performance*

Total non-gaming revenue at Studio City for the six months ended 30 June 2019 was US\$87.7 million, compared with US\$92.5 million in the same period in 2018.

### **City of Dreams Manila**

For the six months ended 30 June 2019, total operating revenues at City of Dreams Manila was US\$318.5 million compared to US\$316.0 million in the same period in 2018. City of Dreams Manila generated Adjusted Property EBITDA of US\$143.4 million for the six months ended 30 June 2019 compared with US\$146.1 million in the same period in 2018.



Melco Resorts invited local community members to meet and train with players from Southampton Football Club ahead of the Melco-sponsored friendly game versus Guangzhou R&F Football Club to commemorate the 20th anniversary of the establishment of the Macao Special Administrative Region.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Gaming Performance

US\$'million	Six months ended 30 June		
	2019	2018	YoY%
<b>VIP Gaming</b>			
Rolling chip volumes	4,188.5	5,738.0	-27.0%
Win rate	4.10%	3.31%	N/A
<b>Mass Market</b>			
Table drop	377.0	385.1	-2.1%
Hold percentage	30.5%	31.6%	N/A
<b>Gaming Machine</b>			
Handle	1,852.6	1,676.8	10.5%
Win rate	5.6%	5.8%	N/A

## Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2019 was US\$60.4 million, compared with US\$58.8 million in the same period in 2018.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

### Capital Resources

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

The Group continues to manage its financial position carefully and maintains conservative policies in cash management. As at 30 June 2019, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK\$12,791.0 million (31 December 2018: HK\$11,932.8 million) and investments in mutual funds that mainly invest in bonds and fixed interest securities amounted to HK\$571.1 million (31 December 2018: HK\$717.4 million).

As at 30 June 2019, certain bank credit facilities amounting to HK\$2.04 billion (31 December 2018: HK\$2.56 billion) were available for future drawdown, subject to satisfaction of certain conditions precedent. As discussed further below, the Group repaid HK\$4.64 billion in aggregate principal amount of a revolving credit facility on 24 July 2019. Immediately after the repayment, the amount of bank credit facilities available for future drawdown increased from HK\$2.04 billion to HK\$6.68 billion.

Major changes in our indebtedness during the six months ended and subsequent to 30 June 2019 are summarized below:

On 22 January 2019, the Group initiated a conditional tender offer (the "Conditional Tender Offer") to purchase the outstanding balance of US\$825 million 8.5% senior notes due 2020 (the "2020 Senior Notes") in an aggregate principal amount of US\$425.0 million (equivalent to approximately HK\$3.3 billion) with accrued interest. The Conditional Tender Offer expired on 4 February 2019 with an US\$216.5 million (equivalent to approximately HK\$1.7 billion) aggregate principal amount of the notes tendered.

On 11 February 2019, the Group issued US\$600.0 million (equivalent to approximately HK\$4.7 billion) in an aggregate principal amount of 7.25% senior notes due 2024. The net proceeds were used to fund the Conditional Tender Offer, and to redeem the remaining outstanding 2020 Senior Notes in an aggregate principal amount of US\$208.5 million (equivalent to approximately HK\$1.6 billion) with accrued interest on 13 March 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

On 26 April 2019, the Group issued US\$500.0 million (equivalent to approximately HK\$3.9 billion) in an aggregate principal amount of 5.25% senior notes due 2026 (the "2026 Senior Notes"). The net proceeds were used to partially repay an outstanding revolving credit facility. On 8 May 2019, the Group repaid HK\$3.98 billion in aggregate principal amount of a revolving credit facility, together with accrued interest and associated cost, from the net proceeds of the 2026 Senior Notes and cash on hand.

On 4 June 2019, the Group partially drew down HK\$3.93 billion from a revolving credit facility to partly fund the acquisition of 67,675,000 shares of Crown, which represent approximately 9.99% stake in Crown.

On 17 July 2019, the Group issued US\$600.0 million (equivalent to approximately HK\$4.7 billion) in aggregate principal amount of 5.625% senior notes due 2027 (the "2027 Senior Notes"). On 24 July 2019, the Group used the net proceeds of the 2027 Senior Notes and cash on hand to partially repay an outstanding revolving credit facility in aggregate principal amount of HK\$4.64 billion, together with accrued interest and associated costs.

The availability period of an unsecured credit facility amounted to Philippine Peso 2.35 billion (equivalent to approximately HK\$357.5 million) was extended from 31 May 2019 to 29 August 2019 during the six months ended 30 June 2019. The availability of the unsecured credit facility was further extended to 31 May 2020 in August 2019, on substantially similar terms as before, except that (i) the Philippine Dealing System Treasury Reference Rates PM is replaced by PHP BVAL Reference Rates and (ii) the applicable interest rate margin is amended from a predetermined rate to a rate to be mutually agreed by the bank and the borrower at the time of drawdown. This credit facility is available for future drawdown, subject to satisfaction of certain conditions precedent.

For further details of our indebtedness, please refer to note 34 to the consolidated financial statements included in the Company's 2018 Annual Report and note 16 to the Condensed Consolidated Interim Financial Information contained herein, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances.

### **Gearing Ratio**

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 42.4% as at 30 June 2019 (31 December 2018: 39.6%).

## **Pledges of assets**

As at 30 June 2019, borrowings amounting to HK\$27,730.5 million (31 December 2018: HK\$30,953.3 million) were secured by the following assets of the Group:

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

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2019.

## **FINANCIAL RISK**

### **Foreign exchange risk**

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

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

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group does not currently engage in the hedging transactions with respect to foreign exchange exposure of the revenues and expenses in the day-to-day operations during the period under review. 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.

## **Interest rate risk**

The Group is primarily exposed to cash flow interest rate risk in relation to bank balances, restricted cash and borrowings which carried 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.

## **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 coming ahead should it be deemed appropriate.

## **HUMAN RESOURCES**

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

The total number of the Group's employees was 22,836 as of 30 June 2019 (31 December 2018: 22,228). Among these employees, 431 are located in Hong Kong and the rest of 22,405 are located respectively in the Philippines, Japan, Cyprus, Macau and the PRC. The related staff costs for the six months ended 30 June 2019, including directors' emoluments and share-based compensation expenses amounted to HK\$3,777.7 million (six months ended 30 June 2018: HK\$3,156.6 million).

Melco International believes that the key to success lies in its people. The Group strives to create an environment that makes employees proud to be part of it. All employees are given equal opportunities for advancement and personal growth. 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.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



## **TO THE BOARD OF DIRECTORS OF MELCO INTERNATIONAL DEVELOPMENT LIMITED**

*(Incorporated in Hong Kong with limited liability)*

### **INTRODUCTION**

We have reviewed the interim financial information set out on pages 31 to 71, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries as of 30 June 2019 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

## SCOPE OF REVIEW

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

## CONCLUSION

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

### **Ernst & Young**

*Certified Public Accountants*

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

30 August 2019



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

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Notes	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net revenues	4	22,352,325	19,796,067
Other income, gains and losses		(141,454)	60,826
Gaming tax and license fees		(9,812,982)	(9,147,193)
Employee benefits expenses		(3,777,697)	(3,156,552)
Depreciation and amortization		(3,001,280)	(2,389,394)
Loss on disposal of an investment in an associate	8	(7,593)	-
Loss on disposal of subsidiaries		-	(34,111)
Other expenses		(3,129,488)	(2,979,822)
Finance costs	5	(1,421,215)	(1,086,238)
Share of profits and losses of associates		796	(1,015)
<b>PROFIT BEFORE TAX</b>	6	1,061,412	1,062,568
Income tax	7	(38,143)	5,757
<b>PROFIT FOR THE PERIOD</b>		<u>1,023,269</u>	<u>1,068,325</u>

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	154,954	(73,755)
Reclassification of exchange reserve upon disposal of an investment in an associate	28,703	-
	<u>183,657</u>	<u>(73,755)</u>
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial loss arising from defined benefit obligations	-	(1,058)
	<u>-</u>	<u>(1,058)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>	<u>183,657</u>	<u>(74,813)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u>1,206,926</u>	<u>993,512</u>

	Note	Six months ended 30 June	
		2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		462,087	344,584
Non-controlling interests		<u>561,182</u>	<u>723,741</u>
		<u>1,023,269</u>	<u>1,068,325</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		562,264	326,346
Non-controlling interests		<u>644,662</u>	<u>667,166</u>
		<u>1,206,926</u>	<u>993,512</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic	10	<u>HK\$0.31</u>	<u>HK\$0.23</u>
Diluted		<u>HK\$0.30</u>	<u>HK\$0.22</u>

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	46,388,857	48,069,934
Right-of-use assets		8,144,930	-
Investment properties		310,000	310,000
Land use rights		-	5,387,867
Gaming license and subconcession		3,269,384	3,813,886
Goodwill		5,299,451	5,299,451
Trademarks		16,992,458	16,992,458
Other intangible assets		234,244	225,068
Investments in associates		-	13,869
Trade receivables	12	47	41
Prepayments, deposits and other receivables		1,420,175	1,478,875
Other financial assets	13	4,792,793	205,381
Deferred tax assets		24,758	23,431
Total non-current assets		<u>86,877,097</u>	<u>81,820,261</u>
<b>CURRENT ASSETS</b>			
Land use rights		-	166,057
Inventories		334,337	323,279
Trade receivables	12	2,220,533	1,899,851
Prepayments, deposits and other receivables		841,948	789,348
Tax recoverable		79	160
Other financial assets	13	918,011	1,094,507
Bank deposits with original maturities over three months		533,241	40,000
Cash and bank balances		<u>12,257,779</u>	<u>11,892,778</u>
Total current assets		<u>17,105,928</u>	<u>16,205,980</u>

	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	14	162,276	198,341
Other payables, accruals and deposits received	15	12,131,947	13,359,787
Tax payable		55,331	51,227
Interest-bearing borrowings	16	11,981,900	3,537,301
Lease liabilities	17	592,801	271,434
Total current liabilities		24,924,255	17,418,090
<b>NET CURRENT LIABILITIES</b>		(7,818,327)	(1,212,110)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		79,058,770	80,608,151
<b>NON-CURRENT LIABILITIES</b>			
Other payables, accruals and deposits received	15	127,644	231,984
Interest-bearing borrowings	16	32,123,273	35,264,619
Lease liabilities	17	3,035,418	1,984,308
Deferred tax liabilities		2,439,025	2,424,214
Total non-current liabilities		37,725,360	39,905,125
Net assets		41,333,410	40,703,026
<b>EQUITY</b>			
Share capital	18	5,663,659	5,660,190
Reserves		10,976,003	10,572,040
Equity attributable to owners of the Company		16,639,662	16,232,230
Non-controlling interests		24,693,748	24,470,796
Total equity		41,333,410	40,703,026

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Attributable to owners of the Company												
	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2019 (Audited)	5,660,190	7,053	(5,951,355)	5,796	903	(151,997)	147,767	(12,710)	41,658	16,484,925	16,232,230	24,470,796	40,703,026
Exchange differences arising on translation of foreign operations	-	-	-	-	-	71,474	-	-	-	-	71,474	83,480	154,954
Reclassification of exchange reserve upon disposal of an investment in an associate	-	-	-	-	-	28,703	-	-	-	-	28,703	-	28,703
Other comprehensive income for the period	-	-	-	-	-	100,177	-	-	-	462,087	100,177	83,480	183,657
Profit for the period	-	-	-	-	-	-	-	-	-	462,087	462,087	561,182	1,023,269
Total comprehensive income for the period	-	-	-	-	-	100,177	-	-	-	462,087	562,264	644,662	1,206,926
Exercise of share options	3,469	-	-	-	-	-	(1,981)	-	-	-	1,488	-	1,488
Recognition of share-based payments	-	-	-	-	-	-	16,077	-	73,049	-	89,126	111,750	200,876
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(435)	-	-	435	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	82,401	(101,465)	19,064	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	(78,603)	-	-	(78,603)	-	(78,603)
Reclassification of share incentive plan from equity-settled to cash-settled (note 19)	-	-	-	-	-	-	-	-	-	-	-	(40,726)	(40,726)
Final 2018 dividend declared (note 9)	-	-	-	-	-	-	-	-	-	(35,577)	(35,577)	-	(35,577)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(505,712)	(505,712)
Disposal of an investment in an associate	-	-	(22,483)	-	-	-	-	-	-	-	(22,483)	-	(22,483)
Change in ownership interests of certain subsidiaries	-	-	(12,977)	-	(1)	-	-	-	-	-	(12,978)	12,978	-
Repurchase of shares	-	-	-	-	-	-	-	-	-	(95,805)	(95,805)	-	(95,805)
	3,469	-	(35,460)	-	(1)	-	13,661	3,798	(28,416)	(111,883)	(154,832)	(421,710)	(576,542)
At 30 June 2019 (Unaudited)	5,663,659	7,053*	(5,986,815)*	5,796*	902*	(51,820)*	161,428*	(8,912)*	13,242*	16,835,129*	16,639,662	24,693,748	41,333,410

Attributable to owners of the Company

	Shares held under										Total equity HK\$'000		
	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000		Sub-total HK\$'000	Non-controlling interests HK\$'000
At 1 January 2018 (Audited)	5,624,135	7,053	(3,202,793)	5,796	(323)	(33,442)	137,154	(168,186)	47,897	16,463,776	18,881,067	26,732,934	45,614,001
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(17,983)	-	-	-	-	(17,983)	(55,772)	(73,755)
Actuarial loss arising from defined benefit obligations	-	-	-	-	(255)	-	-	-	-	-	(255)	(803)	(1,058)
Other comprehensive loss for the period	-	-	-	-	(255)	(17,983)	-	-	-	-	(18,238)	(56,575)	(74,813)
Profit for the period	-	-	-	-	-	-	-	-	-	344,584	344,584	723,741	1,068,325
Total comprehensive income/(loss) for the period	-	-	-	-	(255)	(17,983)	-	-	-	344,584	326,346	667,166	993,512
Exercise of share options	32,416	-	-	-	-	-	(13,099)	-	-	-	19,317	-	19,317
Recognition of share-based payments	-	-	-	-	-	-	20,873	-	117,366	-	138,239	49,821	188,060
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(5,821)	-	-	5,821	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	155,476	(151,301)	(4,175)	-	-	-
Final 2017 dividend declared (note 9)	-	-	-	-	-	-	-	-	-	(61,484)	(61,484)	-	(61,484)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(499,767)	(499,767)
Share of special reserve of an associate	-	-	(1,817)	-	-	-	-	-	-	-	(1,817)	-	(1,817)
Repurchase of shares	-	-	-	-	-	-	-	-	-	(115,007)	(115,007)	-	(115,007)
At 30 June 2018 (Unaudited)	32,416	7,053*	(3,204,610)*	5,796*	(578)*	(51,425)*	139,107*	(12,710)*	13,962*	16,633,515*	19,186,661	26,950,154	46,136,815

\* These reserve accounts comprise the consolidated reserves of HK\$10,976,003,000 (30 June 2018: HK\$13,530,110,000) in the unaudited condensed consolidated statement of financial position as at 30 June 2019.

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Net cash from operating activities	3,995,484	2,921,515
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Placement of bank deposits with original maturities over three months	(533,241)	(204,400)
Interest received	29,535	23,344
Payment and deposit for property, plant and equipment	(1,960,527)	(1,303,906)
Payment for right-of-use assets	(2,220)	-
Purchase of other intangible assets	(15,992)	-
Withdrawal of bank deposits with original maturities over three months	40,000	348,741
Decrease/(increase) in restricted cash	24,455	(37,980)
Proceeds from disposal of an investment in and assignment of loan to an associate (note 8)	52,000	-
Net outflow of cash from disposal of subsidiaries	-	(27,960)
Proceeds from disposal of property, plant and equipment	1,098	3,135
Proceeds from disposal of financial assets at fair value through profit of loss	193,704	-
Purchase of financial assets at fair value through profit or loss	(4,827,537)	(39,177)
Net cash used in investing activities	(6,998,725)	(1,238,203)



	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from interest-bearing borrowings	13,135,496	1,307,040
Repayment of interest-bearing borrowings	(7,744,317)	(1,618,237)
Interest paid	(907,903)	(793,690)
Payment of lease liabilities (including associated interest)	(314,815)	(131,264)
Proceeds from exercise of share options	13,132	58,223
Payment of debt financing costs	(115,498)	-
Purchase of shares for the share award schemes	(78,603)	-
Repurchase of shares	(95,805)	(115,007)
Dividend paid	(36,066)	-
Dividends paid to non-controlling shareholders	(505,712)	(499,767)
Net cash from/(used in) financing activities	<u>3,349,909</u>	<u>(1,792,702)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at beginning of period	11,892,778	11,768,251
Effect of foreign exchange rate changes, net	18,333	(72,797)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<u>12,257,779</u>	<u>11,586,064</u>
<b>ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<u>12,257,779</u>	<u>11,586,064</u>

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

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

30 JUNE 2019

## 1. 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 international network of casino gaming and entertainment casino resorts. The Group operates its gaming business primarily through Melco Resorts & Entertainment Limited (“Melco Resorts”), a subsidiary of the Group, with its American depositary shares (“ADSs”) listed on the NASDAQ Global Select Market in the United States of America (the “U.S.”). Melco Resorts currently operates Altira Macau, a casino hotel located at Taipa, the Macau Special Administrative Region of the People’s Republic of China (“Macau”), City of Dreams, an integrated urban casino resort located at Cotai, Macau and Grand Dragon Casino, a casino located at Taipa, Macau. Melco Resorts’ business also includes the Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. The Group, through its subsidiaries, including Studio City International Holdings Limited (“Studio City International Holdings”), which completed its initial public offering with its ADSs listed on the New York Stock Exchange in October 2018, also majority owns and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, Melco Resorts and Entertainment (Philippines) Corporation (“MRP”), a subsidiary of the Group, whose common shares were publicly traded on The Philippine Stock Exchange, Inc. (the “PSE”) until its trading suspension on 10 December 2018. MRP was automatically delisted from the Official Registry of the PSE effective on 11 June 2019, by reason of its public ownership remaining below the 10% minimum threshold prescribed under the PSE’s Rule on Minimum Public Ownership for a period of more than six months. The Group, through MRP’s subsidiary, operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila. In the Republic of Cyprus (“Cyprus”), the Group, through its subsidiaries, ICR Cyprus Holdings Limited and its subsidiaries (collectively referred to as “ICR Group”), is also developing the City of Dreams Mediterranean, the first integrated casino resort in Limassol, Cyprus together with the operation of four satellite casinos in Cyprus. In June 2018, a temporary casino in Limassol commenced its operations and will continue to operate until the opening of the integrated casino resort. ICR Group currently has three satellite casinos in operations, the first two satellite casinos commenced operations in December 2018 and the third satellite casino commenced operations in mid July 2019. ICR Group’s last satellite casino and the integrated casino resort are currently under construction/development in Cyprus.

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

## 2.1 BASIS OF PREPARATION

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

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

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2018.

The financial information relating to the year ended 31 December 2018 that is included in this unaudited condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the consolidated financial statements for the year ended 31 December 2018. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

As at 30 June 2019, the Group had net current liabilities of HK\$7,818,327,000. After considering the Group’s cash flow forecasts, available unutilized credit facilities (note 16) and borrowings refinanced after the period end (note 24), the directors of the Company believe the Group will have sufficient liquidity to meet its financial obligations as they fall due in the following 12 months. Accordingly, the unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019 are consistent with those of the Group as set out in the Group's audited consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

The adoption of these new and amended HKFRSs had no material impact on the unaudited condensed consolidated interim financial information, except for the adoption of HKFRS 16 *Leases* as explained below.

### **HKFRS 16 *Leases***

HKFRS 16 replaces HKAS 17 *Leases* and the related interpretations when it became effective. HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact for leases where the Group is the lessor. HKFRS 16 also requires lessees and lessors to make more extensive disclosures than under HKAS 17.

The Group adopted HKFRS 16 from 1 January 2019 using the modified retrospective method without restating comparative information. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases under HKAS 17 and related interpretation at the date of initial application. The Group also elected to use the recognition exemption allowed by the standard on lease contracts whose lease terms end within 12 months as of the commencement date and do not contain a purchase option ("short-term leases").

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

### HKFRS 16 Leases - continued

The effect of adopting HKFRS 16 as at 1 January 2019 is as follows:

	Effect of Change Increase/ (Decrease) HK\$'000 (Unaudited)
<b>Condensed consolidated statement of financial position</b>	
<i>Non-current Assets</i>	
Right-of-use assets	8,293,673
Land use rights	(5,387,867)
Property, plant and equipment	(1,529,568)
Prepayments, deposits and other receivables	(9,133)
<i>Current Assets</i>	
Land use rights	(166,057)
Prepayments, deposits and other receivables	(23,966)
Total assets	<u>1,177,082</u>
<i>Non-current Liabilities</i>	
Lease liabilities	1,045,865
Other payables, accruals and deposits received	(137,251)
<i>Current Liabilities</i>	
Lease liabilities	293,083
Other payables, accruals and deposits received	<u>(24,615)</u>
Total liabilities	<u>1,177,082</u>

The adoption of HKFRS 16 did not have an impact on retained profits as at 1 January 2019.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

### HKFRS 16 Leases - continued

#### (a) Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for land, buildings, gaming equipment, transportation and furniture, fixtures and equipment. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the finance lease liability. In an operating lease, the leased asset was not capitalized and the lease payments were recognized as rental expenses in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under "Prepayments, deposits and other receivables" and "Other payables, accruals and deposits received", respectively.

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

#### *Leases previously classified as finance leases*

The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the leased assets and liabilities recognized under HKAS 17). The requirements of HKFRS 16 were applied to these leases from 1 January 2019.

#### *Leases previously classified as operating leases*

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted by any related prepaid or accrued lease payments at the date of initial application. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

### HKFRS 16 Leases - continued

#### (a) Nature of the effect of adoption of HKFRS 16 - continued

*Leases previously accounted for as operating leases - continued*

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of HK\$8,293,673,000 were recognized and presented separately in the unaudited condensed consolidated statement of financial position. This included the leased assets recognized previously of HK\$7,083,492,000 that were reclassified from property, plant and equipment and land use rights.
- Additional lease liabilities of HK\$1,338,948,000 were recognized.
- Prepayments, deposits and other receivables of HK\$33,099,000 and other payables, accruals and deposits received of HK\$161,866,000 related to previous operating leases were derecognized.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

### HKFRS 16 Leases - continued

#### (a) Nature of the effect of adoption of HKFRS 16 - continued

*Leases previously accounted for as operating leases - continued*

The lease liabilities as at 1 January 2019 reconcile to the operating lease and other commitments as at 31 December 2018 as follows:

	HK\$'000
Operating lease and other commitments as at 31 December 2018	1,068,857
Weighted average incremental borrowing rate as at 1 January 2019	5.71%
Discounted operating lease commitments as at 1 January 2019	823,550
Less:	
Short-term leases	(1,390)
Leases committed but not yet commenced at 1 January 2019	(92,839)
Add:	
Finance lease liabilities previously recognized as at 31 December 2018	2,255,742
Adjustments as a result of different treatment of termination options	596,894
Others	<u>12,733</u>
Lease liabilities as at 1 January 2019	<u><u>3,594,690</u></u>



## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

### HKFRS 16 Leases - continued

#### (b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

##### *Right-of-use assets*

The Group recognizes 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 any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, 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 recognized right-of-use assets are depreciated on a straight-line basis over the shorter of these estimated useful lives and the lease terms. Right-of-use assets are subject to impairment, if applicable.

##### *Lease liabilities*

At the commencement date of the lease, the Group recognizes 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 variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs. The Group recognized rental expenses from variable lease payments not included in the measurement of lease liabilities of HK\$32,313,000 for the six months ended 30 June 2019.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

### HKFRS 16 Leases - continued

#### (b) Summary of new accounting policies - continued

##### *Lease liabilities - continued*

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 to purchase the underlying asset.

##### *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 recognized as expense on a straight-line basis over the lease term.

The Group recognized rental expenses from short-term leases of HK\$7,165,000 for the six months ended 30 June 2019.

##### *Significant judgement in determining the 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 recognized.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early adopted any new or amended HKFRSs that have been issued but are not yet effective in the unaudited condensed consolidated interim financial information for the six months ended 30 June 2019.

### 3. SEGMENT INFORMATION

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

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

Management monitors the results of the Group’s operating and reportable segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on Adjusted EBITDA, which is a non-HKFRS financial measure and the segment results of the Group, is the profit for the period before deduction of finance costs, income tax, depreciation and amortization, pre-opening costs, development costs, property charges and other, share-based compensation expenses, payments to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc. (collectively referred to as the “Philippine Parties”), land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses, loss on disposal of an investment in an associate and loss on disposal of subsidiaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. 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, dividend 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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. SEGMENT INFORMATION - continued

### Segment net revenues and results

Six months ended 30 June 2019 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment net revenues (note 4):</b>			
Sales to external customers	22,314,504	37,821	22,352,325
Intersegment sales	18,437	68	18,505
	22,332,941	37,889	22,370,830
Elimination of intersegment sales			(18,505)
Total net revenues			<u>22,352,325</u>
<b>Adjusted EBITDA</b>	6,411,858	(12,597)	6,399,261
Adjusted items for Adjusted EBITDA:			
Share-based compensation expenses			(191,060)
Depreciation and amortization			(3,001,280)
Pre-opening costs			(25,181)
Development costs			(70,554)
Property charges and other			(132,657)
Payments to the Philippine Parties			(291,968)
Loss on disposal of an investment in an associate			(7,593)
Interest income			30,359
Other income, gains and losses			(171,813)
Finance costs			(1,421,215)
Corporate expenses			(54,887)
Profit before tax			<u>1,061,412</u>

### 3. SEGMENT INFORMATION - continued

#### Segment net revenues and results - continued

Six months ended 30 June 2018 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment net revenues (note 4):</b>			
Sales to external customers	19,750,496	45,571	19,796,067
Intersegment sales	<u>28,176</u>	<u>-</u>	<u>28,176</u>
	19,778,672	45,571	19,824,243
Elimination of intersegment sales			<u>(28,176)</u>
Total net revenues			<u>19,796,067</u>
<b>Adjusted EBITDA</b>	5,553,185	(30,499)	5,522,686
Adjusted items for Adjusted EBITDA:			
Share-based compensation expenses			(160,419)
Depreciation and amortization			(2,389,394)
Pre-opening costs			(313,507)
Development costs			(56,711)
Property charges and other			(144,424)
Payments to the Philippine Parties			(272,256)
Land rent to Belle Corporation			(11,787)
Loss on disposal of subsidiaries			(34,111)
Interest income			23,310
Other income, gains and losses			37,516
Finance costs			(1,086,238)
Corporate expenses			<u>(52,097)</u>
Profit before tax			<u>1,062,568</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 3. SEGMENT INFORMATION - continued

30 June 2019 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment assets</b>	103,145,005	418,027	103,563,032
Corporate and other unallocated assets			<u>419,993</u>
Total assets			<u><u>103,983,025</u></u>
<b>Segment liabilities</b>	55,389,317	81,372	55,470,689
Corporate and other unallocated liabilities			<u>7,178,926</u>
Total liabilities			<u><u>62,649,615</u></u>

31 December 2018 (Audited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment assets</b>	97,003,337	430,678	97,434,015
Corporate and other unallocated assets			<u>592,226</u>
Total assets			<u><u>98,026,241</u></u>
<b>Segment liabilities</b>	50,396,815	88,246	50,485,061
Corporate and other unallocated liabilities			<u>6,838,154</u>
Total liabilities			<u><u>57,323,215</u></u>

#### 4. NET REVENUES

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
Casino revenue	19,490,214	17,300,745
Entertainment and resort facilities revenue:		
Rooms	1,336,571	1,053,148
Catering service income	926,028	776,952
Entertainment, retail and other	596,419	658,829
Electronic gaming machines participation	564	3,938
Others	199	286
	<u>22,349,995</u>	<u>19,793,898</u>
<b>Revenue from other sources</b>		
Property rental income	<u>2,330</u>	<u>2,169</u>
	<u>22,352,325</u>	<u>19,796,067</u>

#### Revenue from contracts with customers

##### Disaggregated revenue information

Six months ended 30 June 2019 (Unaudited):

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Type of goods or services</b>			
Casino gaming	19,490,214	-	19,490,214
Entertainment and resort facilities:			
Rooms	1,336,571	-	1,336,571
Catering service income	891,300	34,728	926,028
Entertainment, retail and other	596,419	-	596,419
Electronic gaming machines participation	-	564	564
Others	-	199	199
	<u>22,314,504</u>	<u>35,491</u>	<u>22,349,995</u>
Total revenue from contracts with customers			

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. NET REVENUES - continued

### Revenue from contracts with customers - continued

#### Disaggregated revenue information - continued

Six months ended 30 June 2019 (Unaudited):

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Geographical markets</b>			
Macau	19,466,967	-	19,466,967
The Philippines	2,507,326	564	2,507,890
Cyprus	340,211	-	340,211
Hong Kong	-	34,927	34,927
Total revenue from contracts with customers	22,314,504	35,491	22,349,995

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Six months ended 30 June 2019 (Unaudited):

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Revenue from contracts with customers</b>			
Sales to external customers	22,314,504	35,491	22,349,995
Intersegment sales	18,437	68	18,505
	22,332,941	35,559	22,368,500
Elimination of intersegment sales	(18,437)	(68)	(18,505)
Total revenue from contracts with customers	22,314,504	35,491	22,349,995



#### 4. NET REVENUES - continued

##### Revenue from contracts with customers - continued

##### Disaggregated revenue information - continued

Six months ended 30 June 2018 (Unaudited):

<b>Segments</b>	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Type of goods or services</b>			
Casino gaming	17,300,745	-	17,300,745
Entertainment and resort facilities:			
Rooms	1,053,148	-	1,053,148
Catering service income	737,774	39,178	776,952
Entertainment, retail and other	658,829	-	658,829
Electronic gaming machines participation	-	3,938	3,938
Others	-	286	286
Total revenue from contracts with customers	<u>19,750,496</u>	<u>43,402</u>	<u>19,793,898</u>

Six months ended 30 June 2018 (Unaudited):

<b>Segments</b>	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Geographical markets</b>			
Macau	17,290,380	-	17,290,380
The Philippines	2,456,761	3,938	2,460,699
Cyprus	3,355	-	3,355
Hong Kong	-	39,464	39,464
Total revenue from contracts with customers	<u>19,750,496</u>	<u>43,402</u>	<u>19,793,898</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 4. NET REVENUES - continued

### Revenue from contracts with customers - continued

#### Disaggregated revenue information - continued

Set out below was the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

Six months ended 30 June 2018 (Unaudited):

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Revenue from contracts with customers</b>			
Sales to external customers	19,750,496	43,402	19,793,898
Intersegment sales	28,176	-	28,176
	19,778,672	43,402	19,822,074
Elimination of intersegment sales	(28,176)	-	(28,176)
Total revenue from contracts with customers	19,750,496	43,402	19,793,898

## 5. FINANCE COSTS

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Interest on:		
- interest-bearing borrowings	1,066,787	995,889
- lease liabilities	187,473	150,593
Amortization of debt financing costs	54,309	85,217
Other financing costs	7,245	23,825
Loss on modification and extinguishment of debts	105,401	-
	1,421,215	1,255,524
Less: capitalized in construction in progress ("CIP")	-	(169,286)
	1,421,215	1,086,238

## 6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	2,159,055	1,762,793
Depreciation of right-of-use assets	289,481	-
Amortization of gaming license and subconcession	544,502	544,502
Amortization of land use rights	-	83,028
Amortization of other intangible assets	8,242	1,486
Less: capitalized in CIP	-	(2,415)
	<u>3,001,280</u>	<u>2,389,394</u>
Costs of inventories <sup>#</sup>	425,864	433,827
Advertising and promotions <sup>#</sup>	364,149	575,853
Other gaming operations expenses <sup>#</sup>	311,076	325,420
Bad debt recovery <sup>#</sup>	(10,077)	(33,632)
Loss allowance/(reversal of impairment loss) on trade receivables, net <sup>#</sup>	90,184	(46,722)
Loss allowance/(reversal of impairment loss) on other receivables <sup>#</sup>	1,324	(2,794)
Written-off of prepayments <sup>#</sup>	66,887	-
Loss on disposal of property, plant and equipment	27,321	7,985
Interest income	<u>(30,359)</u>	<u>(23,310)</u>

<sup>#</sup> Included in "Other expenses" in the condensed consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 7. INCOME TAX

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Current tax:		
Macau Complementary Tax	2,643	1,602
Lump sum in lieu of Macau Complementary Tax on dividends	9,175	9,175
Cyprus Corporate Income Tax	6,262	-
Hong Kong Profits Tax	31	8,840
Other jurisdictions	4,752	1,018
Sub-total	22,863	20,635
Underprovision in prior periods:		
Macau Complementary Tax	459	6,195
Other jurisdictions	2,441	455
Sub-total	2,900	6,650
Deferred tax	12,380	(33,042)
Total	38,143	(5,757)

For the six months ended 30 June 2019, there were no significant changes to the tax exposures as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2018.

## 8. LOSS ON DISPOSAL OF AN INVESTMENT IN AN ASSOCIATE

On 20 May 2019, the Group disposed of all of its equity holding in an associate, Oriental Regent Limited (“Oriental Regent”) and assigned its outstanding shareholder’s loan to Oriental Regent to an independent third party for an aggregated consideration of HK\$52,000,000, resulting in a loss on disposal of approximately HK\$7,593,000 recognized in profit or loss.

## 9. DIVIDENDS

During the six months ended 30 June 2019, a final dividend of HK2.35 cents per share, totalling approximately HK\$35,577,000, in respect of the year ended 31 December 2018 (six months ended 30 June 2018: a final dividend of HK4.0 cents per share, totalling approximately HK\$61,484,000, in respect of the year ended 31 December 2017) was declared to the shareholders of the Company.

Subsequent to the end of the current interim period, the board of directors has resolved that an interim dividend of HK6.11 cents per share, totalling approximately HK\$92,501,000 (six months ended 30 June 2018: an interim dividend of HK4.5 cents per share, totalling approximately HK\$69,029,000), will be paid to the shareholders of the Company.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Earnings</b>		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	462,087	344,584
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	(5,917)	(5,891)
Earnings for the purpose of diluted earnings per share	<u>456,170</u>	<u>338,693</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY - continued

	Six months ended 30 June	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,514,577	1,528,415
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	4,816	7,829
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,519,393</u>	<u>1,536,244</u>

The number of shares adopted in the calculation of the basic and diluted earnings per share has been derived by excluding the shares of the Company held under trust arrangement 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 profit attributable to the Company as adjusted to reflect the dilution effect of the share options and awarded shares issued by the subsidiaries of the Company. For the six months ended 30 June 2019 and 2018, the Company had outstanding share options and awarded shares that would potentially dilute the earnings per share.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group's additions to property, plant and equipment of approximately HK\$2,012,968,000 (six months ended 30 June 2018: HK\$2,303,914,000) were mainly incurred on buildings, CIP, leasehold improvements, transportation, gaming equipment and furniture, fixtures and equipment for the Group's gaming premises. There were disposals of property, plant and equipment of HK\$28,419,000 during the six months ended 30 June 2019 (six months ended 30 June 2018: HK\$17,327,000).

## 12. TRADE RECEIVABLES

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 1 month	1,633,882	1,376,669
More than 1 month but within 3 months	383,201	316,695
More than 3 months but within 6 months	128,396	292,183
More than 6 months	480,638	229,760
	<u>2,626,117</u>	<u>2,215,307</u>
Loss allowance for impairment	(405,537)	(315,415)
	<u>2,220,580</u>	<u>1,899,892</u>
Less: Non-current portion	(47)	(41)
	<u>2,220,533</u>	<u>1,899,851</u>

## 13. OTHER FINANCIAL ASSETS

	Notes	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>Current assets</b>			
Financial assets at fair value through profit or loss	(a)	571,149	717,356
Restricted cash		346,862	377,151
		<u>918,011</u>	<u>1,094,507</u>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss	(b)	4,623,294	-
Restricted cash		169,499	166,736
Amount due from an associate	(c)	-	38,645
		<u>4,792,793</u>	<u>205,381</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 13. OTHER FINANCIAL ASSETS - continued

Notes:

- (a) As at 30 June 2019 and 31 December 2018, the amount represents investments in mutual funds that mainly invest in bonds and fixed interest securities which are considered as marketable equity securities. During the six months ended 30 June 2019, the Group sold certain mutual funds amounting to HK\$193,704,000. For the six months ended 30 June 2019, an increase in fair value of HK\$56,981,000 (six months ended 30 June 2018: decrease in fair value of HK\$20,040,000) was recognized in "Other income, gains and losses" in profit or loss.
- (b) On 30 May 2019, Melco Resorts executed a definitive purchase agreement (the "Share Sale Agreement") pursuant to which Melco Resorts agreed to, through its subsidiary, acquire and an independent third party, CPH Crown Holdings Pty Limited ("CPH"), agreed to sell, an aggregate of 135,350,000 shares of Crown Resorts Limited ("Crown"), representing approximately 19.99% of the issued shares of Crown, in two equal tranches (the "Transaction"). The purchase price is Australian dollar ("AUD") 13.00 per share of Crown.

The purchase price of AUD 879,775,000 for acquiring the first tranche of 67,675,000 shares of Crown, representing an approximately 9.99% stake in Crown, was paid on 6 June 2019. The Group recognized the investment as financial assets at fair value through profit or loss of HK\$4,832,282,000. For the six months ended 30 June 2019, a decrease in fair value of HK\$208,988,000 was recognized in "Other income, gains and losses" in profit or loss. Under the Share Sale Agreement, the completion (the "Second Tranche Completion") of the second tranche of 67,675,000 shares of Crown (the "Second Tranche Shares") must take place (i) at the earlier of (a) 30 September 2019; and (b) an earlier date than 30 September 2019 as specified by Melco Resorts; or (ii) at any time as Melco Resorts and CPH agree in writing.

The Company announced on 28 August 2019 that Melco Resorts and CPH have entered into an amendment deed to amend the Share Sale Agreement, pursuant to which the Second Tranche Completion shall be deferred for a period of up to 60 business days following the completion of the relevant Australian regulatory processes, subject to certain closing conditions. If the Second Tranche Completion occurs after 30 September 2019, the purchase price for the Second Tranche Shares shall be reduced by an amount equal to any dividends received by CPH on the Second Tranche Shares during the period between 6 June 2019 and the Second Tranche Completion, but increased by AUD0.05 per Second Tranche Share per calendar month (as pro rated daily) following 30 September 2019 until the Second Tranche Completion. If by 31 May 2020 (which is extendible by a further six months if requested by either Melco Resorts or CPH), the conditions to the Second Tranche Completion have not been satisfied, the obligation of the Second Tranche Completion is subject to a termination notice that can be given by Melco Resorts or CPH.

- (c) Amount due from an associate has been fully settled during the six months ended 30 June 2019 upon the disposal as further disclosed in note 8.

## 14. TRADE PAYABLES

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Within 1 month	133,072	163,994
More than 1 month but within 3 months	16,613	21,897
More than 3 months but within 6 months	12,591	12,450
	<u>162,276</u>	<u>198,341</u>



## 15. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>Current liabilities</b>		
Outstanding gaming chips and tokens liabilities	4,295,335	5,002,012
Customer deposits and ticket sales	2,486,940	3,080,799
Gaming tax and license fee payables	1,765,064	1,751,763
Accrued employee benefits expenses	1,108,332	1,151,619
Accrued operating expenses and other liabilities	1,015,110	963,976
Payable for acquisition of property, plant and equipment	454,683	494,951
Loyalty program liability	307,430	365,958
Interest payable	276,570	129,294
Construction costs payable	223,754	214,992
Accrued gaming promoter commission and other gaming related accruals	123,871	103,543
Amounts due to related companies (note)	38,126	63,659
Dividend payable	36,732	37,221
	<u>12,131,947</u>	<u>13,359,787</u>
<b>Non-current liabilities</b>		
Deposits received	48,758	34,414
Accrued employee benefits expenses	42,275	46,364
Other liabilities	34,409	13,955
Amounts due to related companies (note)	2,202	-
Deferred rental income	-	137,251
	<u>127,644</u>	<u>231,984</u>

### Note:

Amounts due to related companies are unsecured, non-interest-bearing and repayable on demand. The related companies are a joint venture and a subsidiary of MECOM Power and Construction Limited ("MECOM") in which Mr. Ho, Lawrence Yau Lung, a Director, Chairman and Chief Executive Officer of the Company, has a shareholding interest of approximately 20%.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. INTEREST-BEARING BORROWINGS

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Secured notes	9,376,172	12,699,324
Secured bank loans	18,354,309	18,253,982
Unsecured notes	16,374,692	7,848,614
	<u>44,105,173</u>	<u>38,801,920</u>
Non-current portion	(32,123,273)	(35,264,619)
	<u>11,981,900</u>	<u>3,537,301</u>
Current portion		
Analyzed into:		
Borrowings repayable:		
Within one year or on demand	12,006,254	3,563,011
In the second year	2,938,535	12,658,947
In the third to fifth years, inclusive	17,549,136	14,853,484
After five years	11,720,216	7,831,527
	<u>44,214,141</u>	<u>38,906,969</u>
Less: debt financing costs and original issue premiums	(108,968)	(105,049)
	<u>44,105,173</u>	<u>38,801,920</u>

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Fixed-rate borrowings	25,750,864	20,547,938
Variable-rate borrowings	18,354,309	18,253,982
	<u>44,105,173</u>	<u>38,801,920</u>

## 16. INTEREST-BEARING BORROWINGS - continued

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

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
HK\$	11,319,815	11,546,541
US\$	32,785,358	27,255,379
	<u>44,105,173</u>	<u>38,801,920</u>

On 22 January 2019, the Group initiated a conditional tender offer (the "Conditional Tender Offer") to purchase the outstanding balance of US\$825,000,000 8.5% senior notes due 2020 (the "2020 Senior Notes") in an aggregate principal amount of US\$425,000,000 (equivalent to HK\$3,320,728,000) with accrued interest. The Conditional Tender Offer expired on 4 February 2019 with an US\$216,500,000 (equivalent to HK\$1,699,412,000) aggregate principal amount of the notes tendered.

On 11 February 2019, the Group issued US\$600,000,000 (equivalent to HK\$4,709,687,000) in an aggregate principal amount of 7.25% senior notes due 2024. The net proceeds were used to fund the Conditional Tender Offer, and to redeem the remaining outstanding 2020 Senior Notes in an aggregate principal amount of US\$208,500,000 (equivalent to HK\$1,636,719,000) with accrued interest on 13 March 2019. Accordingly, the Group recorded loss on modification and extinguishment of debts of HK\$105,401,000 for the six months ended 30 June 2019.

On 26 April 2019, the Group issued US\$500,000,000 (equivalent to HK\$3,922,000,000) in an aggregate principal amount of 5.25% senior notes due 2026 (the "2026 Senior Notes"). The net proceeds were used to partially repay an outstanding revolving credit facility. On 8 May 2019, the Group repaid HK\$3,983,000,000 in aggregate principal amount of a revolving credit facility, together with accrued interest and associated cost, from the net proceeds of the 2026 Senior Notes and cash on hand.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16. INTEREST-BEARING BORROWINGS - continued

On 4 June 2019, the Group partially drew down HK\$3,925,000,000 from a revolving credit facility to partly fund the first tranche of the acquisition of shares of Crown disclosed in note 13(b).

The availability period of an unsecured credit facility amounted to the Philippine Peso ("Peso") 2.35 billion (equivalent to HK\$357,522,000) was extended from 31 May 2019 to 29 August 2019 during the six months ended 30 June 2019. Subsequent to the end of the reporting period, in August 2019 the availability of the unsecured credit facility was further extended to 31 May 2020, on substantially similar terms as before, except that (i) the Philippine Dealing System Treasury Reference Rates PM is replaced by PHP BVAL Reference Rate and (ii) the applicable interest rate margin is amended from a predetermined rate to a rate to be mutually agreed by the bank and the borrower at the time of drawdown. This credit facility is available for future drawdown, subject to satisfaction of certain conditions precedent.

As at 30 June 2019, certain bank credit facilities amounting to HK\$2,042,232,000 were available for future drawdown, subject to satisfaction of certain conditions precedent. As disclosed in note 24, subsequent to the end of the reporting period, the Group repaid HK\$4,638,000,000 in aggregate principal amount of a revolving credit facility on 24 July 2019. Immediately after the repayment, the amount of bank credit facilities available for future drawdown increased from HK\$2,042,232,000 to HK\$6,680,232,000.

Other than the aforesaid financing activities, there were no other significant changes to the interest-bearing borrowings as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2018.

## 17. LEASE LIABILITIES

The following table presents the contractual undiscounted cash flows for lease liabilities as at 30 June 2019:

	30 June 2019 HK\$'000 (Unaudited)
Within one year	650,524
In the second year	573,949
In the third to fifth years, inclusive	1,623,419
After five years	4,377,023
	<u>7,224,915</u>

## 18. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2018 (Audited)	1,536,158,255	5,624,135
Repurchase of shares (note)	(18,587,000)	-
Exercise of share options	<u>2,055,800</u>	<u>36,055</u>
At 31 December 2018 and 1 January 2019 (Audited)	1,519,627,055	5,660,190
Repurchase of shares (note)	(6,000,000)	-
Exercise of share options	<u>272,000</u>	<u>3,469</u>
At 30 June 2019 (Unaudited)	<u>1,513,899,055</u>	<u>5,663,659</u>

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

Note:

During the six months ended 30 June 2019, the Company repurchased a total of 6,000,000 shares of the Company at an aggregate consideration of approximately HK\$95,559,000 (before expenses) on the Hong Kong Stock Exchange. During the year ended 31 December 2018, the Company repurchased a total of 18,587,000 shares of the Company at an aggregate consideration of approximately HK\$334,318,000 (before expenses) on the Hong Kong Stock Exchange.

The repurchase was made with a view to enhancing the earnings per share of the Company. All the repurchased shares were subsequently cancelled.

## 19. MRP SHARE INCENTIVE PLAN

On 22 May 2019, MRP offered to all eligible participants of its share incentive plan (the "MRP Share Incentive Plan") the option to retire all outstanding equity awards, including the unvested share options, vested but unexercised share options and unvested restricted shares (collectively, the "Outstanding Awards") by the payment of cash to the eligible participants (the "SIP Retirement Arrangements") in light of the delisting of MRP as disclosed in note 1 and the acquiescence of such SIP Retirement Arrangements was obtained from the Philippine Securities and Exchange Commission on 17 May 2019. As a result of all eligible participants elected to participate in the SIP Retirement Arrangements, all the Outstanding Awards, including a total of 15,971,173 outstanding share options (including both unvested and vested but unexercised share options) and 29,068,424 outstanding restricted shares under the MRP Share Incentive Plan, were irrevocably cancelled and extinguished pursuant to the SIP Retirement Arrangements on 31 May 2019 (the "SIP Modification").

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 19. MRP SHARE INCENTIVE PLAN - continued

Under the SIP Retirement Arrangements, MRP will pay the eligible participants a fixed amount in cash ("Settlement Amount") according to the original vesting schedules of the outstanding share options and restricted shares, subject to other terms and conditions. The Settlement Amount of the outstanding restricted shares is Peso7.25 per share, based on the offer price of the tender offer in 2018 and the Settlement Amount of the share options is determined using the Black-Scholes valuation model and the weighted average fair value of share options at the modification date is Peso4.23 per option.

As a result of the SIP Modification, on 31 May 2019, the Group recognized a liability of HK\$35,139,000 with a corresponding reduction in non-controlling interests of HK\$40,726,000 and an increment in exchange reserve of HK\$5,587,000 for modification of all the Outstanding Awards from equity-settled to cash-settled, with other terms unchanged. Since the fair values of the modified awards and the original awards were the same on the modification date, no incremental share-based compensation expenses were resulted. At the end of each reporting period until the liability is settled, the liability is accrued for the outstanding awards as they become vested at the Settlement Amount, with a corresponding share-based compensation expense recognized in profit or loss for the period.

As at 30 June 2019, the accrued liability associated with the unvested and unsettled Outstanding Awards under the SIP Modification was HK\$25,341,000. No fair value gain or loss on remeasurement of the liability associated with the unvested and unsettled Outstanding Awards under the SIP Modification were recognized for the six months ended 30 June 2019.

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

During the six months ended 30 June 2019, property, plant and equipment amounting to HK\$303,692,000 (six months ended 30 June 2018: HK\$755,393,000) were purchased from external parties and remained unsettled as at 30 June 2019.

During the six months ended 30 June 2019, property, plant and equipment amounting to HK\$739,000 (six months ended 30 June 2018: HK\$23,788,000) were purchased from related companies and remained unsettled as at 30 June 2019.

During the six months ended 30 June 2019, the total cash outflow for leases was HK\$354,293,000.

## 21. COMMITMENTS AND CONTINGENCIES

### (a) Capital commitments

	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	<u>3,298,501</u>	<u>1,026,060</u>

### (b) Other commitments

As of 30 June 2019, except for changes related to the adoption of HKFRS 16 *Leases* disclosed in note 2.2 and the acquisition of Second Tranche Shares disclosed in note 13(b), there were no significant changes to other commitments as disclosed in note 47 to the Group's audited consolidated financial statements for the year ended 31 December 2018.

### (c) Litigation

As of 30 June 2019, the Group is a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcome of such proceedings has no material impact on the Group's unaudited condensed consolidated interim financial information as a whole.

## 22. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
A joint venture and a subsidiary of MECOM: (note)		
Construction cost	5,308	61,858
Consultancy fee expense	38,637	49,090
Purchase of property and equipment	<u>7,442</u>	<u>13,376</u>

Note:

Mr. Ho, Lawrence Yau Lung, a Director, Chairman and Chief Executive Officer of the Company, has a shareholding interest of approximately 20% in MECOM. As of 30 June 2019, the Group had capital commitments contracted but not incurred with a joint venture and a subsidiary of MECOM mainly for the construction for Studio City totaling HK\$21,046,000 (31 December 2018: HK\$15,851,000).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 22. RELATED PARTY TRANSACTIONS - continued

### (b) Compensation of key management personnel

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

	Six months ended 30 June	
	2019 HK\$'000 (Unaudited)	2018 HK\$'000 (Unaudited)
Short-term benefits	72,991	71,032
Post-employment benefits	522	537
Share-based compensation	136,983	158,938
	<u>210,496</u>	<u>230,507</u>

## 23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

### (a) Fair values 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 value of the financial assets are determined.

#### Fair value hierarchy

##### Financial assets

	Level 1	
	30 June 2019 HK\$'000 (Unaudited)	31 December 2018 HK\$'000 (Audited)
<b>Financial assets at fair value through profit or loss</b>		
Equity securities	<u>5,194,443</u>	<u>717,356</u>

The fair values of the investments as at 30 June 2019 and 31 December 2018 were determined based on quoted market prices in active markets and were classified as Level 1 of the fair value hierarchy.



## **23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued**

### **(b) Fair values of the Group's financial assets and liabilities that are not measured at fair 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 directors of the Company based on a discounted cash flow analysis.

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

## **24. SUBSEQUENT EVENTS**

On 24 June 2019, the Company entered into a share purchase agreement with Melco Resorts, pursuant to which the Company conditionally agreed to sell its entire shareholding in ICR Cyprus Holdings Limited to Melco Resorts. The consideration was US\$375,000,000 (approximately HK\$2,930,054,000), which was satisfied by the issuance of 55,500,738 ordinary shares of Melco Resorts, which were equivalent to 18,500,246 ADSs. The transaction was completed on 31 July 2019. ICR Cyprus Holdings Limited continues to be a subsidiary of the Company after completion and the financial results of ICR Group continue to be consolidated within the financial statements of the Group after completion via the Group's controlling interest in Melco Resorts. Accordingly, the Group will recognize adjustments in non-controlling interests and reserves in the consolidated statement of financial position, without recording any gain or loss in profit or loss of the Group for the year ending 31 December 2019.

On 17 July 2019, the Group issued US\$600,000,000 (equivalent to HK\$4,688,086,000) in aggregate principal amount of 5.625% senior notes due 2027 (the "2027 Senior Notes"). On 24 July 2019, the Group used the net proceeds of the 2027 Senior Notes and cash on hand to partially repay an outstanding revolving credit facility in aggregate principal amount of HK\$4,638,000,000, together with accrued interest and associated costs.

## **25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION**

This interim financial information was approved and authorized for issue by the board of directors on 30 August 2019.

# OTHER INFORMATION

## **INTERIM DIVIDEND**

Pursuant to the dividend policy announced by the Company on 28 March 2014 (the “Dividend Policy”), it is the Company’s intention to provide 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.

For the six months ended 30 June 2019, the Group recorded a profit attributable to shareholders of HK\$462.1 million. The board of directors of the Company (the “Board” or the “Director(s)”) has resolved to declare an interim dividend of HK6.11 cents per share for the six months ended 30 June 2019 to shareholders whose names appear on the Register of Members of the Company on Thursday, 19 September 2019. The dividend is expected to be paid on Friday, 4 October 2019.

## **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members of the Company will be closed from Tuesday, 17 September 2019 to Thursday, 19 September 2019, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms must be lodged with the Company’s share registrar, Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 September 2019.

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

As at 30 June 2019, the interests and short position of each Director and Chief Executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the Director and Chief Executive of the Company are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Hong Kong Stock Exchange were as follows:

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

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

Name of Director	Number of ordinary shares held			Total	Approximate % of total issued shares <sup>(1)</sup>
	Personal interests <sup>(2)</sup>	Corporate interests <sup>(3)</sup>	Other interests <sup>(4)</sup>		
Mr. Ho, Lawrence Yau Lung	46,739,132	484,748,077 <sup>(5)</sup>	309,476,187 <sup>(6)</sup>	840,963,396	55.55%
Mr. Evan Andrew Winkler	5,431,000	-	-	5,431,000	0.36%
Mr. Chung Yuk Man, Clarence	3,534,440	-	-	3,534,440	0.23%
Mr. Tsui Che Yin, Frank	7,163,660	-	-	7,163,660	0.47%
Mr. Ng Ching Wo	259,000	-	-	259,000	0.02%
Mr. Chow Kwong Fai, Edward	24,000	-	-	24,000	0.00%
Ms. Karuna Evelyne Shinsho	2,000	-	-	2,000	0.00%

## OTHER INFORMATION

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

Name of Director	Number of underlying shares held pursuant to share options <sup>(2 &amp; 7)</sup>	Number of shares held <sup>(2 &amp; 8)</sup>	Total	Approximate % of total issued shares <sup>(1)</sup>
Mr. Ho, Lawrence Yau Lung	3,000,000	2,200,000	5,200,000	0.34%
Mr. Evan Andrew Winkler	6,721,000	212,000	6,933,000	0.46%
Mr. Chung Yuk Man, Clarence	3,253,000	85,000	3,338,000	0.22%
Mr. Tsui Che Yin, Frank	1,074,000	6,000	1,080,000	0.07%
Mr. Ng Ching Wo	1,135,000	19,000	1,154,000	0.08%
Mr. Chow Kwong Fai, Edward	104,000	15,000	119,000	0.01%
Ms. Karuna Evelyne Shinsho	22,000	6,000	28,000	0.00%

#### Notes:

- As at 30 June 2019, the total number of issued shares of the Company was 1,513,899,055.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- This represents interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 484,748,077 shares relate to the 297,851,606 shares, 120,333,024 shares, 50,830,447 shares, 7,294,000 shares, 6,873,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust, LH Family Investment Inc. and Maple Peak Investments Inc. respectively, representing approximately 19.67%, 7.95%, 3.36%, 0.48%, 0.45% and 0.10% of the total issued shares of the Company. All of such companies/trust are owned by Mr. Ho, Lawrence Yau Lung, and/or persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies and trust.
- In addition to the deemed interests as stated in note 5 above, Mr. Ho, Lawrence Yau Lung is also taken to have interests in the 309,476,187 shares held by Great Respect Limited, representing approximately 20.44% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members.
- Details of share options granted to the Directors pursuant to the share option schemes of the Company are set out in the "Share Option Schemes" section of this report.
- Details of awarded shares granted to the Directors pursuant to the Share Purchase Scheme adopted by the Company on 18 October 2007 are set out in the "Share Award Schemes" section of this report.

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

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

(a) Ordinary shares of Melco Resorts

Name of Director	Number of ordinary shares held			Approximate % of total issued shares <sup>(1)</sup>
	Personal interests <sup>(2)</sup>	Corporate interests <sup>(3)</sup>	Total	
Mr. Ho, Lawrence Yau Lung	8,651,213	757,229,043 <sup>(4)</sup>	765,880,256	54.66%
Mr. Evan Andrew Winkler	21,357	-	21,357	0.00%
Mr. Chung Yuk Man, Clarence	277,633	-	277,633	0.02%

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

Name of Director	Number of underlying shares held pursuant to stock options <sup>(2&amp;5)</sup>	Number of restricted shares held <sup>(2&amp;6)</sup>	Total	Approximate % of total issued shares <sup>(1)</sup>
Mr. Ho, Lawrence Yau Lung	7,536,981	2,528,058	10,065,039	0.72%
Mr. Evan Andrew Winkler	-	50,682	50,682	0.00%
Mr. Chung Yuk Man, Clarence	-	94,830	94,830	0.01%

Notes:

- As at 30 June 2019, the total number of issued shares of Melco Resorts was 1,401,047,204.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in 757,229,043 shares of Melco Resorts which are being held by Melco Leisure and Entertainment Group Limited (“Melco Leisure”), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 55.55% of the total issued shares of the Company.

On 24 June 2019, the Company entered into a share purchase agreement with Melco Resorts, pursuant to which the Company conditionally agreed to sell its entire shareholding in ICR Cyprus Holdings Limited to Melco Resorts at a consideration of US\$375,000,000, to be satisfied by issuance of 55,500,738 ordinary shares of Melco Resorts (the “Consideration Shares”) at closing. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in the Consideration Shares and on issue of the Consideration Shares, the number of shares held by Mr. Ho, Lawrence Yau Lung (including personal interests and corporate interests) in Melco Resorts will be 821,380,994, representing 56.39% of the enlarged issued shares of Melco Resorts. The transaction was completed on 31 July 2019 and the Consideration Shares have been issued by Melco Resorts to Melco Leisure and Entertainment Group Limited, a wholly-owned subsidiary of the Company.

- Details of stock options granted to the Directors by Melco Resorts are set out in the “Share Option Schemes” section of this report.
- Details of restricted shares granted to the Directors by Melco Resorts are set out “Share Award Schemes” section of this report.

## OTHER INFORMATION

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

Ordinary shares of SCIHL

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

Notes:

1. As at 30 June 2019, the total number of issued shares of SCIHL was 314,329,776 (including 241,818,016 Class A ordinary shares and 72,511,760 Class B ordinary shares).
2. This represents interests held by the relevant Director as beneficial owner.

Save as disclosed above, as at 30 June 2019, none of the Directors or Chief Executive of the Company and their respective associates had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SHARE OPTION SCHEMES

### (I) The Company

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

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

Movements of share options granted under the 2002 Share Option Scheme and 2012 Share Option Scheme during the six months ended 30 June 2019 are set out below:

# OTHER INFORMATION

## Under the 2002 Share Option Scheme

Category of participants	Number of share options							Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Reclassified during the period	As at 30 June 2019			
<b>Directors</b>										
Mr. Chung Yuk	170,000	-	-	-	-	-	170,000	07.04.2010	3.76	4
Man, Clarence	330,000	-	-	-	-	-	330,000	27.01.2012	7.10	6
Mr. Ng	91,000	-	(91,000)	-	-	-	-	03.04.2009	2.99	3
Ching Wo	60,000	-	-	-	-	-	60,000	07.04.2010	3.76	7
	350,000	-	-	-	-	-	350,000	08.04.2011	5.75	5
	210,000	-	-	-	-	-	210,000	27.01.2012	7.10	6
*Dr. Tyen Kan Hee, Anthony	210,000	-	-	-	-	(210,000)	-	27.01.2012	7.10	6
Sub-total	<u>1,421,000</u>	<u>-</u>	<u>(91,000)</u>	<u>-</u>	<u>-</u>	<u>(210,000)</u>	<u>1,120,000</u>			
<b>Employees</b>										
	79,000	-	(79,000)	-	-	-	-	03.04.2009	2.99	3
	106,000	-	(10,000)	-	-	-	96,000	07.04.2010	3.76	4
	469,000	-	-	-	-	-	469,000	08.04.2011	5.75	5
	359,700	-	-	-	-	-	359,700	27.01.2012	7.10	6
Sub-total	<u>1,013,700</u>	<u>-</u>	<u>(89,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>924,700</u>			
<b>Others<sup>(5)</sup></b>										
	120,000	-	-	(120,000)	-	-	-	03.04.2009	2.99	3
	60,000	-	-	-	-	-	60,000	07.04.2010	3.76	4
	137,000	-	-	-	-	210,000	347,000	27.01.2012	7.10	6
Sub-total	<u>317,000</u>	<u>-</u>	<u>-</u>	<u>(120,000)</u>	<u>-</u>	<u>210,000</u>	<u>407,000</u>			
<b>Total</b>	<u><b>2,751,700</b></u>	<u><b>-</b></u>	<u><b>(180,000)</b></u>	<u><b>(120,000)</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>2,451,700</b></u>			



## Under the 2012 Share Option Scheme

Category of participants	Number of share options						As at 30 June 2019	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Reclassified during the period				
<b>Directors</b>										
Mr. Ho, Lawrence Yau Lung	1,500,000	-	-	-	-	-	1,500,000	10.04.2018	23.15	10
	-	1,500,000	-	-	-	-	1,500,000	10.04.2019	19.90	13
Mr. Evan Andrew Winkler	5,946,000	-	-	-	-	-	5,946,000	10.04.2018	23.15	12
	-	775,000	-	-	-	-	775,000	10.04.2019	19.90	14
Mr. Chung Yuk Man, Clarence	2,219,000	-	-	-	-	-	2,219,000	08.04.2016	10.24	8
	237,000	-	-	-	-	-	237,000	10.04.2017	15.00	9
	144,000	-	-	-	-	-	144,000	10.04.2018	23.15	11
	-	153,000	-	-	-	-	153,000	10.04.2019	19.90	14
Mr. Tsui Che Yin, Frank	1,040,000	-	-	-	-	-	1,040,000	08.04.2016	10.24	8
	18,000	-	-	-	-	-	18,000	10.04.2018	23.15	11
	-	16,000	-	-	-	-	16,000	10.04.2019	19.90	14
Mr. Ng Ching Wo	395,000	-	-	-	-	-	395,000	08.04.2016	10.24	8
	48,000	-	-	-	-	-	48,000	10.04.2017	15.00	9
	36,000	-	-	-	-	-	36,000	10.04.2018	23.15	11
	-	36,000	-	-	-	-	36,000	10.04.2019	19.90	14
Mr. Chow Kwong Fai, Edward	14,000	-	-	-	-	-	14,000	08.04.2016	10.24	8
	33,000	-	-	-	-	-	33,000	10.04.2017	15.00	9
	24,000	-	-	-	-	-	24,000	10.04.2018	23.15	11
	-	33,000	-	-	-	-	33,000	10.04.2019	19.90	14
*Dr. Tyen Kan Hee, Anthony	392,000	-	-	-	-	(392,000)	-	08.04.2016	10.24	8
	48,000	-	-	-	-	(48,000)	-	10.04.2017	15.00	9
	36,000	-	-	-	-	(36,000)	-	10.04.2018	23.15	11
	-	36,000	-	-	-	(36,000)	-	10.04.2019	19.90	14
Ms. Karuna Evelyne Shinsho	-	22,000	-	-	-	-	22,000	10.04.2019	19.90	14
Sub-total	12,130,000	2,571,000	-	-	-	(512,000)	14,189,000			
<b>Employees</b>										
	2,342,000	-	(5,000)	-	-	-	2,337,000	08.04.2016	10.24	8
	414,000	-	-	-	-	-	414,000	10.04.2017	15.00	9
	504,000	-	-	-	-	-	504,000	10.04.2018	23.15	11
	-	542,000	-	-	-	-	542,000	10.04.2019	19.90	14
Sub-total	3,260,000	542,000	(5,000)	-	-	-	3,797,000			
<b>Others<sup>(b)</sup></b>										
	633,000	-	(87,000)	-	-	392,000	938,000	08.04.2016	10.24	8
	20,000	-	-	-	-	48,000	68,000	10.04.2017	15.00	9
	24,000	-	-	-	-	36,000	60,000	10.04.2018	23.15	11
	-	-	-	-	-	36,000	36,000	10.04.2019	19.90	14
Sub-total	677,000	-	(87,000)	-	-	512,000	1,102,000			
<b>Total</b>	<b>16,067,000</b>	<b>3,113,000</b>	<b>(92,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,088,000</b>			

\* Dr. Tyen Kan Hee, Anthony retired as a Director with effect from the conclusion of the annual general meeting held on 13 June 2019.

## OTHER INFORMATION

### Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$18.64.
3. The share options granted on 3 April 2009 are divided into 3 tranches exercisable from 3 April 2010, 3 April 2011 and 3 April 2012 respectively to 2 April 2019.
4. The share options granted on 7 April 2010 are divided into 6 tranches exercisable from 7 April 2010, 7 April 2011, 7 April 2012, 7 April 2013, 7 April 2014 and 7 April 2015 respectively to 6 April 2020.
5. The share options granted on 8 April 2011 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021.
6. The share options granted on 27 January 2012 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022.
7. The share options granted on 7 April 2010 are divided into 3 tranches exercisable from 7 April 2011, 7 April 2012 and 7 April 2013 respectively to 6 April 2020.
8. 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.
9. 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.
10. The share options granted on 10 April 2018 are divided into 2 tranches exercisable from 10 April 2018 and 10 April 2019 respectively to 9 April 2028.
11. 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.
12. The share options granted on 10 April 2018 are exercisable from 10 April 2020 to 9 April 2028.
13. The share options granted on 10 April 2019 are divided into 2 tranches exercisable from 10 April 2019 and 10 April 2020 respectively to 9 April 2029.
14. 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.
15. The category "Others" represents the former directors/employees or consultants of the Group.

On 10 April 2019, the Company granted a total of 3,113,000 share options to the Directors and certain employees of the Company under the 2012 Share Option Scheme. The validity period of the options granted is ten years, from 10 April 2019 to 9 April 2029. The options entitle the grantees to subscribe for a total of 3,113,000 shares of the Company at an exercise price of HK\$19.90 per share. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$19.76. The estimated fair value of the 3,113,000 share options granted was approximately HK\$21,535,950. The weighted average fair value per option granted was HK\$6.92.

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

<b>Grant date of the share options</b>	<b>10 April 2019</b>
Valuation model	Black-Scholes
Exercise price	HK\$19.90
Expected volatility	42% - 45%
Expected life	3.1 - 6.1 years
Risk-free rate	1.6%
Expected dividend yield	0.4%
Suboptimal exercise factor	N/A

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

## OTHER INFORMATION

### (II) Melco Resorts

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

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

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

Movements of stock options granted under the plans during the six months ended 30 June 2019 are set out below:

(i) Stock options granted to the Directors

Name of Director	Number of stock options					As at 30 June 2019	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Under the Melco Resorts 2006 Share Incentive Plan</b>									
Mr. Ho, Lawrence									
Yau Lung	1,446,498	-	-	-	-	1,446,498	23.03.2011	1.75	4
Mr. Chung Yuk Man, Clarence	138,036	-	(138,036)	-	-	-	17.03.2009	0.32	3
<b>Total</b>	<b>1,584,534</b>	<b>-</b>	<b>(138,036)</b>	<b>-</b>	<b>-</b>	<b>1,446,498</b>			
<b>Under the Melco Resorts Amended 2011 Share Incentive Plan</b>									
Mr. Ho, Lawrence	474,399	-	-	-	-	474,399	29.03.2012	3.93	5
Yau Lung	362,610	-	-	-	-	362,610	10.05.2013	5.32	6
	320,343	-	-	-	-	320,343	28.03.2014	5.32	7
	690,291	-	-	-	-	690,291	30.03.2015	5.32	8
	1,302,840	-	-	-	-	1,302,840	18.03.2016	5.32	9
	1,470,000	-	-	-	-	1,470,000	31.03.2017	6.18	12
	1,470,000	-	-	-	-	1,470,000	02.04.2018	9.40	17
<b>Total</b>	<b>6,090,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,090,483</b>			

## OTHER INFORMATION

### (ii) Stock options granted to other eligible participants

	Number of stock options					As at 30 June 2019	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
<b>Under the Melco Resorts 2006 Share Incentive Plan</b>									
Other eligible	55,860	-	-	-	-	55,860	26.05.2010	0.48	11
participants <sup>(20)</sup>	649,074	-	-	-	-	649,074	23.03.2011	1.75	4
<b>Total</b>	<b>704,934</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>704,934</b>			
<b>Under the Melco Resorts Amended 2011 Share Incentive Plan</b>									
Other eligible	310,263	-	(4,221)	-	-	306,042	29.03.2012	3.93	5
participants <sup>(20)</sup>	371,892	-	(17,088)	-	(11,676)	343,128	10.05.2013	5.32	6
	417,957	-	(23,349)	-	(16,116)	378,492	28.03.2014	5.32	7
	894,471	-	(71,040)	-	(30,882)	792,549	30.03.2015	5.32	8
	1,863,645	-	(158,232)	-	(58,269)	1,647,144	18.03.2016	5.32	9
	191,328	-	-	-	-	191,328	23.12.2016	4.79	10
	2,898,975	-	-	-	(138,273)	2,760,702	31.03.2017	6.18	12
	88,635	-	-	-	-	88,635	30.05.2017	7.30	13
	34,518	-	-	-	-	34,518	08.09.2017	7.61	14
	36,225	-	-	-	-	36,225	16.03.2018	9.15	15
	3,382,674	-	-	-	(141,603)	3,241,071	29.03.2018	9.66	16
	453,894	-	-	-	-	453,894	23.11.2018	5.66	18
	-	4,320,498	-	-	(49,932)	4,270,566	01.04.2019	8.14	19
<b>Total</b>	<b>10,944,477</b>	<b>4,320,498</b>	<b>(273,930)</b>	<b>-</b>	<b>(446,751)</b>	<b>14,544,294</b>			

#### Notes:

1. The vesting period of the stock options is from the date of grant until the commencement of the exercise period.
2. In respect of the stock options exercised during the period, the weighted average closing price of the Melco Resorts Shares immediately before the date on which the stock options were exercised was US\$8.95.
3. The stock options granted on 17 March 2009 are divided into 4 tranches exercisable from 17 March 2010, 17 March 2011, 17 March 2012 and 17 March 2013 respectively to 16 March 2019.
4. The stock options granted on 23 March 2011 are divided into 3 tranches exercisable from 23 March 2012, 23 March 2013 and 23 March 2014 respectively to 22 March 2021.

5. The stock options granted on 29 March 2012 are divided into 3 tranches exercisable from 29 March 2013, 29 March 2014 and 29 March 2015 respectively to 28 March 2022.
6. The stock options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 9 May 2023.
7. The stock options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 27 March 2024.
8. The stock options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 29 March 2025.
9. The stock options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 17 March 2026.
10. The stock options granted on 23 December 2016 are exercisable from 26 September 2019 to 22 December 2026.
11. The stock options granted on 26 May 2010 are divided into 2 tranches exercisable from 26 May 2012 and 26 May 2013 respectively to 25 May 2020.
12. The stock options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.
13. The stock options granted on 30 May 2017 are exercisable from 30 May 2020 to 29 May 2027.
14. The stock options granted on 8 September 2017 are exercisable from 8 September 2019 to 7 September 2027.
15. The stock options granted on 16 March 2018 are exercisable from 16 March 2020 to 15 March 2028.
16. The stock options granted on 29 March 2018 are divided into 2 tranches exercisable from 29 March 2020 and 29 March 2021 respectively to 28 March 2028.
17. The stock options granted on 2 April 2018 are divided into 2 tranches exercisable from 2 April 2020 and 2 April 2021 respectively to 1 April 2028.
18. The stock options granted on 23 November 2018 are exercisable from 23 November 2020 to 22 November 2028.
19. The stock options granted on 1 April 2019 are divided into 2 tranches exercisable from 1 April 2021 and 1 April 2022 respectively to 31 March 2029.
20. The category "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

## OTHER INFORMATION

On 1 April 2019, Melco Resorts granted a total of 4,320,498 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 1 April 2019 to 31 March 2029. The stock options entitle the grantees to subscribe for a total of 4,320,498 shares of Melco Resorts at an exercise price of US\$8.14 per share. The closing price of the shares of Melco Resorts immediately before the date on which the stock options were granted was US\$7.53. The estimated fair value of the 4,320,498 stock options granted was approximately US\$11,190,089.82. The fair value per stock option granted was US\$2.59.

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

<b>Grant date of the stock options</b>	<b>1 April 2019</b>
Valuation model	Black-Scholes
Exercise price	US\$8.14
Expected volatility	41.81%
Expected life	5.6 years
Risk-free rate	2.34%
Expected dividend yield	2.75%

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, and expected term adopted by other publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected life.

### **(III) Melco Resorts and Entertainment (Philippines) Corporation ("Melco Resorts Philippines")** *(it was automatically delisted from the Official Registry of the Philippine Stock Exchange with effect from 11 June 2019)*

Melco Resorts Philippines adopted a share incentive plan in 2013 (the "MRP Share Incentive Plan"), which will expire 10 years after 24 June 2013. Under the MRP Share Incentive Plan, Melco Resorts Philippines may grant either options to purchase Melco Resorts Philippines' ordinary shares or restricted shares.

As Melco Resorts Philippines is a subsidiary of the Company, its share incentive plan constitutes a share option scheme governed by Chapter 17 of the Listing Rules. In order to comply with the applicable requirements of the Listing Rules, Melco Resorts Philippines amended the MRP Share Incentive Plan (the "MRP Amended Share Incentive Plan") and such plan was approved by both the shareholders of Melco Resorts Philippines and the Company, and became effective on 15 March 2017.



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

Movements of share options granted under the MRP Amended Share Incentive Plan during the six months ended 30 June 2019 are set out below:

	Number of share options					As at 30 June 2019	Date of grant	Exercise price Peso	Exercise period (Note)
	As at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period <sup>(7)</sup>				
<b>Under the MRP Amended Share Incentive Plan</b>									
Eligible participants <sup>(8)</sup>	1,127,192	-	-	(867,071)	(260,121)	-	28.06.2013	8.30	2
	6,796,532	-	-	-	(6,796,532)	-	16.11.2015	3.46	3
	1,531,112	-	-	-	(1,531,112)	-	15.03.2017	5.66	4
	5,422,117	-	-	-	(5,422,117)	-	01.08.2017	8.98	5
	2,158,552	-	-	-	(2,158,552)	-	29.03.2018	7.80	6
<b>Total</b>	<b>17,035,505</b>	<b>-</b>	<b>-</b>	<b>(867,071)</b>	<b>(16,168,434)</b>	<b>-</b>			

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- The share options granted on 28 June 2013 are divided into 3 tranches exercisable from 4 March 2015, 29 April 2015 and 29 April 2016 respectively to 27 June 2023.
- The share options granted on 16 November 2015 are divided into 3 tranches exercisable from 16 November 2016, 16 November 2017 and 16 November 2018 respectively to 15 November 2025.
- The share options granted on 15 March 2017 are exercisable from 29 April 2019 to 14 March 2027.
- The share options granted on 1 August 2017 are exercisable from 1 August 2020 to 31 July 2027.
- 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.
- On 22 May 2019, Melco Resorts Philippines offered to all eligible participants of the MRP Amended Share Incentive Plan the option to retire all outstanding equity awards, including the unvested share options, vested but unexercised share options and unvested restricted shares (collectively, the “Outstanding Awards”) by the payment of cash to the eligible participants (the “SIP Retirement Arrangements”) in light of the delisting of Melco Resorts Philippines and the acquiescence of such SIP Retirement Arrangements has been obtained from the Philippine Securities and Exchange Commission on 17 May 2019. All eligible participants elected to participate in the SIP Retirement Arrangements and all Outstanding Awards under the MRP Amended Share Incentive Plan were irrevocably cancelled and extinguished pursuant to the SIP Retirement Arrangements on 31 May 2019.
- The category “Eligible participants” represents the directors (other than the Directors), employees or consultants of Melco Resorts Philippines.

## OTHER INFORMATION

### SHARE AWARD SCHEMES

#### (I) The Company

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

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

#### (a) Share Purchase Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the six months ended 30 June 2019 are set out below:

Category of participants	Number of awarded shares					As at 30 June 2019	Date of award	Vesting date
	As at 1 January 2019	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
<b>Directors</b>								
Mr. Ho, Lawrence	2,200,000	-	(2,200,000)	-	-	-	10.04.2018	10.04.2019
Yau Lung	-	2,200,000	(2,200,000)	-	-	-	10.04.2019	10.04.2019
	-	2,200,000	-	-	-	2,200,000	10.04.2019	10.04.2020
	<u>2,200,000</u>	<u>4,400,000</u>	<u>(4,400,000)</u>	<u>-</u>	<u>-</u>	<u>2,200,000</u>		
Mr. Evan Andrew	-	71,000	(71,000)	-	-	-	10.04.2019	10.04.2019
Winkler	-	71,000	-	-	-	71,000	10.04.2019	10.04.2020
	-	71,000	-	-	-	71,000	10.04.2019	10.04.2021
	-	70,000	-	-	-	70,000	10.04.2019	10.04.2022
	<u>-</u>	<u>283,000</u>	<u>(71,000)</u>	<u>-</u>	<u>-</u>	<u>212,000</u>		

Category of participants	Number of awarded shares					As at 30 June 2019	Date of award	Vesting date
	As at 1 January 2019	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
Mr. Chung Yuk Man, Clarence	37,000	-	(37,000)	-	-	-	08.04.2016	08.04.2019
	20,000	-	(20,000)	-	-	-	10.04.2017	10.04.2019
	19,000	-	-	-	-	19,000	10.04.2017	10.04.2020
	12,000	-	(12,000)	-	-	-	10.04.2018	10.04.2019
	12,000	-	-	-	-	12,000	10.04.2018	10.04.2020
	12,000	-	-	-	-	12,000	10.04.2018	10.04.2021
	-	14,000	(14,000)	-	-	-	10.04.2019	10.04.2019
	-	14,000	-	-	-	14,000	10.04.2019	10.04.2020
	-	14,000	-	-	-	14,000	10.04.2019	10.04.2021
	-	14,000	-	-	-	14,000	10.04.2019	10.04.2022
	<u>112,000</u>	<u>56,000</u>	<u>(83,000)</u>	<u>-</u>	<u>-</u>	<u>85,000</u>		
Mr. Tsui Che Yin, Frank	18,000	-	(18,000)	-	-	-	08.04.2016	08.04.2019
	2,000	-	(2,000)	-	-	-	10.04.2018	10.04.2019
	1,000	-	-	-	-	1,000	10.04.2018	10.04.2020
	1,000	-	-	-	-	1,000	10.04.2018	10.04.2021
	-	2,000	(2,000)	-	-	-	10.04.2019	10.04.2019
	-	2,000	-	-	-	2,000	10.04.2019	10.04.2020
	-	1,000	-	-	-	1,000	10.04.2019	10.04.2021
	-	1,000	-	-	-	1,000	10.04.2019	10.04.2022
	<u>22,000</u>	<u>6,000</u>	<u>(22,000)</u>	<u>-</u>	<u>-</u>	<u>6,000</u>		
Mr. Ng Ching Wo	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2019
	4,000	-	(4,000)	-	-	-	10.04.2017	10.04.2019
	4,000	-	-	-	-	4,000	10.04.2017	10.04.2020
	3,000	-	(3,000)	-	-	-	10.04.2018	10.04.2019
	3,000	-	-	-	-	3,000	10.04.2018	10.04.2020
	3,000	-	-	-	-	3,000	10.04.2018	10.04.2021
	-	4,000	(4,000)	-	-	-	10.04.2019	10.04.2019
	-	3,000	-	-	-	3,000	10.04.2019	10.04.2020
	-	3,000	-	-	-	3,000	10.04.2019	10.04.2021
	-	3,000	-	-	-	3,000	10.04.2019	10.04.2022
	<u>19,000</u>	<u>13,000</u>	<u>(13,000)</u>	<u>-</u>	<u>-</u>	<u>19,000</u>		

## OTHER INFORMATION

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2019	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period	As at 30 June 2019		
Mr. Chow Kwong Fai, Edward	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2019
	3,000	-	(3,000)	-	-	-	10.04.2017	10.04.2019
	2,000	-	-	-	-	2,000	10.04.2017	10.04.2020
	2,000	-	(2,000)	-	-	-	10.04.2018	10.04.2019
	2,000	-	-	-	-	2,000	10.04.2018	10.04.2020
	2,000	-	-	-	-	2,000	10.04.2018	10.04.2021
	-	3,000	(3,000)	-	-	-	10.04.2019	10.04.2019
	-	3,000	-	-	-	3,000	10.04.2019	10.04.2020
	-	3,000	-	-	-	3,000	10.04.2019	10.04.2021
	-	3,000	-	-	-	3,000	10.04.2019	10.04.2022
	<u>13,000</u>	<u>12,000</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>15,000</u>		
*Dr. Tyen Kan Hee, Anthony	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2019
	4,000	-	(4,000)	-	-	-	10.04.2017	10.04.2019
	4,000	-	-	-	(4,000)	-	10.04.2017	10.04.2020
	3,000	-	(3,000)	-	-	-	10.04.2018	10.04.2019
	3,000	-	-	-	(3,000)	-	10.04.2018	10.04.2020
	3,000	-	-	-	(3,000)	-	10.04.2018	10.04.2021
	-	4,000	(4,000)	-	-	-	10.04.2019	10.04.2019
	-	3,000	-	-	(3,000)	-	10.04.2019	10.04.2020
	-	3,000	-	-	(3,000)	-	10.04.2019	10.04.2021
	-	3,000	-	-	(3,000)	-	10.04.2019	10.04.2022
	<u>19,000</u>	<u>13,000</u>	<u>(13,000)</u>	<u>-</u>	<u>(19,000)</u>	<u>-</u>		
Ms. Karuna Evelyne Shinsho	-	2,000	(2,000)	-	-	-	10.04.2019	10.04.2019
	-	2,000	-	-	-	2,000	10.04.2019	10.04.2020
	-	2,000	-	-	-	2,000	10.04.2019	10.04.2021
	-	2,000	-	-	-	2,000	10.04.2019	10.04.2022
	<u>-</u>	<u>8,000</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>6,000</u>		
Sub-total	<u>2,385,000</u>	<u>4,791,000</u>	<u>(4,614,000)</u>	<u>-</u>	<u>(19,000)</u>	<u>2,543,000</u>		

Category of participants	Number of awarded shares					As at 30 June 2019	Date of award	Vesting date
	As at 1 January 2019	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
Employees	49,750	-	(49,750)	-	-	-	08.04.2016	08.04.2019
	34,000	-	(34,000)	-	-	-	10.04.2017	10.04.2019
	33,000	-	-	-	-	33,000	10.04.2017	10.04.2020
	43,000	-	(43,000)	-	-	-	10.04.2018	10.04.2019
	40,000	-	-	-	-	40,000	10.04.2018	10.04.2020
	39,000	-	-	-	-	39,000	10.04.2018	10.04.2021
	-	52,000	(52,000)	-	-	-	10.04.2019	10.04.2019
	-	49,000	-	-	-	49,000	10.04.2019	10.04.2020
	-	49,000	-	-	-	49,000	10.04.2019	10.04.2021
	-	47,000	-	-	-	47,000	10.04.2019	10.04.2022
Sub-total	238,750	197,000	(178,750)	-	-	257,000		
Consultants	3,000	-	(3,000)	-	-	-	08.04.2016	08.04.2019
	3,000	-	(3,000)	-	-	-	10.04.2017	10.04.2019
	3,000	-	-	-	4,000	7,000	10.04.2017	10.04.2020
	3,000	-	(3,000)	-	-	-	10.04.2018	10.04.2019
	3,000	-	-	-	3,000	6,000	10.04.2018	10.04.2020
	2,000	-	-	-	3,000	5,000	10.04.2018	10.04.2021
	-	-	-	-	-	-	10.04.2019	10.04.2019
	-	-	-	-	3,000	3,000	10.04.2019	10.04.2020
	-	-	-	-	3,000	3,000	10.04.2019	10.04.2021
	-	-	-	-	3,000	3,000	10.04.2019	10.04.2022
Sub-total	17,000	-	(9,000)	-	19,000	27,000		
<b>Total</b>	<b>2,640,750</b>	<b>4,988,000</b>	<b>(4,801,750)</b>	<b>-</b>	<b>-</b>	<b>2,827,000</b>		

\* Dr. Tyen Kan Hee, Anthony retired as a Director with effect from the conclusion of the annual general meeting held on 13 June 2019.

(b) *Share Subscription Scheme*

No share award was granted or outstanding under the Share Subscription Scheme during the six months ended 30 June 2019.

## OTHER INFORMATION

### (II) Melco Resorts

Movements of the restricted shares, which were granted under the Melco Resorts Amended 2011 Share Incentive Plan during the six months ended 30 June 2019 are set out below:

#### (i) Restricted shares granted to Directors

Name of Director	Number of restricted shares					Date of award	Vesting date
	As at 1 January 2019	Awarded during the period	Vested during the period	Cancelled during the period	As at 30 June 2019		
Mr. Ho, Lawrence Yau Lung	217,140	-	(217,140)	-	-	18.03.2016	18.03.2019
	631,470	-	-	-	631,470	31.03.2017	30.03.2020
	137,979	-	-	-	137,979	08.09.2017	08.09.2019
	265,689	-	-	-	265,689	29.03.2018	29.03.2020
	265,692	-	-	-	265,692	29.03.2018	29.03.2021
	-	613,614	-	-	613,614	01.04.2019	01.04.2021
	-	613,614	-	-	613,614	01.04.2019	01.04.2022
	<u>1,517,970</u>	<u>1,227,228</u>	<u>(217,140)</u>	<u>-</u>	<u>2,528,058</u>		
Mr. Evan Andrew Winkler	8,091	-	(8,091)	-	-	31.03.2017	30.03.2019
	8,091	-	-	-	8,091	31.03.2017	30.03.2020
	5,175	-	(5,175)	-	-	29.03.2018	29.03.2019
	5,175	-	-	-	5,175	29.03.2018	29.03.2020
	5,178	-	-	-	5,178	29.03.2018	29.03.2021
	-	10,746	-	-	10,746	01.04.2019	01.04.2020
	-	10,746	-	-	10,746	01.04.2019	01.04.2021
-	10,746	-	-	10,746	01.04.2019	01.04.2022	
	<u>31,710</u>	<u>32,238</u>	<u>(13,266)</u>	<u>-</u>	<u>50,682</u>		
Mr. Chung Yuk Man, Clarence	6,948	-	(6,948)	-	-	18.03.2016	18.03.2019
	8,091	-	(8,091)	-	-	31.03.2017	30.03.2019
	8,091	-	-	-	8,091	31.03.2017	30.03.2020
	7,311	-	-	-	7,311	16.03.2018	16.03.2020
	5,175	-	(5,175)	-	-	29.03.2018	29.03.2019
	5,175	-	-	-	5,175	29.03.2018	29.03.2020
	5,178	-	-	-	5,178	29.03.2018	29.03.2021
	-	23,025	-	-	23,025	01.04.2019	01.04.2020
-	23,025	-	-	23,025	01.04.2019	01.04.2021	
-	23,025	-	-	23,025	01.04.2019	01.04.2022	
	<u>45,969</u>	<u>69,075</u>	<u>(20,214)</u>	<u>-</u>	<u>94,830</u>		
<b>Total</b>	<b><u>1,595,649</u></b>	<b><u>1,328,541</u></b>	<b><u>(250,620)</u></b>	<b><u>-</u></b>	<b><u>2,673,570</u></b>		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares					Date of award	Vesting date
	As at	Awarded	Vested	Cancelled	As at		
	1 January 2019	during the period	during the period	during the period	30 June 2019		
Other eligible participants <sup>(2)</sup>	823,839	-	(796,320)	(26,217)	1,302 <sup>(2)</sup>	18.03.2016	18.03.2019
	7,116	-	-	-	7,116	18.03.2016	05.05.2020 <sup>(1)</sup>
	95,664	-	-	-	95,664	23.12.2016	26.12.2019
	98,109	-	-	-	98,109	21.02.2017	08.01.2020
	32,364	-	(32,364)	-	-	31.03.2017	30.03.2019
	1,188,132	-	-	(41,493)	1,146,639	31.03.2017	30.03.2020
	13,260	-	-	-	13,260	31.03.2017	05.05.2020 <sup>(1)</sup>
	34,248	-	-	-	34,248	30.05.2017	30.05.2020
	81,057	-	-	-	81,057	08.09.2017	08.09.2019
	20,352	-	-	-	20,352	16.03.2018	16.03.2020
	15,525	-	(15,525)	-	-	29.03.2018	29.03.2019
	575,808	-	-	(19,290)	556,518	29.03.2018	29.03.2020
	8,694	-	-	-	8,694	29.03.2018	05.05.2020 <sup>(1)</sup>
	576,363	-	-	(19,311)	557,052	29.03.2018	29.03.2021
	72,894	-	-	-	72,894	23.11.2018	23.11.2020
	-	12,276	-	-	12,276	01.04.2019	31.07.2019
	-	12,276	-	-	12,276	01.04.2019	30.12.2019
	-	12,276	-	-	12,276	01.04.2019	30.06.2020
	-	33,774	-	-	33,774	01.04.2019	01.04.2020
	-	1,137,828	-	(10,743)	1,127,085	01.04.2019	01.04.2021
	-	1,137,828	-	(10,743)	1,127,085	01.04.2019	01.04.2022
<b>Total</b>	<b>3,643,425</b>	<b>2,346,258</b>	<b>(844,209)</b>	<b>(127,797)</b>	<b>5,017,677</b>		

Notes:

1. The vesting date of these restricted shares were modified from 18 March 2019, 30 March 2020, 29 March 2020 and 29 March 2021 to 5 May 2020 with effective from 5 May 2019.
2. The contractual right to vesting of 1,302 restricted shares has been terminated when the relevant employees notified of their resignation before the vesting date of 18 March 2019. Such 1,302 unvested restricted shares are to be cancelled when the termination date of their employment become effective.
3. The category "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

## OTHER INFORMATION

### (III) Melco Resorts Philippines

Movements of the restricted shares, which were granted under the MRP Amended Share Incentive Plan during the six months ended 30 June 2019, are set out below:

(i) *Restricted shares granted to the Directors*

Name of Director	Number of restricted shares				As at 30 June 2019	Date of award	Vesting date
	As at 1 January 2019	Awarded during the period	Vested during the period	Cancelled during the period <sup>(1)</sup>			
Mr. Ho, Lawrence Yau Lung	2,731,273	-	-	(2,731,273)	-	30.09.2016	30.09.2019
	<u>2,731,273</u>	<u>-</u>	<u>-</u>	<u>(2,731,273)</u>	<u>-</u>		
Mr. Chung Yuk Man, Clarence	1,820,849	-	-	(1,820,849)	-	30.09.2016	30.09.2019
	374,922	-	-	(374,922)	-	01.08.2017	01.08.2019
	374,922	-	-	(374,922)	-	01.08.2017	01.08.2020
	669,320	-	-	(669,320)	-	29.03.2018	29.03.2019
	669,321	-	-	(669,321)	-	29.03.2018	29.03.2020
	<u>669,321</u>	<u>-</u>	<u>-</u>	<u>(669,321)</u>	<u>-</u>	<u>29.03.2018</u>	<u>29.03.2021</u>
	<u>4,578,655</u>	<u>-</u>	<u>-</u>	<u>(4,578,655)</u>	<u>-</u>		
<b>Total</b>	<b><u>7,309,928</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(7,309,928)</u></b>	<b><u>-</u></b>		



(ii) Restricted shares granted to other eligible participants

	Number of restricted shares				As at 30 June 2019	Date of award	Vesting period
	As at 1 January 2019	Awarded during the period	Vested during the period	Cancelled during the period <sup>(1)</sup>			
Other eligible participants <sup>(2)</sup>	12,144,478	-	-	(12,144,478)	-	30.09.2016	30.09.2019
	1,674,485	-	-	(1,674,485)	-	15.03.2017	24.04.2019
	562,382	-	-	(562,382)	-	01.08.2017	01.08.2019
	3,278,867	-	-	(3,278,867)	-	01.08.2017	01.08.2020
	669,320	-	-	(669,320)	-	29.03.2018	29.03.2019
	1,207,553	-	-	(1,207,553)	-	29.03.2018	29.03.2020
	1,207,559	-	-	(1,207,559)	-	29.03.2018	29.03.2021
	463,362	-	-	(463,362)	-	06.06.2018	06.06.2019
	463,363	-	-	(463,363)	-	06.06.2018	06.06.2020
	463,363	-	-	(463,363)	-	06.06.2018	06.06.2021
<b>Total</b>	<b><u>22,134,732</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(22,134,732)</u></b>	<b><u>-</u></b>		

Notes:

- On 22 May 2019, Melco Resorts Philippines offered to all eligible participants of the MRP Amended Share Incentive Plan the option to retire all outstanding equity awards, including the unvested share options, vested but unexercised share options and unvested restricted shares (collectively, the "Outstanding Awards") by the payment of cash to the eligible participants (the "SIP Retirement Arrangements") in light of the delisting of Melco Resorts Philippines and the acquiescence of such SIP Retirement Arrangements has been obtained from the Philippine Securities and Exchange Commission on 17 May 2019. All eligible participants elected to participate in the SIP Retirement Arrangements and all Outstanding Awards under the MRP Amended Share Incentive Plan were irrevocably cancelled and extinguished pursuant to the SIP Retirement Arrangements on 31 May 2019.
- The category of "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts Philippines.

## OTHER INFORMATION

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

As at 30 June 2019, 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 are set out below:

#### 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	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	297,851,606	-	19.67%	2
Lasting Legend Ltd.	Beneficial owner	120,333,024	-	7.95%	2
	Interest of controlled corporation	297,851,606	-	19.67%	2
Great Respect Limited	Beneficial owner	309,476,187	-	20.44%	4
Vistra Trust (BVI) Limited	Trustee	309,476,187	-	20.44%	4
	Trustee	418,184,630	-	27.62%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	46,739,132	5,200,000	3.43%	7
	Interest of controlled corporations	484,748,077	-	32.02%	3
	Others	309,476,187	-	20.44%	4
Ms. Lo Sau Yan, Sharen	Interest of spouse	840,963,396	5,200,000	55.89%	6, 7
Southeastern Asset Management, Inc.	Investment manager	166,439,181	-	10.99%	-
The Capital Group Companies, Inc.	Interest of controlled corporation	92,250,000	-	6.09%	-

#### Notes:

- As at 30 June 2019, the total number of issued shares of the Company was 1,513,899,055.
- Better Joy Overseas Ltd. is a company controlled by Lasting Legend Ltd. and therefore Lasting Legend Ltd. was deemed to be interested in the 297,851,606 shares held by Better Joy Overseas Ltd. The shares held by Better Joy Overseas Ltd. and the shares held by Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
- The 484,748,077 shares relate to the 297,851,606 shares, 120,333,024 shares, 50,830,447 shares, 7,294,000 shares, 6,873,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust, LH Family Investment Inc. and Maple Peak Investments Inc. respectively, representing approximately 19.67%, 7.95%, 3.36%, 0.48%, 0.45% and 0.10% of the total issued shares of the Company. All of such companies/trust are owned by Mr. Ho, Lawrence Yau Lung, and/or persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies and trust.

4. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members (including his father, Dr. Ho Hung Sun, Stanley). Vistra Trust (BVI) Limited is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung is taken to have interests in the shares held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.
5. The 418,184,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.
6. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.
7. Regarding the interests of Mr. Ho, Lawrence Yau Lung in the underlying shares of the Company (in respect of the share options and awarded shares granted by the Company), please refer to the section "Directors' interests in shares, underlying shares and debentures" in this report.

Save as disclosed above, as at 30 June 2019, the Company has not been notified of any other interests or short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

## **CORPORATE GOVERNANCE**

In 2005, the Company adopted 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. The Company Code was prepared and revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules. The Company Code not only formalizes the Company's existing corporate governance principles and practices, it also serves to assimilate practices with benchmarks prescribed by the Hong Kong Stock Exchange, ultimately ensuring that the Company runs a highly transparent operation and is accountable to its shareholders.

## OTHER INFORMATION

Apart from the deviations mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six months ended 30 June 2019:

- (1) Under Paragraph A.2.1 of the CG Code, the roles of chairman and chief executive officer of a listed company should be separate and performed by different individuals. However, in view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector in Macau, his extensive business network and connections in that sector, and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.
- (2) Following the retirement of Dr. Tyen Kan Hee, Anthony as an independent non-executive director (“INED”) of the Company on 13 June 2019, (i) the number of INEDs has fallen below the minimum number of three and the number of INEDs cannot represent at least one-third of the Board, as required under Rules 3.10(1) and 3.10A of the Listing Rules and (ii) the chairman positions of the Audit Committee and the Nomination Committee have vacated such that the number of INEDs on the Audit Committee does not meet the majority requirement under Rule 3.21 of the Listing Rules and the Nomination Committee does not meet the chairmanship requirement under Paragraph A.5.1 of the CG Code. The Company strives to identify a suitable candidate to fill the abovementioned vacancies as soon as practicable.

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

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

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

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has its own code for dealing in the Company's securities by the Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code. We have received confirmation from all Directors that they have complied with the required standards as set out in the Code of Securities Dealings throughout the six months ended 30 June 2019.

## UPDATE ON DIRECTORS' INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the publication of the Company's 2018 Annual Report are set out below:

<b>Name of Director</b>	<b>Details of Changes</b>
Dr. Tyen Kan Hee, Anthony	Retired as an INED and ceased as the Chairman of the Audit Committee and the Nomination Committee and a member of the Remuneration Committee and the Corporate Governance Committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 13 June 2019.
Ms. Karuna Evelyn Shinsho	Appointed as an additional member to the Nomination Committee of the Company with effect from 29 April 2019.

## AUDIT COMMITTEE

The Company's Audit Committee is currently composed of a Non-executive Director and an INED. Following the retirement of Dr. Tyen Kan Hee, Anthony on 13 June 2019, the chairman position of the Audit Committee has vacated and the number of INEDs on the Audit Committee does not meet the majority requirement under Rule 3.21 of the Listing Rules. The Company strives to identify a suitable candidate to fill the vacancy as soon as practicable.

The primary duties of the Audit Committee are (i) to review the annual reports, interim reports and financial statements of the Group and to provide advice and comments thereon to the Board; (ii) to review and supervise the Group's financial reporting process; and (iii) to oversee the Group's risk management and internal control systems. The Audit Committee has reviewed the unaudited interim results of the Group and the interim report for the six months ended 30 June 2019.

## OTHER INFORMATION

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

During the six months ended 30 June 2019, the Company repurchased a total of 6,000,000 shares of the Company at an aggregate consideration of approximately HK\$95,559,000 (before expenses) on the Hong Kong Stock Exchange. All the repurchased shares were subsequently cancelled.

Particulars of the repurchase during the period are as follows:

Month of share repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (before expenses) HK\$
May 2019	6,000,000	16.00	15.62	95,559,000

The repurchases were made with a view to enhancing the earnings per share of the Company.

Save as disclosed above, during the six months ended 30 June 2019, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

### INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2019 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by Ernst & Young, the Company's auditor, whose independent review report is included in this report.

### BOARD OF DIRECTORS

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

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

Hong Kong, 30 August 2019

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

Mr. Evan Andrew Winkler  
(President and Managing Director)

Mr. Chung Yuk Man, Clarence

### Non-executive Directors

Mr. Tsui Che Yin, Frank  
Mr. Ng Ching Wo

### Independent Non-executive Directors

Mr. Chow Kwong Fai, Edward  
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. Ng Ching Wo  
Mr. Chow Kwong Fai, Edward

## REMUNERATION COMMITTEE

Mr. Chow Kwong Fai, Edward (Chairman)  
Mr. Ng Ching Wo  
Ms. Karuna Evelyne Shinsho

## NOMINATION COMMITTEE

Mr. Ng Ching Wo  
Mr. Chow Kwong Fai, Edward  
Ms. Karuna Evelyne Shinsho

## CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Ching Wo (Chairman)  
Mr. Leung Hoi Wai, Vincent\*

## REGULATORY COMPLIANCE COMMITTEE

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

## FINANCE COMMITTEE

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

## COMPANY SECRETARY

Mr. Leung Hoi Wai, Vincent

## REGISTERED OFFICE

38th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

## AUDITOR

Ernst & Young

\* non-voting co-opted members

# CORPORATE INFORMATION

## **LEGAL ADVISORS**

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King & Wood Mallesons

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