

The logo for MELCO, featuring a stylized white infinity symbol followed by the word "MELCO" in a white, serif, all-caps font.

MELCO

INTERIM REPORT 中期報告 2022

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

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MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

In the first half of 2022, COVID-19 outbreaks and related restrictions continued to have material impact on the operations and financial position of Melco International Development Limited (“Melco International” or the “Company”) and our subsidiaries (collectively, the “Group”). Nevertheless, businesses in the Philippines and Cyprus have been improving with volumes gradually recovering toward pre-COVID levels. To cope with the challenges, disciplined liquidity management remained a key focus of the Group during the review period with prudence in managing its balance sheet and liquidity profile in the challenging environment.

In Macau, the authority tightened border controls for entry from Guangdong province because of the COVID-19 flare-ups in China in mid-January 2022, while the validity of nucleic acid tests to enter Macau varied from time to time. For the first six months of 2022 combined, gross gaming revenue was down 46.4% and correspondingly the Group’s operating and financial performances were adversely impacted.

In the Philippines, our casinos have been operating at 100% capacity since 1 March 2022 when the COVID-19 restrictions were lowered to Alert Level 1. As of 30 May 2022, restrictions for inbound travellers to the Philippines have been eased and negative RT-PCR test results are no longer required for those people that are fully vaccinated, leading to an almost 40% increase in gross gaming revenue by licensed casinos from the first quarter of 2022 to the second quarter of 2022.



The construction of Studio City Phase 2 is progressing well. The Group anticipates the phasing of its opening to begin in the second quarter of 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

In Cyprus, though there was a spike in COVID-19 cases in the first quarter of 2022, the situation in the second quarter improved and COVID-19 related restrictions were relaxed. Consequently, our business in Cyprus also saw a pick-up in volumes and profitability. The opening of City of Dreams Mediterranean has been delayed until early second quarter of 2023, subject to regulatory approvals for such extension and construction progress, due to certain difficulties that we have encountered with our contractors. The Group is actively dealing with these difficulties and remains fully committed to delivering Europe's first integrated resort in Cyprus.

In June 2022, the amendment to the Macau gaming law was passed by the Legislative Assembly and signed by the Chief Executive of the Macau SAR. In addition, Melco Resorts Macau has entered into an amendment agreement to the subconcession contract extending its gaming subconcession to 31 December 2022.

BUSINESS REVIEW

Integrated Gaming and Entertainment Resorts

Melco International operates its gaming business primarily through its subsidiary, Melco Resorts & Entertainment Limited ("Melco Resorts"), a developer, owner and operator of integrated resort facilities in Asia and Europe. As at 30 June 2022, Melco International, through its subsidiary, held approximately 55.8% of the total issued shares of Melco Resorts. After completion of the repurchase of shares by Melco Resorts as announced by the Company on 18 August 2022, and cancellation of certain number of its ordinary shares and ADSs by Melco Resorts in August 2022, the ownership in Melco Resorts is reduced to approximately 53.12% of its total issued shares as at 31 August 2022.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Beyond Macau, a Philippine subsidiary of Melco Resorts currently operates and manages City of Dreams Manila, an integrated resort at the Entertainment City complex in Manila. In Cyprus, Melco Resorts holds a 75% equity interest in ICR Cyprus Holdings Limited (“ICR Cyprus”) and, through its subsidiaries, is currently developing the City of Dreams Mediterranean integrated resort project. It is also operating a temporary casino in Limassol, the first authorized casino in Cyprus, and is licensed to operate four satellite casinos. Upon the opening of City of Dreams Mediterranean, Melco Resorts will continue to operate the satellite casinos while operation of the temporary casino will cease.

The Group’s net revenues totalled Hong Kong dollar (“HK\$”) 6.03 billion for the six-month period ended 30 June 2022, a decrease of 28.5% compared with the HK\$8.43 billion recorded in the corresponding period of 2021. The decline was mainly attributable to heightened border restrictions in Macau and mainland China related to COVID-19, which led to softer performance in our casino and hospitality operations in the six months ended 30 June 2022. Loss for the period was HK\$4.58 billion, compared with a loss for the period of HK\$3.75 billion in the same period of 2021.

City of Dreams

City of Dreams in Macau is Melco Resorts’ flagship integrated resort, a premium-focused property that targets high-end customers and rolling chip players from regional markets across Asia. In the first half of 2022, the property operated an average of approximately 451 gaming tables and 690 gaming machines.

City of Dreams has once again received Five-Star recognitions from Forbes Travel Guide (“FTG”) in 2022, testifying to its pledge to service quality. Its flagship hotels, Nüwa and Morpheus, and their respective spas not only have received the highest Five-Star ratings, but this time also celebrate Nüwa’s 10th consecutive year of receiving such honour.

Building on the synergies created by its spectacular gaming and non-gaming entertainment offerings, including a constantly optimised retail proposition and restaurant offering, City of Dreams has consistently strengthened its position as the leading premium-mass market leisure destination in Macau.



Three Michelin-starred Jade Dragon showcases exquisite culinary masterpieces created with the freshest seasonal ingredients and delectable delicacies. With spectacular designer décor and superlative personalized service, Jade Dragon sets the benchmark for fine dining in Macau.

Studio City

The Hollywood-inspired and cinematically themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. In the first half of 2022, the property operated an average of approximately 277 gaming tables and 715 gaming machines.

Dedicated to promoting economic diversification in Macau, the Group was pleased to launch Super Fun Zone at Studio City, an exciting new playground for families and children that will further complement the hospitality offerings of fun-filled Studio City. The four-level Super Fun Zone covers 29,600 square feet of pure excitement in a fun indoor complex designed for adventurous explorers.

Meanwhile, the construction of Studio City Phase 2 is progressing and we anticipate phasing the opening beginning in the second quarter of 2023. We currently expect a project budget of United States dollar (“US\$”) 1.2 billion for the development of Studio City Phase 2. This Phase 2 complex has been designed by leading international architecture firm, Zaha Hadid Architects, and is in harmony with the style of the integrated resort’s existing Phase 1. The new leisure and entertainment hub will feature two new hotels with a total of 900 rooms, one of the largest indoor and outdoor water parks in Asia, a six-screen Cineplex complete with two regular screens and four VIP suites, and a state-of-the-art MICE space. The project will complement the Group’s existing offering of next-generation world-class entertainment and further enhance the Studio City brand.



Super Fun Zone is the new, family-friendly entertainment experience that will further complement the hospitality offerings of fun-filled Studio City.

MANAGEMENT DISCUSSION AND ANALYSIS

Altira Macau

Altira Macau is an integrated resort designed to provide a casino and hotel experience that caters to premium market customers and players. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. By delivering services customised for each guest, both Altira Macau and Altira Spa attained a Five-Star rating from FTG for the 13th consecutive year in 2022. In the first half of 2022, Altira Macau operated an average of approximately 95 gaming tables and 136 gaming machines (operated as a Mocha Club at Altira Macau).

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

Mocha Clubs

Mocha Clubs comprises the largest non-casino-based operator of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has invested in a series of innovative and top-quality electronic gaming machines from around the world to offer a contemporary entertainment mix to a broader range of visitors. In the first half of 2022, Mocha Clubs operated seven clubs with an average of approximately 948 gaming machines (excluding approximately 136 gaming machines at operation at Altira Macau).

City of Dreams Manila

Beyond Macau, City of Dreams Manila, which is strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asian market and continues to set the benchmark for the Group's robust capacity to execute its international vision. This dynamic property boasts the ultimate in entertainment, hotel, retail, dining, and lifestyle experiences and features an extensive gaming space, including VIP and mass-market gaming facilities. The property operated an average of approximately 287 gaming tables and 2,266 gaming machines in the first half of 2022.



City of Dreams Manila has been operating at 100% capacity since 1 March 2022. Its business has been improving with volumes gradually recovering to pre-COVID levels.

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

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

Construction on the project is ongoing, however, due to certain difficulties that we have encountered with our contractors, the completion of the project will be delayed until early second quarter of 2023, subject to regulatory approvals for such extension and construction progress. Once completed, City of Dreams Mediterranean will be the largest integrated resort in Europe, boasting approximately 500 luxury hotel rooms, around 100,000 square feet of cutting-edge MICE space, a family adventure park, an outdoor amphitheatre, and a variety of fine dining and luxury retail outlets.

Ahead of the opening of City of Dreams Mediterranean, the temporary casino C2 Limassol opened its doors in June 2018. The four C2 satellite casinos are located at Nicosia, Larnaca, Ayia Napa and Paphos, while the C2 satellite casino in Larnaca, previously located within the premises of the Larnaca International Airport, is currently closed for relocation. Upon the opening of City of Dreams Mediterranean, we will continue to operate the satellite casinos while operation of the temporary casino will cease. C2 operated an average of approximately 35 gaming tables and 456 gaming machines in the first half of 2022.



City of Dreams Mediterranean is expected to open in the early second quarter of 2023, subject to regulatory approvals for such extension and construction progress.

OUTLOOK

The Group expects the COVID-19 pandemic will continue to impact our operations, financial position and prospects in the second half of the year. We believe that for the leisure and tourism industry to recover and stay strong, travel restrictions have to be eased and consumer sentiment has to return and those, in turn, depend on such factors as vaccination rates increasing and the development of effective remedies for COVID-19 infections. In addition, the Russia-Ukraine war which has sparked sanctions and export controls imposed by the United States, the European Union, the United Kingdom and other countries on Russia, its financial system and major financial institutions, plus certain Russian entities and persons, may harm the Group's business in Cyprus.

The recent COVID-19 outbreak in Macau in mid-June 2022 put the city under static management for three weeks in July with all casinos barred from operating for 12 days. We were able to resume operations from 23 July 2022, subject to strict health and pandemic prevention requirements, and certain guidelines continue to remain in place.

As for the business in the Philippines, City of Dreams Manila has been operating at full capacity after the country lowered COVID-19 restrictions to Alert Level 1 on 1 March 2022. According to World Travel & Tourism Council data, the Philippines is one of the most popular Asian destinations in 2022 and the fastest growing single destination in Southeast Asia, with international flight bookings up 29% in the second quarter of the year against the first quarter. The Group expects to see further growth if more of the travel restrictions around Asia are lifted in the second half of the year.

Cyprus also saw a pick-up in volumes and profitability with a relaxation in COVID-19 related restrictions. According to data released by the Statistical Service of Cyprus, tourist arrivals in the first half of 2022 exceeded 1.22 million, an increase of 258.2% compared to the corresponding period last year. We anticipate a gradual revival in tourism from the pandemic in the second half of the year, which will be favourable to our Cyprus segment and for the opening of City of Dreams Mediterranean set in early second quarter of 2023.

Looking ahead, with a pre-eminent portfolio of superior properties and exciting new projects underway, the Group is well-poised to bring new quality experiences to guests and, with pioneering and innovative offers in leisure and entertainment, set the industry benchmark. We will continue to place the utmost importance on the safety and security of guests and colleagues around the world, and remain alert and agile in navigating the uncertain and challenging operating environment.

ACHIEVEMENTS AND AWARDS

Melco International has spared no effort to comply with the highest corporate governance and corporate social responsibility standards over the years, with a view to achieve the Group's strong commitment to being a leading global leisure and entertainment integrated resort operator. The Group's efforts have thus been widely acknowledged in the first half of 2022.

People

With our people-centric principles and a strong emphasis on the well-being of colleagues and guests, the Group actively promotes Occupational Safety and Health ("OSH"). In Macau, Melco Resorts achieved a 99.5% completion rate in the government-organized Hotel and Catering Safety Card Training Program in the first half of 2022, making significant progress in enhancing colleagues' knowledge and awareness of OSH.

In recognition of our continuous efforts in human resources management, Melco Resorts was honoured with three accolades in the Cyprus HR Awards 2021 including Silver Awards in two categories, namely, Most Effective Recruitment Strategy for our "Resourcing & Diversity" strategy, and Best CSR Initiative with Employees' Involvement, as well as a Bronze Award for HR Corporate Event of the Year for our "C2Vision Talent Show" program. These awards represent the acknowledgement of the Group's people strategy, which is designed to foster positive colleague development and enable colleagues worldwide to meet their full potential.

Corporate Social Responsibility

As a responsible partner to our colleagues and society, we strive to fulfill our responsibility to make contributions and give back to the community.

In response to the fast-changing pandemic situation in Macau, the Group has continued to mobilize volunteer teams to support the mass Nuclei Acid Test ("NAT") stations. Nearly 100 members of our volunteer team continued to provide their full support through shift work to the NAT services at Parenting Education Centre (Lakeside) Station and Tap Seac Caring Station.



To support the government's measures for curbing the spread of COVID-19, the Group's volunteer team supported Macau's mass nucleic acid testing services, serving as webmasters as well as overseeing the operation of entire sites.

MANAGEMENT DISCUSSION AND ANALYSIS

In support of the government's efforts to fight against the spread of COVID-19, further to the Macau Patacas ("MOP") 16,000,000 (equivalent to approximately HK\$15,534,000) "Get the Jab" immunity incentive program launched in 2021, the Group has granted up to three days special paid leave to colleagues who need to accompany their children (under 18 years of age) and elderly parents to get vaccinated. Onsite outreach vaccination sessions in coordination with Macau Health Bureau were also hosted at Studio City, providing a convenient option for colleagues and the community to receive vaccinations.

To assist local small and medium enterprises ("SMEs") amid the pandemic, Melco Resorts cooperated with the Macao Federation of Trade Unions to host the "Privileges for You" Shopping Carnival with the aim of creating opportunities for SME revenue generation. Approximately 140 SMEs participated in the event. In addition, the Group continued to launch the Heart of House roadshows series to allow SMEs to promote their brands and businesses to colleagues working at our properties including City of Dreams, Studio City and Altira Macau. In the first half of 2022, close to MOP4.4 million (equivalent to approximately HK\$4.3 million) in revenue was generated, benefiting over 100 SMEs and non-governmental organizations.

Business Operations

The Group is endeavouring to transform the hospitality industry through groundbreaking yet practical ideas, strengthening our leading position among global integrated resort operators whilst offering our guests the most memorable and superior culinary, hospitality and entertainment experiences.

Melco Resorts has once again been honoured by the 2022 FTG with a collective total of 97 Stars, including 17 Five-Star awards. The Group's entire integrated resort portfolio, including City of Dreams, Studio City, Altira Macau and City of Dreams Manila, has been honoured with this prestigious recognition. Notably, Altira Macau has celebrated its 13th successive year as an FTG Five-Star award recipient across both the Hotel and Spa categories. The coveted achievement highlights the Group's ceaseless devotion to exceptional hospitality.

The Group's exquisite culinary delights were also recognized by Michelin Guide Hong Kong Macau 2022, with seven Michelin stars awarded to four signature restaurants located in City of Dreams, Studio City and Altira Macau. These achievements establish the Group as a Macau integrated resort operator with one of the highest numbers of Michelin stars. Cantonese fine dining restaurant Jade Dragon has received three Michelin stars for three consecutive years, while Alain Ducasse at Morpheus, which offers gastronomic experiences that pay homage to the great traditions and savoir-faire of French cuisine, has been awarded two Michelin stars for the fourth consecutive year.

In addition to the abovementioned recognitions, Jade Dragon and Yí have also been honoured with a collective total of four diamond accolades by Black Pearl Restaurant Guide 2022. Jade Dragon received Three Diamonds and was hailed as a "Once-in-a-Lifetime Dining Experience", while the contemporary Chinese restaurant Yí at Morpheus, City of Dreams achieved One Diamond and was named "Best for Gathering". This marks the third consecutive year that Jade Dragon and Yí have been honoured with the Three Diamonds and One Diamond accolades, respectively, from the Black Pearl Restaurant Guide.

Environmental Sustainability

As an industry leader who pledges to restore, inspire, sustain and empower the planet, people and communities, the Group has continued to go beyond the industry standard and accelerate our sustainability efforts during these unprecedented times. Our “Above & Beyond” sustainability strategy guides us to achieve our ambitious goals of realizing carbon neutrality and zero waste across our resorts by 2030. The Group will continue to set out specific actions for enhancing mitigation and adaptation measures, as well as simultaneously seeking innovative technology-based solutions to support the aim of achieving decarbonization.

In recognition of our strong commitment to creating a sustainable future and forward-thinking sustainability strategies, Melco Resorts received the Sustainability Award from the International Gaming Awards 2022. Furthermore, Nüwa and Morpheus each earned a Gold Award, while The Countdown Hotel received a Silver Award, in the 2021 Macao Green Hotel Award organized by the Environmental Protection Bureau in collaboration with the Macao Government Tourism Office, applauding our proactive adoption of environmental measures in the Group’s daily operations and close cooperation with the Macau SAR Government on the implementation of environmental protection policies.

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



The Melco Star Youth Talent Competition is hosted in efforts to inculcate patriotism through enhancing awareness and education on Chinese culture for youth in Macau.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE

<i>HK\$' million</i>	2022 (Unaudited)	2021 (Unaudited)	YoY%
Net revenues	6,025.1	8,425.3	-28.5%
Adjusted EBITDA	168.2	732.5	-77.0%
Loss attributable to owners of the Company	(2,374.6)	(1,647.6)	-44.1%
Basic loss per share attributable to owners of the Company (HK\$)	(1.58)	(1.09)	-45.1%

FINANCIAL POSITION

<i>HK\$' million</i>	30 June 2022 (Unaudited)	31 December 2021 (Audited)	YoY%
Total assets	94,988.0	94,193.3	0.8%
Total liabilities	76,647.9	71,725.3	6.9%
Equity attributable to owners of the Company	4,265.0	6,862.7	-37.9%
Net asset value per share attributable to owners of the Company (HK\$)	2.8	4.5	-37.9%
Gearing ratio (%)	67.6%	61.4%	N/A

Net Revenues

Net revenues of the Group decreased by 28.5% from HK\$8.43 billion for the six months ended 30 June 2021 to HK\$6.03 billion for the six months ended 30 June 2022. The decrease in net revenues was primarily attributable to heightened border restrictions in Macau and mainland China related to COVID-19, which led to softer performance in our casino and hospitality operations in the six months ended 30 June 2022.

<i>HK\$' million</i>	Six Months ended 30 June		YoY%
	2022 (Unaudited)	2021 (Unaudited)	
Casino revenue	4,904.9	7,082.7	-30.7%
Entertainment and resort facilities:			
Rooms	495.4	616.4	-19.6%
Catering service income	346.5	399.7	-13.3%
Entertainment, retail and other	278.4	323.8	-14.0%
Property rental income	-	2.6	-100.0%
	6,025.1	8,425.3	-28.5%

ADJUSTED EBITDA⁽¹⁾

The Company generated Adjusted EBITDA of HK\$168.2 million for the six months ended 30 June 2022, compared to Adjusted EBITDA of HK\$732.5 million for the six months ended 30 June 2021. The change in Adjusted EBITDA was mainly attributable to softer performance in our casino and hospitality operations as a result of heightened border restrictions in Macau and mainland China related to COVID-19 in the six months ended 30 June 2022.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company was HK\$2.37 billion for the six months ended 30 June 2022, compared to loss attributable to owners of the Company of HK\$1.65 billion for the six months ended 30 June 2021. The change was mainly attributable to softer performance in our casino and hospitality operations as a result of heightened border restrictions in Macau and mainland China related to COVID-19 in the six months ended 30 June 2022, as well as a lower fair value gains on other financial assets in the six months ended 30 June 2022 as compared to the six months ended 30 June 2021.

Basic Loss Per Share Attributable to Owners of the Company

Basic loss per share attributable to owners of the Company was HK\$1.58 per share for the six months ended 30 June 2022, compared to basic loss per share attributable to owners of the Company of HK\$1.09 per share for the six months ended 30 June 2021.

Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2022, contributed the most majority of the financial results of 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\$0.77 billion for the six months ended 30 June 2022 versus US\$1.09 billion for the six months ended 30 June 2021. The decrease in total operating revenues was primarily attributable to heightened border restrictions in Macau and mainland China related to COVID-19, which led to softer performance in our gaming and non-gaming operations in the six months ended 30 June 2022.

Operating loss for the six months ended 30 June 2022 was US\$345.1 million, compared with operating loss of US\$290.9 million for the same period in 2021.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Melco Resorts generated Adjusted Property EBITDA⁽²⁾ of US\$42.2 million for the six months ended 30 June 2022, compared with Adjusted Property EBITDA of US\$109.2 million for the same period in 2021.

Net loss attributable to the financial performance of Melco Resorts for the six months ended 30 June 2022 was US\$434.7 million, compared with a net loss attributable to the financial performance of Melco Resorts of US\$418.6 million for the same period in 2021.

City of Dreams

For the six months ended 30 June 2022, total operating revenues at City of Dreams were US\$354.1 million, compared to US\$650.1 million for the same period in 2021. City of Dreams generated Adjusted Property EBITDA of US\$15.9 million for the six months ended 30 June 2022, compared with Adjusted Property EBITDA of US\$119.6 million in the same period in 2021.

Gaming Performance

US\$ million	Six months ended 30 June		
	2022	2021	YoY%
VIP Gaming			
Rolling chip volume	3,197.2	8,687.3	-63.2%
Win rate	3.61%	2.56%	N/A
Mass Market			
Table drop	761.7	1,537.7	-50.5%
Hold percentage	31.3%	32.1%	N/A
Gaming Machine			
Handle	597.2	1,005.1	-40.6%
Win rate	3.1%	3.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2022 was US\$62.1 million, compared with US\$99.3 million in the same period in 2021.

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

Altira Macau

Starting in the third quarter of 2021, Altira Macau has strategically repositioned to cater to the premium mass segment and has shut down VIP operations. For the six months ended 30 June 2022, total operating revenues at Altira Macau were US\$21.2 million, compared to US\$32.7 million in the same period in 2021. Altira Macau generated negative Adjusted Property EBITDA of US\$20.6 million for the six months ended 30 June 2022, compared with negative Adjusted Property EBITDA of US\$46.9 million in the same period in 2021.

Gaming Performance

<i>US\$'million</i>	Six months ended 30 June		
	2022	2021	YoY%
VIP Gaming			
Rolling chip volume	–	1,962.3	–100.0%
Win rate	N/A	1.61%	N/A
Mass Market			
Table drop	73.7	95.1	–22.4%
Hold percentage	22.8%	22.7%	N/A
Gaming Machine			
Handle	92.0	110.4	–16.7%
Win rate	4.1%	4.0%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2022 was US\$4.4 million, compared with US\$6.1 million in the same period in 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Mocha and Other

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

Total operating revenues from Mocha and Other were US\$38.1 million for the six months ended 30 June 2022, compared to US\$42.0 million in the same period in 2021. Mocha and Other generated Adjusted Property EBITDA of US\$6.8 million for the six months ended 30 June 2022, compared with Adjusted Property EBITDA of US\$7.4 million in the same period in 2021.

Gaming Performance

US\$'million	Six months ended 30 June		
	2022	2021	YoY%
Mass Market			
Table drop	0.4	–	N/A
Hold percentage	26.9%	N/A	N/A
Gaming Machine			
Handle	884.9	967.0	–8.5%
Win rate	4.3%	4.3%	N/A



To support lifelong learning, the Group has been implementing the Back to School program since 2010 to provide colleagues with the opportunity to gain their High School Diploma in-house by undertaking formal education alongside their employment.

Studio City

For the six months ended 30 June 2022, total operating revenues at Studio City were US\$107.0 million, compared to US\$202.3 million in the same period in 2021. Studio City generated negative Adjusted Property EBITDA of US\$48.4 million for the six months ended 30 June 2022, compared with negative Adjusted Property EBITDA of US\$6.4 million in the same period in 2021.

Gaming Performance

US\$'million	Six months ended 30 June		
	2022	2021	YoY%
VIP Gaming			
Rolling chip volume	543.3	891.1	-39.0%
Win rate	2.37%	1.91%	N/A
Mass Market			
Table drop	285.1	629.0	-54.7%
Hold percentage	29.7%	27.4%	N/A
Gaming Machine			
Handle	434.7	577.7	-24.7%
Win rate	2.8%	2.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City for the six months ended 30 June 2022 was US\$21.6 million, compared with US\$41.3 million in the same period in 2021.



The Group continues to support local SMEs through a variety of sustainable development opportunities. MOP4.4 million (equivalent to approximately HK\$4.3 million) revenue was generated for local SMEs in first half of 2022 through Heart of House roadshows.

MANAGEMENT DISCUSSION AND ANALYSIS

City of Dreams Manila

For the six months ended 30 June 2022, total operating revenues at City of Dreams Manila were US\$198.6 million, compared to US\$132.2 million in the same period in 2021. City of Dreams Manila generated Adjusted Property EBITDA of US\$82.0 million for the six months ended 30 June 2022, compared with Adjusted Property EBITDA of US\$42.7 million in the same period in 2021.

Gaming Performance

US\$'million	Six months ended 30 June		
	2022	2021	YoY%
VIP Gaming			
Rolling chip volume	1,419.2	544.0	160.9%
Win rate	2.11%	6.19%	N/A
Mass Market			
Table drop	305.7	169.3	80.5%
Hold percentage	29.3%	32.4%	N/A
Gaming Machine			
Handle	1,702.3	969.9	75.5%
Win rate	5.6%	5.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2022 was US\$49.6 million, compared with US\$21.0 million in the same period in 2021.



In 2021, the Group actively promoted occupational safety and health through 300 internal training sessions and activities for over 12,000 colleague participants.

Cyprus Operations

Melco Resorts is licensed to operate a temporary casino, the first casino in the Republic of Cyprus, and four satellite casinos (“Cyprus Casinos”). Upon the completion and opening of City of Dreams Mediterranean, Melco Resorts will continue to operate the satellite casinos while operation of the temporary casino will cease.

For the six months ended 30 June 2022, total operating revenues at Cyprus Casinos were US\$37.8 million, compared to US\$10.0 million in the same period in 2021. Cyprus Casinos generated Adjusted Property EBITDA of US\$6.5 million for the six months ended 30 June 2022, compared with negative Adjusted Property EBITDA of US\$7.2 million in the same period in 2021.

Gaming Performance

US\$'million	Six Months ended 30 June		
	2022	2021	YoY%
VIP Gaming			
Rolling chip volume	2.4	1.5	57.0%
Win rate	-3.56%	-4.40%	N/A
Mass Market			
Table drop	58.2	14.4	304.3%
Hold percentage	18.1%	15.6%	N/A
Gaming Machine			
Handle	563.0	161.0	249.6%
Win rate	5.0%	4.9%	N/A



In April 2022, the Group donated and delivered five lightweight fire emergency response vehicles to communities affected by the wildfires in Cyprus in July 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Resources

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

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. As at 30 June 2022, the Group's bank balances and cash amounted to HK\$13,165.0 million (31 December 2021: HK\$13,452.4 million).

As at 30 June 2022, the Group had available borrowing capacity of HK\$9.02 billion (31 December 2021: HK\$13.38 billion), subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the six months ended and subsequent to 30 June 2022 are summarized below.

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

During the six months ended 30 June 2022, the Group drew down US\$420.0 million (equivalent to approximately HK\$3.28 billion) under a HK\$14.85 billion revolving credit facility ("2020 Credit Facilities").

On 4 May 2022, the maturity date of a secured credit facility of HK\$2.0 million was extended to 31 December 2022 pursuant to an extension request letter.

On 16 August 2022, the Group received confirmation that the majority of lenders of the 2020 Credit Facilities have consented and agreed to a waiver extension of certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities. The existing waiver remains valid in respect of the relevant periods ending on the 31 December 2022 test date, and the waiver extension granted extends the waiver for all relevant periods to and including the 31 March 2024 test date. The Group has paid a customary fee to all consenting lenders in relation to such consent which became effective on 17 August 2022.

On 16 August 2022, the Group obtained confirmation from the facility agent that certain provisions contained in a US\$1.0 billion 5-year secured credit facility agreement (the "2021 Credit Facilities") were waived and amended, subject to certain conditions. The net proceeds from the Share Repurchase (as defined in note 24(d) to the Condensed Consolidated Interim Financial Information contained herein) was deposited into a designated bank account on 30 August 2022 for the future repayment of the principal and payment of interest under the 2021 Credit Facilities.

On 24 August 2022, the Group drew down US\$400.0 million (equivalent to approximately HK\$3.14 billion) from the 2020 Credit Facilities for the Group's general corporate purposes.

The availability period of an unsecured credit facility amounting to Philippine Peso ("Peso") 2.35 billion (equivalent to approximately HK\$335.2 million) was extended from 31 January 2021 to 31 January 2022 during the year ended 31 December 2021, and was further extended to 1 May 2022 in January 2022 and again extended to 31 January 2023 in April 2022, on substantially similar terms as before. In April 2022, the credit facility availability period was further extended to 31 January 2023, with other terms and conditions unchanged, except (1) the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period; and (2) the available drawdown currencies are Peso and US\$.

For further details of our indebtedness, see note 35 to the consolidated financial statements included in the Company's 2021 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 67.6% as at 30 June 2022 (31 December 2021: 61.4%).

Pledges of assets

As at 30 June 2022, borrowings in aggregate principal amount of HK\$9,536.7 million (31 December 2021: HK\$6,747.7 million) were secured by the following assets of the Group:

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

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2022.

FINANCIAL RISK

Foreign exchange risk

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

The Group does not currently engage in hedging transactions with respect to foreign exchange exposures of revenues and expenses in the day-to-day operations during the period under review. Instead, the Group maintains a certain amount of its operating funds in the same currencies in which the Group has obligations, thereby reducing the exposure to currency fluctuations. However, the Group occasionally enters into foreign exchange transactions as part of its financing transactions and capital expenditure programs.

Interest rate risk

The Group is primarily exposed to cash flow interest rate risk in relation to bank balances, restricted cash and borrowings which carry interest at floating rates. The Group attempts to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and mitigate the effects of fluctuations in cash flows.

Equity price risk

The Group is exposed to equity price risk through its investments in marketable equity securities. The Group does not engage in hedging transactions with respect to equity price exposures and attempts to manage equity price risk by managing its portfolio of investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Material capital expenditures will be incurred as and when the Company begins to pursue different projects in the coming years. The Company expects the respective project companies to secure required funding themselves by using different available financing options. The Company will also provide the required equity capital to new projects in the future should it be deemed appropriate.

HUMAN RESOURCES

Headcount and Employees' Information

The total number of the Group's employees was 17,270 as of 30 June 2022 (30 June 2021: 18,178). Among these employees, 179 are located in Hong Kong and the remaining 17,091 are mainly located in Macau, the Philippines, Cyprus, the People's Republic of China ("PRC") and Singapore. The related staff costs for the six months ended 30 June 2022, including directors' emoluments and share-based compensation expenses amounted to HK\$2,606.7 million (six months ended 30 June 2021: HK\$3,034.0 million).

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

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 24 to 63, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries as of 30 June 2022 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.

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

27/F, One Taikoo Place
979 King’s Road
Quarry Bay
Hong Kong

31 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET REVENUES	4	6,025,107	8,425,275
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		(2,270,850)	(3,622,111)
Employee benefits expenses		(2,606,733)	(3,033,971)
Depreciation and amortization	6	(2,594,941)	(2,702,798)
Other operating expenses, gains and losses, net		(1,576,705)	(1,641,147)
Total operating costs and expenses, net		(9,049,229)	(11,000,027)
OPERATING LOSS		(3,024,122)	(2,574,752)
NON-OPERATING INCOME/(EXPENSES)			
Interest income		26,850	29,333
Interest expenses, net of amounts capitalized	5	(1,510,835)	(1,477,771)
Losses on modification or extinguishment of debts, net		–	(102,856)
Other financing costs		(30,720)	(50,757)
Foreign exchange (losses)/gains, net		(27,315)	2,987
Other income, net		13,129	442,926
Share of losses of a joint venture		(459)	–
Share of losses of associates	13	(2,470)	–
Total non-operating expenses, net		(1,531,820)	(1,156,138)
LOSS BEFORE TAX	6	(4,555,942)	(3,730,890)
Income tax expense	7	(23,434)	(23,875)
LOSS FOR THE PERIOD		(4,579,376)	(3,754,765)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(607,007)	(179,736)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX			
		(607,007)	(179,736)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD			
		(5,186,383)	(3,934,501)
Loss for the period attributable to:			
Owners of the Company		(2,374,583)	(1,647,621)
Non-controlling interests		(2,204,793)	(2,107,144)
		(4,579,376)	(3,754,765)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(2,673,781)	(1,733,005)
Non-controlling interests		(2,512,602)	(2,201,496)
		(5,186,383)	(3,934,501)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	HK\$(1.58)	HK\$(1.09)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	47,234,448	46,988,366
Right-of-use assets		6,804,582	7,069,510
Gaming license and subconcession		58,604	546,877
Goodwill		5,299,451	5,299,451
Trademarks		16,992,458	16,992,458
Other intangible assets		338,653	374,740
Investment in a joint venture		173,322	181,674
Investments in associates	13	48,253	29,278
Prepayments, deposits and other receivables		1,418,160	1,394,832
Other financial assets		20,759	20,320
Restricted cash		1,773,854	50,693
Deferred tax assets		18,064	31,423
Total non-current assets		80,180,608	78,979,622
CURRENT ASSETS			
Inventories		221,958	230,824
Trade receivables	11	389,304	425,098
Prepayments, deposits and other receivables		823,663	931,860
Tax recoverable		198	758
Restricted cash		3,198	3,170
Cash and bank balances		13,164,986	13,452,432
Assets classified as held for sale	12	14,603,307	15,044,142
		204,099	169,513
Total current assets		14,807,406	15,213,655

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	14	46,280	46,779
Other payables, accruals and deposits received	15	6,220,133	7,345,052
Tax payable		95,534	105,123
Interest-bearing borrowings	16	8,224,926	4,712,947
Lease liabilities		458,992	509,977
		15,045,865	12,719,878
Liabilities directly associated with assets classified as held for sale	12	9,302	11,674
Total current liabilities		15,055,167	12,731,552
NET CURRENT (LIABILITIES)/ASSETS		(247,761)	2,482,103
TOTAL ASSETS LESS CURRENT LIABILITIES		79,932,847	81,461,725
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	15	253,161	239,858
Interest-bearing borrowings	16	56,024,711	53,163,654
Lease liabilities		2,927,150	3,201,416
Deferred tax liabilities		2,387,686	2,388,789
Total non-current liabilities		61,592,708	58,993,717
Net assets		18,340,139	22,468,008
EQUITY			
Share capital	17	5,701,853	5,696,445
(Deficit)/Reserves		(1,436,837)	1,166,222
Equity attributable to owners of the Company		4,265,016	6,862,667
Non-controlling interests		14,075,123	15,605,341
Total equity		18,340,139	22,468,008

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 2022

	Attributable to owners of the Company												
	Share capital HK\$'000 (note 17)	Capital reserve HK\$'000	Special reserve HK\$'000	Legal reserve HK\$'000 (note 1)	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2022 (Audited)	5,696,445	7,053	(5,678,694)	245,255	282	(242,838)	265,921	(107,247)	137,045	6,539,445	6,862,667	15,605,341	22,468,008
Exchange differences on translation of foreign operations	-	-	-	-	-	(299,198)	-	-	-	-	(299,198)	(307,809)	(607,007)
Other comprehensive loss for the period	-	-	-	-	-	(299,198)	-	-	-	-	(299,198)	(307,809)	(607,007)
Loss for the period	-	-	-	-	-	-	-	-	(2,374,583)	(2,374,583)	(2,374,583)	(2,204,793)	(4,579,376)
Total comprehensive loss for the period	-	-	-	-	-	(299,198)	-	-	(2,374,583)	(2,374,583)	(2,673,781)	(2,512,602)	(5,186,383)
Exercise of share options	5,408	-	-	-	-	-	(2,014)	-	-	-	3,394	-	3,394
Recognition of share-based payments	-	-	151,307	-	-	-	6,260	-	45,689	-	203,256	118,350	321,606
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(1,411)	-	-	1,411	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	13,726	(24,441)	10,715	-	-	-
Modification of share options and awarded shares	-	-	-	-	-	-	(241,130)	-	241,052	-	(78)	-	(78)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(22,413)	(22,413)
Change in ownership interests of certain subsidiaries (note 19)	-	-	(130,442)	-	-	-	-	-	-	-	(130,442)	886,447	756,005
	5,408	-	20,865	-	-	-	(238,295)	13,726	262,300	12,126	76,130	982,384	1,058,514
At 30 June 2022 (Unaudited)	5,701,853	7,053*	(5,657,829)*	245,255*	282*	(542,036)*	27,626*	(93,521)*	399,345*	4,176,988*	4,265,016	14,075,123	18,340,139

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company												
	Share capital HK\$'000 (note 17)	Capital reserve HK\$'000	Special reserve HK\$'000	Legal 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 2021 (Audited)	5,692,080	7,053	(5,828,909)	245,255	(1,421)	14,639	240,062	(3,021)	61,165	10,337,284	10,764,187	20,013,109	30,777,296
Exchange differences on translation of foreign operations	-	-	-	-	-	(85,384)	-	-	-	-	(85,384)	(94,352)	(179,736)
Other comprehensive loss for the period	-	-	-	-	-	(85,384)	-	-	-	-	(85,384)	(94,352)	(179,736)
Loss for the period	-	-	-	-	-	-	-	-	-	(1,647,621)	(1,647,621)	(2,107,144)	(3,754,765)
Total comprehensive loss for the period	-	-	-	-	-	(85,384)	-	-	-	(1,647,621)	(1,733,005)	(2,201,496)	(3,934,501)
Exercise of share options	3,525	-	-	-	-	-	(1,178)	-	-	-	2,347	-	2,347
Recognition of share-based payments	-	-	157,283	-	-	-	20,529	-	48,446	-	226,258	137,953	364,211
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(740)	-	-	740	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	16,371	(25,707)	9,336	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	(15,696)	-	(15,696)	-	-	(15,696)
Modification of awarded shares	-	-	-	-	-	-	-	-	(715)	-	(715)	-	(715)
Change in ownership interests of certain subsidiaries (note 19)	-	-	(107,839)	-	7	-	-	-	-	-	(107,832)	50,508	(57,324)
	3,525	-	49,444	-	7	-	18,611	675	22,024	10,076	104,362	188,461	292,823
At 30 June 2021 (Unaudited)	5,695,605	7,053*	(5,779,465)*	245,255*	(1,414)*	(70,745)*	258,673*	(2,346)*	83,189*	8,699,739*	9,135,544	18,000,074	27,135,618

* These reserve accounts comprise the consolidated deficit of HK\$1,436,837,000 (30 June 2021: consolidated reserves of HK\$3,439,939,000) in the unaudited condensed consolidated statement of financial position as at 30 June 2022.

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 2022

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Net cash generated from operating activities	201,045	383,560
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments and deposits for property, plant and equipment	(2,519,448)	(2,236,849)
Payment for extension of gaming subconcession	(45,631)	–
Payments for intangible assets	(32,349)	(19,009)
Investment in an associate	(21,433)	–
Payments for right-of-use assets	(96)	–
Proceeds from disposal of property, plant and equipment	2,448	2,280
Interest received	31,021	27,823
Proceeds from disposal of other assets	–	6,000
Purchase of financial assets at fair value through profit or loss	–	(19,440)
Placement of bank deposits with original maturities over three months	–	(2,501,100)
Withdrawals of bank deposits with original maturities over three months	–	39,500
Proceeds from disposal of financial assets at fair value through profit or loss	–	558,106
Net cash used in investing activities	(2,585,488)	(4,142,689)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing borrowings	6,016,892	17,288,948
(Increase)/decrease in restricted cash	(1,722,858)	70,794
Interest paid	(1,455,179)	(1,335,619)
Repurchase of shares of subsidiaries	(289,284)	(57,324)
Payments of lease liabilities (including associated interest)	(270,868)	(160,625)
Payments of deferred financing costs	(48,901)	(374,501)
Dividends paid to non-controlling shareholders	(24,075)	(63,669)
Proceeds from exercise of share options	3,394	42,477
Purchase of shares for the share award schemes	–	(15,696)
Dividends paid	–	(7)
Repayments of interest-bearing borrowings	–	(13,305,487)
Net cash generated from financing activities	2,209,121	2,089,291

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(175,322)	(1,669,838)
Cash and cash equivalents at beginning of period, including those classified within assets held for sale		13,454,254	13,821,297
Effect of foreign exchange rate changes, net		(110,854)	21,113
		13,168,078	12,172,572
Less: cash and bank balances classified within assets held for sale	12	(3,092)	–
CASH AND CASH EQUIVALENTS AT END OF PERIOD		13,164,986	12,172,572
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		13,164,986	12,172,572

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2022

1. ORGANIZATION AND BUSINESS

(a) Corporate and group information

Melco International Development Limited (the “Company”) is a public company with limited liability incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”) as an investment holding company. The address of the registered office of the Company is 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”).

The Company together with its subsidiaries (collectively referred to as the “Group”) is a developer, owner and operator of integrated resort facilities in Asia and Europe. The Group operates its gaming business primarily through Melco Resorts & Entertainment Limited (“Melco Resorts”), a subsidiary of the Company, with its American depository shares (“ADSs”) listed on the Nasdaq Global Select Market in the United States of America (the “U.S.”). Melco Resorts currently operates Altira Macau, an integrated resort located at Taipa, the Macau Special Administrative Region of the People’s Republic of China (“Macau”), City of Dreams, an integrated resort located at Cotai, Macau and Grand Dragon Casino, a casino located at Taipa, Macau. Melco Resorts’ business also includes the Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. Melco Resorts, through its subsidiaries, including Studio City International Holdings Limited (“SCIHL”), which is majority-owned by Melco Resorts and with its ADSs listed on the New York Stock Exchange in the U.S., also operates Studio City, a cinematically-themed integrated resort in Cotai, Macau. In the Philippines, a majority-owned subsidiary of Melco Resorts operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco Resorts, through its majority-owned subsidiaries, ICR Cyprus Holdings Limited and its subsidiaries (collectively referred to as “ICR Group”), is currently developing City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus (“Cyprus”). ICR Group is currently operating a temporary casino in Limassol and is licensed to operate four satellite casinos (“Cyprus Operations”) in Cyprus. Upon the opening of City of Dreams Mediterranean, the ICR Group will continue to operate the satellite casinos while operation of the temporary casino will cease.

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

1. ORGANIZATION AND BUSINESS (continued)**(b) Recent developments related to COVID-19 and other business operations**

The disruptions to the Group's business caused by the coronavirus (COVID-19) outbreak continue to have a material effect on its financial condition and operations and future prospects into the third quarter of 2022.

In Macau, the Group's operations remain significantly impacted by travel restrictions and quarantine requirements. A stream of COVID-19 outbreaks in the People's Republic of China (the "PRC") in the first half of 2022 led to a tightening of border controls for entry from Guangdong province. In June 2022, the resurgence of COVID-19 cases in Macau led to citywide mandatory testing and strict travel restrictions and requirements implemented to enter and exit Macau. On 23 June 2022, the Macau government issued a mandatory closure order for entertainment and leisure venues, with casinos and gaming areas excluded. During the period from 11 July 2022 to 22 July 2022, such mandatory closure order was further extended to almost all entities including gaming entertainment, and the Group's casinos in Macau were closed for 12 days and resumed operations on 23 July 2022. From 2 August 2022, all closure orders were lifted but health-related precautionary measures remain in place. The validity of nucleic acid tests to enter Macau vary from time to time and is currently set at 48 hours for entry from Zhuhai, and non-Macau resident individuals who are not residents of Taiwan, Hong Kong, or the PRC continue to be unable to enter Macau, except if they have been approved for an exemption.

In the Philippines, during the period from 1 January 2022 to 28 February 2022, City of Dreams Manila's operations have been impacted by the on and off travel restrictions and were operated at limited capacity under different levels of community quarantine measures in Metro Manila as imposed by the Philippine government in response to COVID-19 cases. The Philippine government re-opened the borders to fully vaccinated international tourists with a negative RT-PCR test taken within 48 hours of departure of their country of origin effective on 10 February 2022 and lowered COVID-19 restrictions to Alert Level 1 starting from 1 March 2022 which allowed casinos to operate at 100% capacity, subject to certain guidelines. As of 30 May 2022, restrictions for inbound travellers into the Philippines have been eased and negative RT-PCR test results are no longer required for individuals who are fully vaccinated.

In Cyprus, with a surge in COVID-19 cases, authorities stepped up COVID-19 restrictions from the end of December 2021 by reducing the capacity at certain venues and increasing restrictions for unvaccinated people. However, the casinos of the Cyprus Operations remained open during the period and such restrictions were eased from 21 February 2022. Travel restrictions into Cyprus were further eased on 18 April 2022 and as of 1 June 2022, passengers travelling to Cyprus are not required to present any vaccination or recovery certificates nor negative COVID-19 test results.

Although travel restrictions have eased in the Philippines and Cyprus, COVID-19 cases have been increasing in recent weeks, and the respective governments are closely observing the situation.

1. ORGANIZATION AND BUSINESS (continued)**(b) Recent developments related to COVID-19 and other business operations (continued)**

The construction of Studio City Phase 2 continues to progress. As announced by SCIHL in May 2022, the Macau government granted a further extension of the development period under the Studio City land concession to 30 June 2023.

The City of Dreams Mediterranean project in Cyprus has experienced some construction delays as the main contractor for the construction struggled with challenges in resourcing the project and maintaining progress to meet pre-agreed dates. Opening is now anticipated to be early in the second quarter of 2023, subject to regulatory approvals and construction progress.

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

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

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

As at 30 June 2022, the Group had net current liabilities of Hong Kong dollars ("HK\$") 247,761,000 (31 December 2021: net current assets of HK\$2,482,103,000). However, as at 30 June 2022, the Group had total cash and bank balances of HK\$13,164,986,000 and available unused borrowing capacity of HK\$9,018,780,000, subject to the satisfaction of certain conditions precedent.

The Group has taken various mitigating measures to manage through the current COVID-19 outbreak challenges, such as implementing cost reduction programs to minimize cash outflows for non-essential items, rationalizing the Group's capital expenditure programs with deferrals and reductions and raising additional capital through debt and equity offerings.

The Group believes it will be able to support continuing operations and capital expenditures for at least 12 months after the reporting period end date of this unaudited condensed consolidated interim financial information. Accordingly, the unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

1. ORGANIZATION AND BUSINESS (continued)**(c) Macau gaming subconcession contract**

On 8 September 2006, Melco Resorts (Macau) Limited (“Melco Resorts Macau”) entered into a subconcession contract to operate its gaming business in Macau which expired on 26 June 2022. A concession or subconcession may be extended or renewed by order of the Macau Chief Executive, one or more times, up to a maximum of five years. On that basis, the subconcession contract was extended to 31 December 2022 pursuant to an amendment agreement entered into by Melco Resorts Macau on 23 June 2022 (the “Extension Agreement”) which coincides with the extended expiration date of all the other concessions and subconcessions in Macau.

Melco Resorts Macau paid a premium of Macau Patacas (“MOP”) 47,000,000 (equivalent to approximately HK\$45,631,000) to the Macau government in June 2022 for the extension. Melco Resorts Macau will also submit a bank guarantee in an amount of not less than MOP820,000,000 (equivalent to approximately HK\$796,117,000) to the Macau government on or before 22 September 2022 to guarantee the satisfaction of any labour liabilities upon expiry of the subconcession. The Macau government may require an increase in the amount of such guarantee, depending on the number of employees employed by Melco Resorts Macau. Under the Extension Agreement and Macau gaming law, Melco Resorts Macau also acknowledges that the gaming areas, gaming support areas and gaming equipment of Altira Casino, City of Dreams Casino and Studio City Casino, as agreed with the Macau government, will revert to Macau, without compensation and free and clear from any charges or encumbrances, at the expiration of the subconcession. In addition, on 23 June 2022, Melco Resorts Macau and the Company’s subsidiaries which are holding the land lease rights for the properties on which Altira Casino, City of Dreams Casino and Studio City Casino (the “Land Concessionaires”) are located, respectively, executed an undertaking in favour of the Macau government pursuant to which Melco Resorts Macau and the respective Land Concessionaire committed to sign the documents required by the Macau government to effect the reversion of the gaming areas, gaming support areas and gaming equipment of Altira Casino, City of Dreams Casino and Studio City Casino to Macau in accordance with the Macau gaming law. The final terms of such reversion are subject to the execution of a reversion deed or similar instrument (in a form to be finalized with the Macau government in due course) in favour of the Macau government.

1. ORGANIZATION AND BUSINESS (continued)**(c) Macau gaming subconcession contract (continued)**

Melco Resorts Macau and Studio City Entertainment Limited (“Studio City Entertainment”), a subsidiary of the Company, entered into a services and right to use agreement dated 11 May 2007, as amended on 15 June 2012, together with related agreements (the “Services and Right to Use Arrangements”), under which Melco Resorts Macau agreed to operate Studio City Casino since Studio City Entertainment does not hold a gaming concession in Macau. Under such arrangements, Melco Resorts Macau deducts gaming taxes and the costs incurred in connection with its operations from Studio City Casino’s gross gaming revenues and Studio City Entertainment receives the residual amount. These arrangements were amended on 23 June 2022 (“Studio City Casino Agreement”) to align such agreement with the enacted amendments to the Macau gaming law and the residual amount which Studio City Entertainment receives as revenue, previously captioned as revenue from the provision of gaming related services, is now captioned as revenue from casino contract. In addition, certain conditions imposed by the Macau government relating to the previously existing agreement, including in relation to shareholding requirements for certain direct and indirect shareholders of Studio City Entertainment, are no longer applicable.

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

1. ORGANIZATION AND BUSINESS (continued)**(c) Macau gaming subconcession contract (continued)**

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

The Group believes Melco Resorts Macau is in a position to satisfy the requirements related to the award of a new concession established by the Macau government and, the Studio City Casino Agreement will be extended. Accordingly, the unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for certain financial instruments which are measured at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell.

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 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 2022 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 2021.

The financial information relating to the year ended 31 December 2021 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 set out below.

The Company has delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

2.1 BASIS OF PREPARATION (continued)

The Company's auditor has reported on the consolidated financial statements for the year ended 31 December 2021. 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.

Certain comparative figures have been reclassified to conform to the current period's presentation as the Group considers the new presentation is more relevant and appropriate to the unaudited 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 2022 are consistent with those of the Group as set out in the Group's audited consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited condensed consolidated interim financial information.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts - Cost of Fulfilling a Contract</i>
Annual Improvements to HKFRSs 2018-2020	<i>Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41</i>

The adoption of the amendments to HKFRSs had no material impact on the unaudited condensed consolidated interim financial information.

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 2022.

3. SEGMENT INFORMATION

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

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

Management monitors the results of the Group’s operating and reportable segments separately for the purpose of making decisions about resource allocations and performance assessments. Segment performance is evaluated based on Adjusted EBITDA, which is a non-HKFRS financial measure and the segment results of the Group, is the loss for the period before interest, income tax, depreciation and amortization, share-based compensation expenses, pre-opening costs, development costs, property charges and other, payments to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc. (collectively referred to as the “Philippine Parties”), corporate expenses, share of losses of a joint venture, share of losses of associates and other non-operating income and expenses. This is the measure reported to the chief operating decision-maker for the purposes of resource allocations and performance assessments. Not all companies calculate Adjusted EBITDA in the same manner. As a result, Adjusted EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

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

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

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

3. SEGMENT INFORMATION (continued)**Segment net revenues and results****Six months ended 30 June 2022 (Unaudited)**

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment net revenues			
Sales to external customers (note 4)	6,025,107	–	6,025,107
Intersegment sales	4,631	–	4,631
	<u>6,029,738</u>	<u>–</u>	<u>6,029,738</u>
Elimination of intersegment sales			(4,631)
Total net revenues			6,025,107
Adjusted EBITDA	<u>170,119</u>	<u>(1,966)</u>	<u>168,153</u>
Operating costs and expenses			
Depreciation and amortization			(2,594,941)
Share-based compensation expenses			(235,201)
Pre-opening costs			(43,579)
Property charges and other			(156,265)
Payments to the Philippine Parties			(144,632)
Corporate expenses			(17,657)
Operating loss			(3,024,122)
Non-operating income/(expenses)			
Interest income			26,850
Interest expenses, net of amounts capitalized			(1,510,835)
Other financing costs			(30,720)
Foreign exchange losses, net			(27,315)
Other income, net			13,129
Share of losses of a joint venture			(459)
Share of losses of associates			(2,470)
Total non-operating expenses, net			(1,531,820)
Loss before tax			(4,555,942)
Income tax expense			(23,434)
LOSS FOR THE PERIOD			<u>(4,579,376)</u>

3. SEGMENT INFORMATION (continued)**Segment net revenues and results (continued)****Six months ended 30 June 2021 (Unaudited)**

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment net revenues			
Sales to external customers (note 4)	8,422,684	2,591	8,425,275
Intersegment sales	5,723	–	5,723
	<u>8,428,407</u>	<u>2,591</u>	<u>8,430,998</u>
Elimination of intersegment sales			(5,723)
Total net revenues			<u>8,425,275</u>
Adjusted EBITDA	<u>736,182</u>	<u>(3,657)</u>	<u>732,525</u>
Operating costs and expenses			
Depreciation and amortization			(2,702,798)
Share-based compensation expenses			(221,240)
Pre-opening costs			(16,456)
Development costs			(62,190)
Property charges and other			(156,907)
Payments to the Philippine Parties			(132,681)
Corporate expenses			(15,005)
Operating loss			<u>(2,574,752)</u>
Non-operating income/(expenses)			
Interest income			29,333
Interest expenses, net of amounts capitalized			(1,477,771)
Losses on modification or extinguishment of debts, net			(102,856)
Other financing costs			(50,757)
Foreign exchange gains, net			2,987
Other income, net			442,926
Total non-operating expenses, net			<u>(1,156,138)</u>
Loss before tax			(3,730,890)
Income tax expense			(23,875)
LOSS FOR THE PERIOD			<u>(3,754,765)</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION (continued)

30 June 2022 (Unaudited)

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	92,621,792	356,477	92,978,269
Corporate and other unallocated assets			2,009,745
Total assets			94,988,014
Segment liabilities	69,835,643	55,683	69,891,326
Corporate and other unallocated liabilities			6,756,549
Total liabilities			76,647,875

31 December 2021 (Audited)

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

3. SEGMENT INFORMATION (continued)

Geographical information

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

Net revenues from external customers (Unaudited)

	Six months ended 30 June					
	2022			2021		
	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Macau	4,147,205	-	4,147,205	7,296,938	-	7,296,938
The Philippines	1,554,431	-	1,554,431	1,026,762	-	1,026,762
Cyprus	295,864	-	295,864	77,707	-	77,707
Japan	27,607	-	27,607	21,277	-	21,277
Hong Kong	-	-	-	-	2,591	2,591
Total	6,025,107	-	6,025,107	8,422,684	2,591	8,425,275

Non-current segment assets

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Macau	71,107,635	71,083,086
Cyprus	3,400,548	3,136,894
The Philippines	2,496,058	3,157,927
Hong Kong	1,112,608	1,245,711
The PRC	173,325	181,677
Others	48,511	39,431
Total	78,338,685	78,844,726

4. NET REVENUES

Six months ended 30 June 2022 (Unaudited)

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Casino revenue	4,904,882	–	4,904,882
Entertainment and resort facilities:			
Rooms	495,383	–	495,383
Catering service income	346,456	–	346,456
Entertainment, retail and other	278,386	–	278,386
Sales to external customers (note 3)	6,025,107	–	6,025,107

Six months ended 30 June 2021 (Unaudited)

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Casino revenue	7,082,716	–	7,082,716
Entertainment and resort facilities:			
Rooms	616,405	–	616,405
Catering service income	399,727	–	399,727
Entertainment, retail and other	323,836	–	323,836
Property rental income	–	2,591	2,591
Sales to external customers (note 3)	8,422,684	2,591	8,425,275

For the six months ended 30 June 2022, entertainment, retail and other include rental income of HK\$181,715,000 (six months ended 30 June 2021: HK\$215,970,000).

For the six months ended 30 June 2022, the revenue from contracts with customers was HK\$5,843,392,000 (six months ended 30 June 2021: HK\$8,206,714,000).

5. INTEREST EXPENSES, NET OF AMOUNTS CAPITALIZED

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Interest on:		
– Interest-bearing borrowings	1,528,345	1,343,316
– Lease liabilities	122,201	157,888
Amortization of deferred financing costs	84,036	68,775
	1,734,582	1,569,979
Less: capitalized in construction in progress	(223,747)	(92,208)
	1,510,835	1,477,771

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	1,820,182	1,870,550
Amortization of gaming license and subconcession	533,904	544,502
Depreciation of right-of-use assets	211,327	257,986
Less: capitalized in construction in progress	(14,311)	(14,390)
Amortization of other intangible assets	43,839	44,150
	2,594,941	2,702,798
Included in other operating expenses, gains and losses, net:		
Repairs and maintenance	291,098	272,830
Utilities and fuel	216,878	218,298
Costs of inventories	146,097	192,303
Payments to the Philippine Parties	144,632	132,681
Other gaming operations expenses	131,687	161,603
Advertising and promotions	126,908	132,668
Insurance	86,693	67,895
Transportation expenses	74,562	72,762
Other taxes and licenses	71,526	38,383
Legal and professional fees	63,866	67,959
Rental and other expenses	27,350	20,084
Impairment losses on property, plant and equipment (note 10)	28,213	9,196
Impairment losses on assets classified as held for sale (note 12)	42,545	–
Loss on disposal of property, plant and equipment (Reversal of allowances)/allowances for credit losses, net	2,886	7,085
Bad debt recoveries	(21,048)	118,014
Gain on disposal of other assets	(856)	(15,567)
	–	(5,952)

7. INCOME TAX EXPENSE

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Current tax:		
Macau Complementary Tax	27	–
Lump sum in lieu of Macau Complementary Tax on dividends	9,175	9,175
Philippine Corporate Income Tax	944	–
Cyprus Corporate Income Tax	–	1,452
Other jurisdictions	180	1,063
Sub-total	10,326	11,690
(Over)/under provision in prior periods:		
Macau Complementary Tax	(1,630)	(3,391)
Philippine Corporate Income Tax	980	(1,648)
Other jurisdictions	19	353
Sub-total	(631)	(4,686)
Deferred tax	13,739	16,871
Total	23,434	23,875

Pursuant to the approval notice issued by the Macau government in September 2016, Melco Resorts Macau, the holder of the gaming subconcession in Macau, was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations for an additional five years from 2017 to 2021. One of the Company's subsidiaries in Macau was also exempted from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau for an additional five years from 2017 to 2021, to the extent that such income was derived from Studio City gaming operations and had been subject to gaming tax pursuant to a notice issued by the Macau government in January 2017. The exemption coincided with Melco Resorts Macau's exemption from Macau Complementary Tax. Pursuant to Dispatch of the Macau Chief Executive dated 17 February 2022, Melco Resorts Macau was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming revenues for the period from 1 January 2022 to 26 June 2022. Melco Resorts Macau and such subsidiary has applied for the extension of the Macau Complementary Tax exemption to 31 December 2022 and the application is currently pending approval by the Macau government. The non-gaming profits and dividend distributions of such subsidiary to its shareholders continue to be subject to Macau Complementary Tax. Melco Resorts Macau's non-gaming profits also remain subject to Macau Complementary Tax and Melco Resorts Macau casino revenues remain subject to the Macau special gaming tax and other levies in accordance with its gaming subconcession agreement.

7. INCOME TAX EXPENSE (continued)

In August 2017, Melco Resorts Macau received an extension of the agreement with the Macau government for an additional five years applicable to tax years from 2017 through 2021, in which the extension agreement provided for an annual payment of MOP18,900,000 (equivalent to approximately HK\$18,350,000) as payments in lieu of Macau Complementary Tax otherwise due by the shareholders of Melco Resorts Macau on dividend distributions from gaming profits. Such annual payment was required regardless of whether dividends were actually distributed or whether Melco Resorts Macau had distributable profits in the relevant year. Melco Resorts Macau has applied for an extension of such arrangement for 2022 at an amount to be set by the Macau government.

Other than the aforesaid changes, for the six months ended 30 June 2022, 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 2021.

8. DIVIDENDS

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the board of directors of the Company (the "Board") does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Loss attributable to owners of the Company for the purpose of basic loss per share	(2,374,583)	(1,647,621)
Effect of dilutive potential ordinary shares: Parent's proportionate adjustment in relation to participation interest in a subsidiary of the Company	(3,251)	–
Loss attributable to owners of the Company for the purpose of diluted loss per share	(2,377,834)	(1,647,621)

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (continued)

	Six months ended 30 June	
	2022 '000 (Unaudited)	2021 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,504,474	1,514,766

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding and assumed conversion of all dilutive potential ordinary shares, and the earnings as adjusted to reflect the dilution effect of the share options and awarded shares issued by the subsidiaries of the Company. For the six months ended 30 June 2021, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the outstanding share options and unvested awarded shares had an anti-dilutive effect on the basic loss per share amounts presented.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group's additions to property, plant and equipment of approximately HK\$2,506,718,000 (six months ended 30 June 2021: HK\$2,405,511,000) were mainly incurred on construction in progress, 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\$5,334,000 during the six months ended 30 June 2022 (six months ended 30 June 2021: HK\$9,365,000).

During the six months ended 30 June 2022, certain aircraft at net carrying value of HK\$101,522,000 were classified as assets held for sale (note 12). Impairment loss of HK\$28,213,000 was recognized.

During the six months ended 30 June 2021, total impairment losses of HK\$9,196,000 were recognized in full against the carrying amounts of certain property, plant and equipment which belong to the Casino and Hospitality segment due to reconfigurations of and renovations to the Group's operating properties.

11. TRADE RECEIVABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 month	96,268	167,894
More than 1 month but within 3 months	28,754	208,513
More than 3 months but within 6 months	96,597	222,600
More than 6 months	1,682,033	1,387,949
	1,903,652	1,986,956
Allowances for credit losses	(1,514,348)	(1,561,858)
	389,304	425,098

12. ASSETS CLASSIFIED AS HELD FOR SALE

In September 2021, the Group announced discontinuing its pursuit of a Yokohama integrated resort development in Japan. In December 2021, an external advisor was engaged to locate potential buyers and prepare marketing materials for the disposal of the Group's assets in Japan, including Kabushiki Kaisha Okushiga Kogen Resort and a parcel of freehold land (the "Japan Land") together with the accompanying building structures in Hakone, Japan (collectively be referred to as the "Japan Disposal Group"). The Japan Disposal Group was classified as assets held for sale under the Casino and Hospitality segment as at 31 December 2021 and 30 June 2022. As at 30 June 2022, the disposal was in progress. During the six months ended 30 June 2022, an impairment loss of HK\$42,545,000 was recognized for a piece of the Japan Land due to a decrease in its estimated market value (six months ended 30 June 2021: nil) and its fair value less costs to sell was determined by the direct comparison approach which is considered as a level 3 fair value measurement. A key input under this approach is the sale rate, which was adjusted by certain factors including location and size of the comparable lands, of Japanese Yen 190,000 (equivalent to approximately HK\$11,000) per square meter.

In June 2022, the Group signed a sale and purchase agreement and a letter of intent (a sale and purchase agreement was subsequently signed on 18 August 2022) with buyers to sell certain aircraft (the "Aircraft") with an aggregate selling price of United States dollars ("US\$") 15,800,000 (equivalent to approximately HK\$123,991,000). As at 30 June 2022, the disposal was in progress and was anticipated to be completed within one year. After consideration of the relevant facts, the Group concluded the Aircraft met the criteria for classification as assets held for sale which is reported under the Casino and Hospitality segment. During the six months ended 30 June 2022, an impairment loss of HK\$28,213,000 was recognized for an aircraft due to a decrease in its market value determined based on the purchase price stated in the letter of intent which was considered as a level 2 input under the fair value hierarchy.

12. ASSETS CLASSIFIED AS HELD FOR SALE (continued)

The major classes of assets of the Japan Disposal Group and the Aircraft classified as held for sale as at 30 June 2022 and 31 December 2021 were mainly comprised as set out below.

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Japan Disposal Group		
Property, plant and equipment	89,502	155,358
Right-of-use assets	3,859	4,924
Cash and bank balances	3,092	1,822
Others	6,124	7,409
	102,577	169,513
Aircraft	101,522	–
	204,099	169,513

Liabilities directly associated with the Japan Disposal Group of HK\$9,302,000 as at 30 June 2022 (31 December 2021: HK\$11,674,000) mainly represented trade and other payables, lease liabilities and other current liabilities. As at 30 June 2022, other comprehensive loss of HK\$25,917,000 (31 December 2021: HK\$6,804,000) relating to the Japan Disposal Group has been accumulated in equity.

13. INVESTMENTS IN ASSOCIATES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Cost of investments in associates		
Listed in Canada	339,601	339,601
Unlisted in the U.S.	52,517	31,084
Net changes in investments in associates	54,367	54,355
Share of changes in net assets and exchange reserve	7,616	7,616
Share of post-acquisition results, net of dividends received	(85,153)	(82,683)
Impairment losses recognized	(320,695)	(320,695)
	48,253	29,278

13. INVESTMENTS IN ASSOCIATES (continued)

As at 31 December 2021, investments in associates comprised investments in CleanRobotics Technologies, Inc and Mountain China Resorts (Holding) Limited. For the six months ended 30 June 2022, there were no significant changes in these investments as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021.

On 17 February 2022, the Group acquired shares of preferred stock issued by Metalmark Innovations, PBC ("Metalmark"), a private company incorporated in the U.S. and principally engaged in providing air purification solutions, for an aggregate consideration of approximately US\$2,750,000 (equivalent to approximately HK\$21,433,000), representing 15.89% of the total voting power and ownership interest of Metalmark. The shares of preferred stock shall vote together with the shares of common stock of Metalmark on an as-converted basis and the Group is entitled to appoint one director to the board of Metalmark in accordance with the terms of the agreements. Metalmark became an associate of the Group on 17 February 2022. As at 30 June 2022, goodwill on acquisition of US\$1,308,000 (equivalent to approximately HK\$10,191,000) was included in the cost of investment.

14. TRADE PAYABLES

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Within 1 month	31,782	36,096
More than 1 month but within 3 months	7,850	8,206
More than 3 months but within 6 months	2,345	1,288
More than 6 months	4,303	1,189
	46,280	46,779

15. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Current liabilities		
Advance customer deposits and ticket sales	2,286,501	2,415,338
Interest payable	913,254	829,123
Accrued operating expenses and other liabilities	742,914	793,492
Construction cost payable	734,595	1,001,198
Accrued employee benefits expenses	408,133	599,990
Outstanding gaming chips	392,767	562,637
Gaming tax and license fee payables	297,358	666,520
Payable for acquisition of property, plant and equipment	266,614	283,837
Loyalty program liabilities	176,761	189,891
Dividends payable	1,236	3,026
	6,220,133	7,345,052
Non-current liabilities		
Other liabilities	192,801	175,334
Accrued employee benefits expenses	28,303	39,146
Deposits received	32,057	25,378
	253,161	239,858

16. INTEREST-BEARING BORROWINGS

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Unsecured notes	48,469,327	48,151,277
Secured bank loans	6,665,568	6,608,324
Unsecured bank loans	6,412,953	3,117,000
Secured notes	2,701,789	–
	64,249,637	57,876,601
Non-current portion	(56,024,711)	(53,163,654)
	8,224,926	4,712,947
Current portion	8,224,926	4,712,947
Analysed into borrowings repayable:		
Within one year or on demand	8,234,889	4,712,947
In the second year	431,927	429,228
In the third to fifth years, inclusive	22,976,873	20,318,490
After five years	32,960,528	32,754,645
	64,604,217	58,215,310
Less: deferred financing costs and original issue premiums	(354,580)	(338,709)
	64,249,637	57,876,601

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Fixed-rate borrowings	51,171,116	48,151,277
Variable-rate borrowings	13,078,521	9,725,324
	64,249,637	57,876,601

16. INTEREST-BEARING BORROWINGS (continued)

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

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
US\$	61,130,637	54,757,601
HK\$	3,119,000	3,119,000
	64,249,637	57,876,601

On 16 February 2022, the Group issued US\$350,000,000 (equivalent to approximately HK\$2,733,499,000) in aggregate principal amount of 7.00% senior secured notes due 2027 at an issue price of 100% of the principal amount (the "2027 Senior Notes"). The net proceeds are being used to fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes. All of the existing subsidiaries of Studio City Investments Limited (other than Studio City Company) and any other future restricted subsidiaries as defined in the 2027 Senior Notes are guarantors to guarantee the indebtedness under the 2027 Senior Notes.

In March 2022, the Group obtained confirmation from the facility agent that certain provisions contained in an US\$1.0 billion 5-year secured credit facility agreement (the "2021 Credit Facilities") were waived subject to certain conditions, including placing a cash collateral of US\$220,000,000 (equivalent to approximately HK\$1,721,696,000). As of 8 April 2022, the cash collateral was fully placed in a pledged account.

On 28 March 2022, the Company entered into a facility agreement (the "Facility Agreement") with Melco Resorts pursuant to which a US\$250,000,000 (equivalent to approximately HK\$1,952,500,000) revolving loan facility was granted by Melco Resorts as lender to the Company as borrower for a period of 12 months after the first utilization date (the last day of such period being the "Final Repayment Date"). The Company may request utilization of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of the Company and its subsidiaries (excluding Melco Resorts and its subsidiaries). Principal amounts outstanding under the Facility Agreement bear interest at an annual rate of 11%, with outstanding principal amounts and accrued interest payable by the Company on the Final Repayment Date. As at 30 June 2022, the Company drew down US\$200,000,000 (equivalent to approximately HK\$1,569,501,000) from the facility.

In May 2022, the maturity date of a secured credit facility of HK\$2,000,000 was extended from 24 June 2022 to 31 December 2022.

During the six months ended 30 June 2022, the Group drew down US\$420,000,000 (equivalent to approximately HK\$3,283,393,000) from a HK\$14.85 billion unsecured revolving credit facility (the "2020 Credit Facilities") to fund the 2022 Private Placements (as disclosed at note 19), the Group's working capital and for general corporate purposes.

16. INTEREST-BEARING BORROWINGS (continued)

As at 30 June 2022, an unsecured credit facility amounting to Philippine Peso (“PHP”) 2,350,000,000 (equivalent to approximately HK\$335,173,000) (31 December 2021: PHP2,350,000,000 (equivalent to approximately HK\$360,941,000)) was available for future drawdown, subject to satisfaction of certain conditions precedent. As at 31 December 2021, the available drawdown currency under the credit facility is PHP and the credit facility availability period was up to 31 January 2022, and the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 180 days from the date of drawdown, and (ii) the date which is 180 days after the end of the availability period. In January 2022, the credit facility availability period was extended to 1 May 2022, with other terms and conditions unchanged. In April 2022, the credit facility availability period was further extended to 31 January 2023, with other terms and conditions unchanged, except (1) the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period; and (2) the available drawdown currencies are PHP and US\$.

As at 30 June 2022, borrowings in aggregate principal amount of HK\$9,536,721,000 (31 December 2021: HK\$6,747,691,000) are secured by certain assets of the Group.

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 2021.

As at 30 June 2022, the Group had total available and unutilized borrowing capacity of HK\$9,018,780,000 (31 December 2021: HK\$13,380,737,000), subject to satisfaction of certain conditions precedent.

At the end of the reporting period, the interest-bearing borrowings with maturities of more than 12 months from the reporting period end (the “Borrowings”) were classified as non-current liabilities as there was no breach of covenants associated with the Borrowings at 30 June 2022 and up to the date of approval of these unaudited condensed consolidated financial information; and the Group believes that it is in a position to satisfy the requirements related to the award of a new gaming concession after the extension period and, the Studio City Casino Agreement will be extended.

17. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$’000
Issued and fully paid:		
At 1 January 2021 (Audited)	1,515,763,755	5,692,080
Exercise of share options	442,000	4,365
At 31 December 2021 and 1 January 2022 (Audited)	1,516,205,755	5,696,445
Exercise of share options	478,000	5,408
At 30 June 2022 (Unaudited)	1,516,683,755	5,701,853

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

18. LONG TERM INCENTIVE SCHEMES**(a) New share option scheme of the Company**

The Company adopted a share option scheme on 30 May 2012 with certain rules of such scheme amended on 5 June 2020 (the “2012 Share Option Scheme”). The 2012 Share Option Scheme had a term of 10 years and expired on 29 May 2022. No share options can be granted after expiry but the outstanding options shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects, the provisions of the 2012 Share Option Scheme shall remain in full force and effect notwithstanding the expiry of the 2012 Share Option Scheme. Following the expiry of the 2012 Share Option Scheme, the Company adopted a new share option scheme (the “2022 Share Option Scheme”) on 7 June 2022.

A summary of the principal terms of the 2022 Share Option Scheme was disclosed in the public circular of the Company dated 29 April 2022.

(b) The Company’s option exchange program

On 6 April 2022, the Board announced an option exchange program, to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new awarded shares to be granted, subject to the eligible participants’ consent (the “Melco Option Exchange Program”). The share options eligible for exchange under the Melco Option Exchange Program were those that were granted during the years from 2016 to 2021 under the 2012 Share Option Scheme, including those unvested, or vested but not exercised. The Melco Option Exchange Program became effective on 6 April 2022 (the “Melco Modification Date”), with a total of 33,590,000 eligible share options were accepted and surrendered by eligible participants (the “Melco Cancelled Share Options”) and the Company granted an aggregate of 453,000 new share options under the 2012 Share Option Scheme (the “Melco Replacement Share Options”) and 11,032,000 new awarded shares under the Share Purchase Scheme adopted by the Company on 18 October 2007 (the “Melco Replacement Share Awards”). The Melco Replacement Share Options and the Melco Replacement Share Awards have vesting periods of one to two years. A total incremental share-based compensation expense resulting from the Melco Option Exchange Program was approximately HK\$326,000, representing the excess of (i) the fair value of the Melco Replacement Share Options measured using the Black-Scholes valuation model on the Melco Modification Date; and (ii) the fair value of the Melco Replacement Share Awards determined with reference to the market closing price of the Company’s ordinary share on the Melco Modification Date, over the fair value of the Melco Cancelled Share Options immediately before the exchange. The incremental share-based compensation expenses are being recognized over the new vesting periods of the Melco Replacement Share Options and Melco Replacement Share Awards, and the unrecognized compensation costs remaining from the Melco Cancelled Share Options are being recognized over the remainder of their original vesting periods.

18. LONG TERM INCENTIVE SCHEMES (continued)**(c) Melco Resorts' option exchange program**

On 28 March 2022, the compensation committee of Melco Resorts approved a proposal to allow for an option exchange program, designed to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants' consent (the "Melco Resorts Option Exchange Program"). The share options eligible for exchange under the Melco Resorts Option Exchange Program were those that were granted during the years from 2012 to 2021 under the share incentive plan in 2011 (as amended) adopted by Melco Resorts, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Melco Resorts Option Exchange Program became unconditional and effective on 15 April 2022, the date Melco Resorts accepted the eligible participants' consent (the "Melco Resorts Modification Date"), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the "Melco Resorts Cancelled Share Options") and Melco Resorts granted an aggregate of 2,486,241 new share options (the "Melco Resorts Replacement Share Options") and 5,912,547 new restricted shares (the "Melco Resorts Replacement Restricted Shares") under the share incentive plan in 2021 adopted by Melco Resorts. The Melco Resorts Replacement Share Options and Melco Resorts Replacement Restricted Shares have vesting periods of one to two years. A total incremental share-based compensation expense resulting from the Melco Resorts Option Exchange program was approximately US\$3,306,000 (equivalent to approximately HK\$25,947,000), representing the excess of (i) the fair value of certain Melco Resorts Replacement Share Options measured using the Black-Scholes valuation model on the Melco Resorts Modification Date; and (ii) the fair value of certain Melco Resorts Replacement Restricted Shares determined with reference to the market closing price of Melco Resorts' ADS trading on the Nasdaq Global Select Market on the Melco Resorts Modification Date, over the fair value of the Melco Resorts Cancelled Share Options that were granted during 2013 to 2021 immediately before the exchange. The incremental share-based compensation expenses are being recognized over the new vesting periods of the Melco Resorts Replacement Share Options and Melco Resorts Replacement Restricted Shares, and the unrecognized compensation costs remaining from the Melco Resorts Cancelled Share Options are being recognized over the remainder of their original vesting periods.

19. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES**Melco Resorts**

During the six months ended 30 June 2022, Melco Resorts repurchased 5,579,248 ADSs (equivalent to 16,737,744 ordinary shares) (six months ended 30 June 2021: nil) from the open market for an aggregate consideration of approximately US\$34,757,000 (equivalent to approximately HK\$271,735,000) which increased the Group's ownership interest in Melco Resorts. On the other hand, certain restricted shares under the Melco Resorts share incentive plans vested, which decreased the Group's ownership interest in Melco Resorts.

As a net result of the above transactions, the Group's ownership interest in Melco Resorts increased from 57.10% on 1 January 2022 to 57.26% on 30 June 2022. The Group recognized a decrease of HK\$120,447,000 in special reserve and a decrease of HK\$151,288,000 in non-controlling interests.

SCIHL

During February and March 2022, SCIHL respectively announced and completed a series of private offers of 400,000,000 Class A ordinary shares to certain existing shareholders and holders of its ADSs, including the Group, with gross proceeds amounting to US\$300,000,000 (equivalent to approximately HK\$2,338,305,000), of which approximately US\$134,944,000 (equivalent to approximately HK\$1,051,857,000) was from non-controlling interests and approximately US\$165,056,000 (equivalent to approximately HK\$1,286,448,000) was from the Group (the "2022 Private Placements"). The 2022 Private Placements increased the Group's shareholding in SCIHL which was funded by the Group's drawdown of US\$170,000,000 (equivalent to approximately HK\$1,327,700,000) from the 2020 Credit Facilities on 23 February 2022. The Group retains its controlling financial interests in SCIHL before and after the 2022 Private Placements.

As a result of the above transaction and aforesaid change in the Group's ownership interest in Melco Resorts, the Group's ownership interest in SCIHL increased from 31.41% on 1 January 2022 to 31.50% on 30 June 2022. The Group recognized a decrease of HK\$964,000 in special reserve and an increase of HK\$1,046,253,000 in non-controlling interests.

The Philippine subsidiaries

During the six months ended 30 June 2022, the Group through the subsidiaries, purchased 34.331 common shares of Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), a subsidiary of the Company, at a total consideration of PHP115,086,000 (equivalent to HK\$17,549,000) from the non-controlling interests, which increased the Group's ownership interest in MRP.

As a result of the above transaction and aforesaid change in the Group's ownership interest in Melco Resorts, the Group's ownership interest in MRP increased from 56.52% on 1 January 2022 to 56.85% on 30 June 2022. The Group recognized a decrease of HK\$9,031,000 in special reserve and a decrease of HK\$8,518,000 in non-controlling interests.

20. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**Major non-cash transactions**

During the six months ended 30 June 2022, property, plant and equipment amounting to HK\$853,486,000 (six months ended 30 June 2021: HK\$792,158,000) were purchased from external parties and these related payables remained unsettled as at 30 June 2022.

21. COMMITMENTS AND CONTINGENCIES**(a) Capital commitments**

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	1,926,963	3,530,362

(b) Investment commitment to the joint venture

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
Investment commitment to the joint venture	292,450	305,775

(c) Guarantee

Except as disclosed in note 1(c) about the bank guarantee for the extension of Macau gaming subconcession contract, there were no significant changes in guarantees as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021.

(d) Studio City Land Concession – Macau

As announced by SCIHL in May 2022, the Macau government granted a further extension of the development period under the Studio City land concession to 30 June 2023.

(e) Regular License – Philippines

In October 2021, certain terms under the Regular License were amended to include the monthly minimum guarantee fee of PHP300,000 (equivalent to approximately HK\$43,000) on certain games under the 25% non-high roller tables with effective on 15 March 2022. Except for the aforesaid change, there were no significant changes in commitment under the Regular License as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021.

21. COMMITMENTS AND CONTINGENCIES (continued)**(f) Gaming License – Cyprus**

As disclosed in note 1(b), the City of Dreams Mediterranean project in Cyprus has experienced some construction delays and the opening date is now anticipated to be early in the second quarter of 2023, subject to regulatory approvals for such extension and construction progress.

(g) Litigation*Car parking spaces litigation*

Other than the trial day scheduled to be held in the first half of 2024, for the six months ended 30 June 2022, there were no significant changes in the status of the proceedings as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021.

ILGA litigation

For the six months ended 30 June 2022, there were no significant changes in the status of the proceedings as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2021.

General litigation

As at 30 June 2022, the Group was a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impact on the Group's unaudited condensed consolidated interim financial information as a whole.

22. RELATED PARTY TRANSACTIONS**(a) 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	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Short-term benefits	10,775	44,645
Post-employment benefits	435	38
Share-based compensation	128,361	135,032
	139,571	179,715

22. RELATED PARTY TRANSACTIONS (continued)**(b) Other related party transaction**

As at 30 June 2022, Mr. Ho, Lawrence Yau Lung (“Mr. Ho”), a Director, Chairman and Chief Executive Officer of the Company, and his controlled entity held an aggregate principal amount of US\$60,000,000 (equivalent to approximately HK\$470,850,000) (31 December 2021: US\$60,000,000 (equivalent to approximately HK\$467,909,000)) senior notes issued by a subsidiary of the Company, which is unsecured, not convertible or exchangeable. Mr. Ho and his controlled entity purchased the senior notes at their face values.

During the six months ended 30 June 2022, total interest expenses of US\$1,650,000 (equivalent to approximately HK\$12,919,000) (six months ended 30 June 2021: US\$2,496,000 (equivalent to approximately HK\$19,374,000)) in relation to the senior notes issued by the subsidiary were paid or accrued to Mr. Ho and his controlled entity.

23. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

(a) Fair values of the Group’s financial assets that are measured at fair value on a recurring basis

Certain of the Group’s financial assets are measured at fair value at the end of each reporting period. The following table gives information on how the fair values of the financial assets are determined.

Fair value hierarchy

	30 June 2022 HK\$’000 (Unaudited)	31 December 2021 HK\$’000 (Audited)
Financial assets at fair value through profit or loss		
Level 3		
Senior unsecured convertible note (“Convertible Note”)	20,759	20,320

The fair values of the Convertible Note as at 30 June 2022 and 31 December 2021 were determined based on the discounted cash flow method and were classified as Level 3 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 management of the Group based on the discounted cash flow analysis.

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

24. SUBSEQUENT EVENTS

- (a) A notice dated 13 July 2022 from the Group was served to the joint venture partner to terminate a cooperation agreement and its supplemental agreements (collectively, the "Joint Venture Cooperation Agreement") in accordance with the Civil Code of the PRC (the "JV Termination") because certain provisions in the Joint Venture Cooperation Agreement were not met by the joint venture partner. The Group is in the early stages of discussing the separation plan with the joint venture partner regarding the JV Termination and the resulting outcome and financial impact to the Group's unaudited condensed consolidated interim financial information cannot be estimated with certainty.

On 21 July 2022, the pledge of certain interest in the joint venture held by the Group to a third party to secure against the financing of the joint venture partner was released.

- (b) On 16 August 2022, the Group received confirmation that the majority of lenders of the 2020 Credit Facilities have consented and agreed to a waiver extension of certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities. The existing waiver remains valid in respect of the relevant periods ending on the 31 December 2022 test date, and the waiver extension granted extends the waiver for all relevant periods to and including the 31 March 2024 test date. The Group has paid a customary fee to all consenting lenders in relation to such consent which became effective on 17 August 2022.
- (c) On 16 August 2022, the Group obtained confirmation from the facility agent that certain provisions contained in the 2021 Credit Facilities were waived and amended, subject to certain conditions. The net proceeds from the Share Repurchase (as defined in note (d)) was deposited into a designated bank account on 30 August 2022 for the future repayment of the principal and payment of interest under the 2021 Credit Facilities.

24. SUBSEQUENT EVENTS (continued)

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

After the Share Repurchase and with Melco Resorts’ cancellation of certain number of its ordinary shares (including part of the Repurchased Shares) in August 2022, the Group’s ownership interest in Melco Resorts decreased and Melco Resorts continues to be a subsidiary of the Company.

- (e) On 24 August 2022, the Group drew down US\$400,000,000 (equivalent to approximately HK\$3,138,560,000) from the 2020 Credit Facilities for the Group’s general corporate purposes.

25. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorized for issue by the Board on 31 August 2022.

OTHER INFORMATION

INTERIM DIVIDEND

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the board (the "Board") of directors (the "Directors") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the interests and short positions of each Director and Chief Executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The 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 positions which the Director and Chief Executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (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 ⁽¹⁾
	Personal interests ⁽²⁾	Family interests ⁽³⁾	Corporate interests ⁽⁴⁾	Other interests ⁽⁵⁾			
Mr. Ho, Lawrence Yau Lung	-	4,212,102	570,114,107 ⁽⁶⁾	312,666,187 ⁽⁷⁾	886,992,396	58.48%	
Mr. Evan Andrew Winkler	5,878,969	-	-	-	5,878,969	0.39%	
Mr. Chung Yuk Man, Clarence	3,628,440	-	-	-	3,628,440	0.24%	
Mr. Ng Ching Wo	708,000	-	-	-	708,000	0.05%	
Mr. John William Crawford	23,000	-	-	-	23,000	0.00%	
Mr. Tsui Che Yin, Frank	7,188,660	-	-	-	7,188,660	0.47%	
Ms. Karuna Evelynne Shinsho	24,934	-	-	-	24,934	0.00%	

(b) Awarded shares granted by the Company

Name of Director	Number of awarded shares held ^(2 & 8)	Approximate % of total issued shares ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	24,778,000	1.63%
Mr. Evan Andrew Winkler	6,573,000	0.43%
Mr. Chung Yuk Man, Clarence	1,911,000	0.13%
Mr. Ng Ching Wo	316,000	0.02%
Mr. John William Crawford	117,000	0.01%
Mr. Tsui Che Yin, Frank	520,000	0.03%
Ms. Karuna Evelyne Shinsho	107,000	0.01%

Notes:

- As at 30 June 2022, the total number of issued shares of the Company was 1,516,683,755.
- This represents the interests held by the relevant Director as beneficial owner.
- This represents the interests held by the spouse of the relevant Director.
- This represents the interests held by the relevant Director through his controlled corporations.
- This represents the interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 570,114,107 shares relate to the 301,368,606 shares, 122,243,024 shares, 53,491,345 shares, 91,445,132 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, Black Spade Capital Limited and Maple Peak Investments Inc., respectively, representing approximately 19.87%, 8.06%, 3.53%, 6.03% and 0.10% of the total issued shares of the Company. All of such companies are owned 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.
- In addition to the deemed interests as stated in note 6 above, Mr. Ho, Lawrence Yau Lung was also taken to have interests in the 312,666,187 shares held by L3G Holdings Inc., representing approximately 20.62% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members.
- Details of awarded shares granted to the Directors pursuant to the share purchase scheme of the Company are set out in the "Share Award Schemes" section of this report.

OTHER INFORMATION

(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 ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Total	
Mr. Ho, Lawrence Yau Lung	–	820,091,853 ⁽⁴⁾	820,091,853	56.30%
Mr. Evan Andrew Winkler	111,003	–	111,003	0.01%
Mr. Chung Yuk Man, Clarence	289,054	–	289,054	0.02%
Mr. John William Crawford	125,259	–	125,259	0.01%

(b) Restricted shares granted by Melco Resorts

Name of Director	Number of restricted shares held ^(2 & 5)	Approximate % of total issued shares ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	9,445,782	0.65%
Mr. Evan Andrew Winkler	152,970	0.01%
Mr. Chung Yuk Man, Clarence	340,203	0.02%
Mr. John William Crawford	98,304	0.01%

Notes:

- As at 30 June 2022, the total number of issued shares of Melco Resorts was 1,456,547,942.
- This represents the interests held by the relevant Director as beneficial owner.
- This represents the interests held by the relevant Director through his controlled corporations.
- In respect of the 820,091,853 shares of Melco Resorts, by virtue of the SFO, Mr. Ho, Lawrence Yau Lung was taken to be interested in (1) 812,729,781 shares held by Melco Leisure and Entertainment Group Limited (“Melco Leisure”), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 58.48% of the total issued shares of the Company; and (2) 7,362,072 shares held by Black Spade Capital Limited, which is a wholly-owned subsidiary of King Dragon Ventures Limited, a company controlled by Mr. Ho, Lawrence Yau Lung.
- Details of restricted shares granted to the Directors by Melco Resorts are set out in the “Share Award Schemes” section of this report.

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

Ordinary shares of SCIHL

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

Notes:

- As at 30 June 2022, the total number of issued shares of SCIHL was 842,864,460 (including 770,352,700 Class A ordinary shares and 72,511,760 Class B ordinary shares).
- This represents interest held by Mr. Chung Yuk Man, Clarence as beneficial owner.

(C) Studio City Finance Limited (“Studio City Finance”) (a subsidiary of the Company)

Debentures issued by Studio City Finance

Name of Director	Debentures	Amount of debentures held		Approximate % to the total amount of debentures in issue
		Personal interest ⁽¹⁾	Corporate interest ⁽²⁾	
Mr. Ho, Lawrence Yau Lung	2025 US\$ Senior Notes ⁽³⁾	US\$30,000,000	-	6.00%
	2029 US\$ Senior Notes ⁽⁴⁾	-	US\$30,000,000 ⁽²⁾	2.73%

Notes:

- This represents the interest held by Mr. Ho, Lawrence Yau Lung as beneficial owner.
- This represents the interests held by Mr. Ho, Lawrence Yau Lung through his controlled corporations. These debentures were held by Black Spade Capital Limited, a wholly-owned subsidiary of King Dragon Ventures Limited, a company controlled by Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the debentures held by these companies.
- These debentures (US\$500 million 6.00% senior notes due 2025) issued by Studio City Finance (the “2025 US\$ Senior Notes”) are freely transferable but not convertible into shares of Studio City Finance.
- These debentures (US\$1.1 billion 5.00% senior notes due 2029) issued by Studio City Finance (the “2029 US\$ Senior Notes”) are freely transferable but not convertible into shares of Studio City Finance.

Save as disclosed above, as at 30 June 2022, none of the Directors or the Chief Executive of the Company and their respective associates had or deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SHARE OPTION SCHEMES

(I) The Company

The Company adopted a share option scheme on 8 March 2002 (the “2002 Share Option Scheme”), which expired on 7 March 2012, and another share option scheme on 30 May 2012, with certain rules of such scheme amended on 5 June 2020 (the “2012 Share Option Scheme”), which expired on 29 May 2022. After the expiration of the 2002 Share Option Scheme and the 2012 Share Option Scheme, no further share options could be granted under these schemes but the share options granted during the life of these schemes shall remain valid and exercisable in accordance with their terms of issue and in all other respects the provisions of these schemes shall remain in full force and effect.

Following the expiration of the 2012 Share Option Scheme, on 7 June 2022, the Company adopted a new share option scheme (the “2022 Share Option Scheme”) under which the Directors may, at their discretion, grant to any eligible participants share options to subscribe for the Company’s shares, subject to the terms and conditions as stipulated therein. During the six months ended 30 June 2022, there were no share options granted under the 2022 Share Option Scheme.

On 6 April 2022, the Board announced an option exchange program, to provide the eligible participants (including the Directors, employees and other participants of the Group) an opportunity to exchange certain outstanding underwater share options for new share options and new awarded shares to be granted, subject to the eligible participants’ consent (the “Melco Option Exchange Program”). The share options eligible for exchange under the Melco Option Exchange Program were those that were granted during the years from 2016 to 2021 under the 2012 Share Option Scheme, including those unvested, or vested but not exercised. The Melco Option Exchange Program became effective on 6 April 2022 (the “Melco Modification Date”), with a total of 33,590,000 eligible share options were accepted and surrendered by the eligible participants (the “Melco Cancelled Share Options”) and the Company granted an aggregate of 453,000 new share options under the 2012 Share Option Scheme (the “Melco Replacement Share Options”) and 11,032,000 new awarded shares under the Share Purchase Scheme adopted by the Company on 18 October 2007 (the “Melco Replacement Share Awards”). The Melco Replacement Share Options and the Melco Replacement Share Awards have vesting periods of one to two years. Details regarding the Melco Option Exchange Program are set out in the announcement of the Company dated 6 April 2022.

Movements of share options granted under the 2002 Share Option Scheme and the 2012 Share Option Scheme during the six months ended 30 June 2022 were as follows:

Under the 2002 Share Option Scheme

Category of participants	Number of share options						As at 30 June 2022	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period					
Directors										
Mr. Chung Yuk Man, Clarence	330,000	-	(330,000)	-	-	-	27.01.2012	7.10	3	
Mr. Ng Ching Wo	210,000	-	-	(210,000)	-	-	27.01.2012	7.10	3	
Sub-total	540,000	-	(330,000)	(210,000)	-	-				
Employees	11,000	-	(11,000)	-	-	-	27.01.2012	7.10	3	
Others⁽¹⁷⁾	287,000	-	(137,000)	(150,000)	-	-	27.01.2012	7.10	3	
Total	838,000	-	(478,000)	(360,000)	-	-				

Under the 2012 Share Option Scheme

Category of participants	Number of share options										
	As at 1 January 2022	Granted during the period ⁽¹⁾	Granted under Melco Option Exchange Program during the period	Exercised during the period	Lapsed during the period	Cancelled during the period ⁽¹⁾⁽²⁾	Cancelled under Melco Option Exchange Program during the period	As at 30 June 2022	Date of grant	Exercise price HK\$	Exercise period (Note)
Directors											
Mr. Ho, Lawrence	1,500,000	-	-	-	-	-	(1,500,000)	-	10.04.2018	23.15	6
Yau Lung	1,500,000	-	-	-	-	-	(1,500,000)	-	10.04.2019	19.90	9
	1,500,000	-	-	-	-	-	(1,500,000)	-	14.04.2020	12.70	12
Mr. Evan Andrew Winkler	5,946,000	-	-	-	-	-	(5,946,000)	-	10.04.2018	23.15	8
	775,000	-	-	-	-	-	(775,000)	-	10.04.2019	19.90	10
	14,200,000	-	-	-	-	-	(14,200,000)	-	06.09.2019	18.96	11
Mr. Chung Yuk Man, Clarence	2,219,000	-	-	-	-	-	(2,219,000)	-	08.04.2016	10.24	4
	237,000	-	-	-	-	-	(237,000)	-	10.04.2017	15.00	5
	144,000	-	-	-	-	-	(144,000)	-	10.04.2018	23.15	7
	153,000	-	-	-	-	-	(153,000)	-	10.04.2019	19.90	10
	264,000	-	-	-	-	-	(264,000)	-	14.04.2020	12.70	13
	204,000	-	-	-	-	-	(204,000)	-	07.04.2021	16.38	14
Mr. Ng Ching Wo	395,000	-	-	-	-	-	(395,000)	-	08.04.2016	10.24	4
	48,000	-	-	-	-	-	(48,000)	-	10.04.2017	15.00	5
	36,000	-	-	-	-	-	(36,000)	-	10.04.2018	23.15	7
	36,000	-	-	-	-	-	(36,000)	-	10.04.2019	19.90	10
	48,000	-	-	-	-	-	(48,000)	-	14.04.2020	12.70	13
	48,000	-	-	-	-	-	(48,000)	-	07.04.2021	16.38	14
Mr. John William Crawford	57,000	-	-	-	-	-	(57,000)	-	14.04.2020	12.70	13
	42,000	-	-	-	-	-	(42,000)	-	07.04.2021	16.38	14
Mr. Tsui Che Yin, Frank	1,040,000	-	-	-	-	-	(1,040,000)	-	08.04.2016	10.24	4
	18,000	-	-	-	-	-	(18,000)	-	10.04.2018	23.15	7
	16,000	-	-	-	-	-	(16,000)	-	10.04.2019	19.90	10
	45,000	-	-	-	-	-	(45,000)	-	14.04.2020	12.70	13
	39,000	-	-	-	-	-	(39,000)	-	07.04.2021	16.38	14
Ms. Karuna Evelyn Shinsho	22,000	-	-	-	-	-	(22,000)	-	10.04.2019	19.90	10
	48,000	-	-	-	-	-	(48,000)	-	14.04.2020	12.70	13
	36,000	-	-	-	-	-	(36,000)	-	07.04.2021	16.38	14
Sub-total	30,616,000	-	-	-	-	-	(30,616,000)	-			
Employees											
	458,000	-	-	-	-	-	(458,000)	-	08.04.2016	10.24	4
	129,000	-	-	-	-	-	(129,000)	-	10.04.2017	15.00	5
	321,000	-	-	-	-	-	(321,000)	-	10.04.2018	23.15	7
	352,000	-	-	-	-	-	(352,000)	-	10.04.2019	19.90	10
	594,000	-	-	-	-	-	(594,000)	-	14.04.2020	12.70	13
	483,000	-	-	-	-	-	(483,000)	-	07.04.2021	16.38	14
	-	933,000	-	-	-	-	-	933,000	06.04.2022	7.278	15
	-	-	453,000	-	-	-	-	453,000	06.04.2022	7.278	16
Sub-total	2,337,000	933,000	453,000	-	-	-	(2,337,000)	1,386,000			
Others⁽¹⁾⁽⁷⁾											
	1,853,000	-	-	-	-	-	(354,000)	1,499,000	08.04.2016	10.24	4
	202,000	-	-	-	-	-	-	202,000	10.04.2017	15.00	5
	195,000	-	-	-	-	-	(54,000)	141,000	10.04.2018	23.15	7
	165,000	-	-	-	-	-	(58,000)	107,000	10.04.2019	19.90	10
	170,000	-	-	-	-	-	(96,000)	74,000	14.04.2020	12.70	13
	75,000	-	-	-	-	-	(75,000)	-	07.04.2021	16.38	14
Sub-total	2,660,000	-	-	-	-	-	(637,000)	2,023,000			
Total	35,613,000	933,000	453,000	-	-	-	(33,590,000)	3,409,000			

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\$9.42.
3. 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.
4. 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.
5. 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.
6. 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.
7. 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.
8. The share options granted on 10 April 2018 are exercisable from 10 April 2020 to 9 April 2028.
9. 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.
10. 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.
11. The share options granted on 6 September 2019 are divided into 3 tranches exercisable from 30 June 2020, 30 June 2021 and 30 June 2022, respectively, to 5 September 2029.
12. The share options granted on 14 April 2020 are divided into 2 tranches exercisable from 14 April 2020 and 14 April 2021, respectively, to 13 April 2030.
13. The share options granted on 14 April 2020 are divided into 4 tranches exercisable from 14 April 2020, 14 April 2021, 14 April 2022 and 14 April 2023, respectively, to 13 April 2030.
14. The share options granted on 7 April 2021 are divided into 4 tranches exercisable from 7 April 2021, 7 April 2022, 7 April 2023 and 7 April 2024, respectively, to 6 April 2031.
15. The share options granted on 6 April 2022 are divided into 3 tranches exercisable from 6 April 2023, 6 April 2024 and 6 April 2025, respectively, to 5 April 2032.
16. The share options granted on 6 April 2022 are divided into 2 tranches exercisable from 6 April 2023 and 6 April 2024, respectively, to 5 April 2032.
17. The category "Others" represents former directors/employees or consultants of the Group.
18. The number of share options granted during the period excludes the number of share options granted under the Melco Option Exchange Program during the period.

19. The number of share options cancelled during the period excludes the number of share options cancelled under the Melco Option Exchange Program during the period.

On 6 April 2022, the Company:

- (1) granted 453,000 Melco Replacement Share Options to eligible participants under the Melco Option Exchange Program; and
- (2) apart from those granted under the Melco Option Exchange Program, granted 933,000 new share options (the “Melco New Share Options”) to certain employees of the Group under the 2012 Share Option Scheme.

The validity period of the 453,000 Melco Replacement Share Options and 933,000 Melco New Share Options granted on 6 April 2022 is ten years, from 6 April 2022 to 5 April 2032. Such share options entitle the eligible participants to subscribe for a total of 1,386,000 ordinary shares of the Company at an exercise price of HK\$7.278 per share. The closing price of the shares of the Company immediately before the date on which these share options were granted was HK\$7.46. The aggregate estimated fair value of these share options granted was HK\$4,181,290, in which the fair value of Melco Replacement Share Options was measured on the Melco Modification Date in accordance with the applicable accounting standards. The weighted average fair value per share option granted was HK\$3.02.

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

Grant/modification date of the share options	6 April 2022
Valuation model	Black-Scholes
Exercise price	HK\$7.278
Expected volatility	46% - 48%
Expected life	4.1 - 6.1 years
Risk-free rate	2.24% - 2.41%
Expected dividend yield	0%
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 life.

OTHER INFORMATION

(II) Melco Resorts

Melco Resorts adopted a share incentive plan in 2011 (as amended) (the “Melco Resorts Amended 2011 Share Incentive Plan”), which was terminated on 6 December 2021, and a new share incentive plan (the “Melco Resorts 2021 Share Incentive Plan”) which was approved by the Company’s shareholders on 4 June 2021 and became effective on 6 December 2021.

No further awards may be granted under the Melco Resorts Amended 2011 Share Incentive Plan. All subsequent awards will be granted under the Melco Resorts 2021 Share Incentive Plan. All awards previously granted under the Melco Resorts Amended 2011 Share Incentive Plan shall remain valid subject to the terms and conditions of the plan.

Options over new shares of Melco Resorts (the “Melco Resorts Shares”) 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.

On 28 March 2022, the compensation committee of Melco Resorts approved a proposal to allow for an option exchange program, designed to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to eligible participants’ consent (the “Melco Resorts Option Exchange Program”). The share options eligible for exchange under the Melco Resorts Option Exchange Program were those that were granted during the years from 2012 to 2021 under the Melco Resorts Amended 2011 Share Incentive Plan, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Melco Resorts Option Exchange Program became unconditional and effective on 15 April 2022, the date Melco Resorts accepted the eligible participants’ consent (the “Melco Resorts Modification Date”), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the “Melco Resorts Cancelled Share Options”) and Melco Resorts granted an aggregate of 2,486,241 new share options (the “Melco Resorts Replacement Share Options”) and 5,912,547 new restricted shares (the “Melco Resorts Replacement Restricted Shares”) under the Melco Resorts 2021 Share Incentive Plan. The Melco Resorts Replacement Share Options and the Melco Resorts Replacement Restricted Shares have vesting periods of one to two years.

Movements of share options granted under the Melco Resorts Amended 2011 Share Incentive Plan and the Melco Resorts 2021 Share Incentive Plan during the six months ended 30 June 2022 were as follows:

(i) Share options granted to the Directors

Name of Director	Number of share options						As at 30 June 2022	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2022	Granted during the period ⁽²³⁾	Exercised during the period	Lapsed during the period	Cancelled during the period ⁽²³⁾	Cancelled under Melco Resorts Option Exchange Program during the period				
Under the Melco Resorts Amended 2011 Share Incentive Plan										
Mr. Ho, Lawrence	474,399	-	-	(474,399)	-	-	-	29.03.2012	3.93	3
Yau Lung	362,610	-	-	-	-	(362,610)	-	10.05.2013	5.32	4
	320,343	-	-	-	-	(320,343)	-	28.03.2014	5.32	5
	690,291	-	-	-	-	(690,291)	-	30.03.2015	5.32	6
	1,302,840	-	-	-	-	(1,302,840)	-	18.03.2016	5.32	7
	1,470,000	-	-	-	-	(1,470,000)	-	31.03.2017	6.18	9
	1,470,000	-	-	-	-	(1,470,000)	-	02.04.2018	9.40	13
Total	6,090,483	-	-	(474,399)	-	(5,616,084)	-			

(ii) Share options granted to other eligible participants

	Number of share options										Exercise price US\$	Exercise period (Note)
	As at 1 January 2022	Granted during the period ⁽²⁾	Granted under Melco Resorts Option Program during the period	Exercised during the period	Lapsed during the period	Cancelled during the period ⁽²⁾	Cancelled under Melco Resorts Option Program during the period	Reclassified during the period	As at 30 June 2022	Date of grant		
Under the Melco Resorts Amended 2011 Share Incentive Plan												
Employees	250,554	-	-	-	(241,743)	-	-	(8,811)	-	29.03.2012	3.93	3
	183,108	-	-	-	-	-	(178,158)	(4,950)	-	10.05.2013	5.32	4
	188,295	-	-	-	-	-	(177,963)	(10,332)	-	28.03.2014	5.32	5
	382,401	-	-	-	-	-	(354,450)	(18,702)	9,249	30.03.2015	5.32	6
	811,353	-	-	-	-	-	(758,395)	(35,298)	17,460	18.03.2016	5.32	7
	191,328	-	-	-	-	-	(191,328)	-	-	23.12.2016	4.79	8
	1,710,996	-	-	-	-	-	(1,520,580)	(156,093)	34,323	31.03.2017	6.18	9
	34,518	-	-	-	-	-	(34,518)	-	-	08.09.2017	7.61	10
	36,225	-	-	-	-	-	(36,225)	-	-	16.03.2018	9.15	11
	2,189,871	-	-	-	-	-	(1,967,733)	(190,719)	31,419	29.03.2018	9.66	12
	453,894	-	-	-	-	-	(453,894)	-	-	23.11.2018	5.66	14
	2,860,860	-	-	-	-	(25,380)	(2,546,598)	(212,310)	76,572	01.04.2019	8.14	15
	8,844,348	-	-	-	-	(238,008)	(7,855,002)	(481,797)	269,541	31.03.2020	4.13	16
	3,805,338	-	-	-	-	(145,338)	(3,386,190)	(156,678)	117,132	07.04.2021	6.89	17
	223,476	-	-	-	-	-	(223,476)	-	-	11.06.2021	5.83	18
Sub-total	22,166,565	-	-	-	(241,743)	(408,726)	(19,684,710)	(1,275,690)	555,696			
Others⁽²⁾	-	-	-	-	(8,811)	-	-	8,811	-	29.03.2012	3.93	3
	62,736	-	-	-	(9,249)	-	(19,596)	4,950	38,841	10.05.2013	5.32	4
	81,702	-	-	-	(18,372)	-	(17,046)	10,332	56,616	28.03.2014	5.32	5
	154,053	-	-	-	(33,258)	-	(41,898)	18,702	97,599	30.03.2015	5.32	6
	302,667	-	-	-	(62,769)	-	(90,990)	35,298	164,206	18.03.2016	5.32	7
	235,116	-	-	-	(43,176)	-	(78,570)	156,093	269,463	31.03.2017	6.18	9
	311,908	-	-	-	(82,186)	(99,456)	(69,675)	190,719	251,310	29.03.2018	9.66	12
	264,165	-	-	-	(74,361)	-	(68,296)	212,310	313,818	01.04.2019	8.14	15
	731,175	-	-	-	(59,142)	-	(268,407)	481,797	885,423	31.03.2020	4.13	16
	289,254	-	-	-	-	-	(95,424)	156,678	350,508	07.04.2021	6.89	17
	6,282	-	-	-	-	-	(6,282)	-	-	11.06.2021	5.83	18
Sub-total	2,439,058	-	-	-	(391,324)	(89,456)	(776,184)	1,275,690	2,447,784			
Total	24,605,623	-	-	-	(633,067)	(508,182)	(20,460,894)	-	3,003,480			
Under the Melco Resorts 2021 Share Incentive Plan												
Employees	-	2,874,285	-	-	-	-	-	-	2,874,285	06.04.2022	2.47	19
	-	-	2,486,241	-	-	-	-	-	2,486,241	06.04.2022	2.47	20
Total	-	2,874,285	2,486,241	-	-	-	-	-	5,360,526			

Notes:

- The vesting period of the share options is from the date of grant until the commencement of the exercise period.
- Since there were no share options exercised during the period, there is no weighted average closing price of Melco Resorts Shares in respect thereof for the period.
- The share 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.
- The share options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 9 May 2023.

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5. The share options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 27 March 2024.
6. The share options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 29 March 2025.
7. The share options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 17 March 2026.
8. The share options granted on 23 December 2016 are exercisable from 26 September 2019 to 22 December 2026.
9. The share options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.
10. The share options granted on 8 September 2017 are exercisable from 8 September 2019 to 7 September 2027.
11. The share options granted on 16 March 2018 are exercisable from 16 March 2020 to 15 March 2028.
12. 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.
13. The share 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.
14. The share options granted on 23 November 2018 are exercisable from 23 November 2020 to 22 November 2028.
15. The share options granted on 1 April 2019 are divided into 2 tranches exercisable from 1 April 2021 and 1 April 2022, respectively, to 31 March 2029.
16. The share options granted on 31 March 2020 are divided into 2 tranches exercisable from 31 March 2022 and 31 March 2023, respectively, to 30 March 2030.
17. The share options granted on 7 April 2021 are divided into 2 tranches exercisable from 7 April 2023 and 7 April 2024, respectively, to 6 April 2031.
18. The share options granted on 11 June 2021 are divided into 2 tranches exercisable from 11 June 2023 and 11 June 2024, respectively, to 10 June 2031.
19. The share options granted on 6 April 2022 are divided into 3 tranches exercisable from 6 April 2023, 6 April 2024 and 6 April 2025, respectively, to 5 April 2032.
20. The share options granted on 6 April 2022 are divided into 2 tranches exercisable from 6 April 2023 and 6 April 2024, respectively, to 5 April 2032.
21. The category “Others” represents consultants or former employees of Melco Resorts and its subsidiaries.
22. The number of share options granted during the period excludes the number of share options granted under the Melco Resorts Option Exchange Program during the period.
23. The number of share options cancelled during the period excludes the number of share options cancelled under the Melco Resorts Option Exchange Program during the period.

On 6 April 2022, Melco Resorts:

- (1) granted 2,486,241 Melco Resorts Replacement Share Options to the eligible participants under the Melco Resorts Option Exchange Program; and
- (2) apart from those granted under the Melco Resorts Option Exchange Program, granted 2,874,285 new share options (the “Melco Resorts New Share Options”) to eligible participants under the Melco Resorts 2021 Share Incentive Plan.

The validity period of the 2,486,241 Melco Resorts Replacement Share Options and 2,874,285 Melco Resorts New Share Options granted on 6 April 2022 is ten years, from 6 April 2022 to 5 April 2032. Such share options entitle the eligible participants to subscribe for a total of 5,360,526 ordinary shares of Melco Resorts at an exercise price of US\$2.47 per share. The market closing price of the Melco Resorts’ ADS trading on the Nasdaq Global Select Market immediately before the date on which the Melco Resorts New Share Options and the Melco Resorts Replacement Share Options were granted, was US\$7.64, (representing US\$2.55 per ordinary share). The aggregate estimated fair value of the 5,360,526 share options granted was US\$4,745,033, in which the fair value of Melco Resorts Replacement Share Options was measured on the Melco Resorts Modification Date in accordance with the applicable accounting standards. The weighted average fair value per share option granted was US\$0.89.

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

Grant/modification date of the share options	6 April 2022	15 April 2022
Valuation model	Black-Scholes	Black-Scholes
Exercise price	US\$7.40	US\$7.40
Expected volatility	51.00%	52.50%
Expected life	5.1 years	4.6 years
Risk-free rate	2.69%	2.75%
Expected dividend yield	2.50%	2.50%

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’ American depositary shares trading on the Nasdaq Global Select Market. Expected life is based upon the vesting term, and expected term or the historical expected life of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected life.

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(III) Melco Resorts and Entertainment (Philippines) Corporation (“Melco Resorts Philippines”)

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 (the “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.

No awards were granted or outstanding under the MRP Amended Share Incentive Plan during the six months ended 30 June 2022.

SHARE AWARD SCHEMES

(I) The Company

On 18 October 2007, the Company adopted two share incentive award schemes (with certain rules of such schemes amended on 28 August 2014, 12 June 2015 and 31 March 2020), namely The Melco Share Purchase Scheme Trust (the “Share Purchase Scheme”) and The Melco Share Award Scheme Trust (the “Share Subscription Scheme”).

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 2022 were as follows:

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2022	Awarded during the period ⁽⁴⁾	Awarded under Melco Option Exchange Program during the period	Vested during the period	Lapsed during the period	As at 30 June 2022		
Directors								
Mr. Ho, Lawrence Yau	3,584,000	-	-	-	-	3,584,000	14.04.2020	14.04.2023 ⁽¹⁾
Lung	5,946,000	-	-	-	-	5,946,000	07.04.2021	07.04.2023 ⁽²⁾
	-	4,573,000	765,000	-	-	5,338,000	06.04.2022	06.04.2023
	-	4,573,000	765,000	-	-	5,338,000	06.04.2022	06.04.2024
	-	4,572,000	-	-	-	4,572,000	06.04.2022	06.04.2025
	9,530,000	13,718,000	1,530,000	-	-	24,778,000		
Mr. Evan Andrew Winkler	70,000	-	-	(70,000)	-	-	10.04.2019	10.04.2022
	1,626,000	-	-	(1,626,000)	-	-	06.09.2019	30.06.2022
	-	-	3,287,000	-	-	3,287,000	06.04.2022	06.04.2023
	-	-	3,286,000	-	-	3,286,000	06.04.2022	06.04.2024
	1,696,000	-	6,573,000	(1,696,000)	-	6,573,000		
Mr. Chung Yuk Man, Clarence	14,000	-	-	(14,000)	-	-	10.04.2019	10.04.2022
	22,000	-	-	(22,000)	-	-	14.04.2020	14.04.2022
	22,000	-	-	-	-	22,000	14.04.2020	14.04.2023
	17,000	-	-	(17,000)	-	-	07.04.2021	07.04.2022
	17,000	-	-	-	-	17,000	07.04.2021	07.04.2023
	17,000	-	-	-	-	17,000	07.04.2021	07.04.2024
	-	190,000	-	(190,000)	-	-	06.04.2022	06.04.2022
	-	210,000	612,000	-	-	822,000	06.04.2022	06.04.2023
	-	211,000	611,000	-	-	822,000	06.04.2022	06.04.2024
	-	211,000	-	-	-	211,000	06.04.2022	06.04.2025
	109,000	822,000	1,223,000	(243,000)	-	1,911,000		
Mr. Ng Ching Wo	3,000	-	-	(3,000)	-	-	10.04.2019	10.04.2022
	4,000	-	-	(4,000)	-	-	14.04.2020	14.04.2022
	4,000	-	-	-	-	4,000	14.04.2020	14.04.2023
	4,000	-	-	(4,000)	-	-	07.04.2021	07.04.2022
	4,000	-	-	-	-	4,000	07.04.2021	07.04.2023
	4,000	-	-	-	-	4,000	07.04.2021	07.04.2024
	-	25,000	115,000	-	-	140,000	06.04.2022	06.04.2023
	-	25,000	115,000	-	-	140,000	06.04.2022	06.04.2024
	-	24,000	-	-	-	24,000	06.04.2022	06.04.2025
	23,000	74,000	230,000	(11,000)	-	316,000		
Mr. John William Crawford	5,000	-	-	(5,000)	-	-	14.04.2020	14.04.2022
	4,000	-	-	-	-	4,000	14.04.2020	14.04.2023
	4,000	-	-	(4,000)	-	-	07.04.2021	07.04.2022
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2023
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2024
	-	23,000	20,000	-	-	43,000	06.04.2022	06.04.2023
	-	22,000	20,000	-	-	42,000	06.04.2022	06.04.2024
	-	22,000	-	-	-	22,000	06.04.2022	06.04.2025
	19,000	67,000	40,000	(9,000)	-	117,000		

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Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2022	Awarded during the period ⁽⁴⁾	Awarded under Melco Option Exchange Program during the period	Vested during the period	Lapsed during the period	As at 30 June 2022		
Mr. Tsui Che Yin, Frank	1,000	-	-	(1,000)	-	-	10.04.2019	10.04.2022
	4,000	-	-	(4,000)	-	-	14.04.2020	14.04.2022
	3,000	-	-	-	-	3,000	14.04.2020	14.04.2023
	3,000	-	-	(3,000)	-	-	07.04.2021	07.04.2022
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2023
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2024
	-	20,000	226,000	-	-	246,000	06.04.2022	06.04.2023
	-	20,000	225,000	-	-	245,000	06.04.2022	06.04.2024
	-	20,000	-	-	-	20,000	06.04.2022	06.04.2025
		17,000	60,000	451,000	(8,000)	-	520,000	
Ms. Karuna Evelynne Shinsho	2,000	-	-	(2,000)	-	-	10.04.2019	10.04.2022
	4,000	-	-	(4,000)	-	-	14.04.2020	14.04.2022
	4,000	-	-	-	-	4,000	14.04.2020	14.04.2023
	3,000	-	-	(3,000)	-	-	07.04.2021	07.04.2022
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2023
	3,000	-	-	-	-	3,000	07.04.2021	07.04.2024
	-	19,000	21,000	-	-	40,000	06.04.2022	06.04.2023
	-	19,000	20,000	-	-	39,000	06.04.2022	06.04.2024
	-	18,000	-	-	-	18,000	06.04.2022	06.04.2025
		19,000	56,000	41,000	(9,000)	-	107,000	
Sub-total	11,413,000	14,797,000	10,088,000	(1,976,000)	-	34,322,000		
Employees	31,000	-	-	(31,000)	-	-	10.04.2019	10.04.2022
	49,000	-	-	(49,000)	-	-	14.04.2020	14.04.2022
	49,000	-	-	-	-	49,000	14.04.2020	14.04.2023
	41,000	-	-	(41,000)	-	-	07.04.2021	07.04.2022
	39,000	-	-	-	-	39,000	07.04.2021	07.04.2023
	39,000	-	-	-	-	39,000	07.04.2021	07.04.2024
	-	109,000	-	(109,000)	-	-	06.04.2022	06.04.2022
	-	225,000	354,000	-	-	579,000	06.04.2022	06.04.2023
	-	221,000	349,000	-	-	570,000	06.04.2022	06.04.2024
	-	220,000	-	-	-	220,000	06.04.2022	06.04.2025
Sub-total	248,000	775,000	703,000	(230,000)	-	1,496,000		
Others ⁽⁵⁾	17,000	-	-	(17,000)	-	-	10.04.2019	10.04.2022
	23,000	-	-	(23,000)	-	-	14.04.2020	14.04.2022
	22,000	-	-	-	-	22,000	14.04.2020	14.04.2023
	6,000	-	-	(6,000)	-	-	07.04.2021	07.04.2022
	6,000	-	-	-	-	6,000	07.04.2021	07.04.2023
	6,000	-	-	-	-	6,000	07.04.2021	07.04.2024
	-	39,000	121,000	-	-	160,000	06.04.2022	06.04.2023
	-	39,000	120,000	-	-	159,000	06.04.2022	06.04.2024
	-	38,000	-	-	-	38,000	06.04.2022	06.04.2025
	Sub-total	80,000	116,000	241,000	(46,000)	-	391,000	
Total	11,741,000	15,688,000	11,032,000	(2,252,000)	-	36,209,000		

Notes:

1. The vesting date of the awarded shares has been deferred from 14 April 2022 to 14 April 2023.
2. The vesting date of the awarded shares has been deferred from 7 April 2022 to 7 April 2023.
3. The category "Others" represents former directors/employees of the Group.
4. The number of awarded shares awarded during the period excludes the number of awarded shares awarded under the Melco Option Exchange Program during the period.

(b) Share Subscription Scheme

No share award was granted or outstanding under the Share Subscription Scheme during the six months ended 30 June 2022.

(II) Melco Resorts

Movements of the restricted shares granted under the Melco Resorts Amended 2011 Share Incentive Plan and the Melco Resorts 2021 Share Incentive Plan, during the six months ended 30 June 2022 were as follows:

(i) Restricted shares granted to Directors

Name of Director	Number of restricted shares							
	As at 1 January 2022	Awarded during the period ⁽⁴⁾	Awarded under Melco Resorts Option Exchange Program during the period	Vested during the period	Cancelled during the period	As at 30 June 2022	Date of award	Vesting date
Under the Melco Resorts Amended 2011 Share Incentive Plan								
Mr. Ho, Lawrence Yau Lung	613,614	-	-	(613,614)	-	-	01.04.2019	01.04.2022
	2,330,670	-	-	(2,330,670)	-	-	31.03.2020	31.03.2022
	2,330,670	-	-	-	-	2,330,670	31.03.2020	31.03.2023
	727,434	-	-	-	-	727,434	07.04.2021	07.04.2023
	727,434	-	-	-	-	727,434	07.04.2021	07.04.2024
	312,012	-	-	(312,012)	-	-	07.07.2021	07.01.2022
	312,012	-	-	(312,012)	-	-	07.07.2021	07.04.2022
	312,012	-	-	-	-	312,012	07.07.2021	07.07.2022
	7,665,858	-	-	(3,568,308)	-	4,097,550		
Mr. Evan Andrew Winkler	10,746	-	-	(10,746)	-	-	01.04.2019	01.04.2022
	21,168	-	-	(21,168)	-	-	31.03.2020	31.03.2022
	21,168	-	-	-	-	21,168	31.03.2020	31.03.2023
	12,693	-	-	(12,693)	-	-	07.04.2021	07.04.2022
	12,693	-	-	-	-	12,693	07.04.2021	07.04.2023
	12,693	-	-	-	-	12,693	07.04.2021	07.04.2024
	91,161	-	-	(44,607)	-	46,554		
Mr. Chung Yuk Man, Clarence	23,025	-	-	(23,025)	-	-	01.04.2019	01.04.2022
	48,993	-	-	(48,993)	-	-	31.03.2020	31.03.2022
	48,993	-	-	-	-	48,993	31.03.2020	31.03.2023
	27,201	-	-	(27,201)	-	-	07.04.2021	07.04.2022
	27,201	-	-	-	-	27,201	07.04.2021	07.04.2023
	27,201	-	-	-	-	27,201	07.04.2021	07.04.2024
	8,766	-	-	(8,766)	-	-	07.07.2021	07.01.2022
	8,766	-	-	(8,766)	-	-	07.07.2021	07.04.2022
8,766	-	-	-	-	8,766	07.07.2021	07.07.2022	
	228,912	-	-	(116,751)	-	112,161		

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Name of Director	Number of restricted shares							Date of award	Vesting date
	As at 1 January 2022	Awarded during the period ⁽⁴⁾	Awarded under Melco Resorts Option Exchange Program during the period	Vested during the period	Cancelled during the period	As at 30 June 2022			
Mr. John William Crawford	10,746	-	-	(10,746)	-	-	01.04.2019	01.04.2022	
	22,983	-	-	(22,983)	-	-	31.03.2020	31.03.2022	
	22,983	-	-	-	-	22,983	31.03.2020	31.03.2023	
	7,254	-	-	(7,254)	-	-	07.04.2021	07.04.2022	
	7,254	-	-	-	-	7,254	07.04.2021	07.04.2023	
	7,254	-	-	-	-	7,254	07.04.2021	07.04.2024	
	78,474	-	-	(40,983)	-	37,491			
Total	8,064,405	-	-	(3,770,649)	-	4,293,756			

Under the Melco Resorts 2021 Share Incentive Plan

Mr. Ho, Lawrence Yau Lung	-	808,386	-	(808,386)	-	-	06.04.2022	06.04.2022
	-	1,347,312	653,148	-	-	2,000,460	06.04.2022	06.04.2023
	-	1,347,312	653,148	-	-	2,000,460	06.04.2022	06.04.2024
	-	1,347,312	-	-	-	1,347,312	06.04.2022	06.04.2025
	-	4,850,322	1,306,296	(808,386)	-	5,348,232		
Mr. Evan Andrew Winkler	-	35,472	-	-	-	35,472	06.04.2022	06.04.2023
	-	35,472	-	-	-	35,472	06.04.2022	06.04.2024
	-	35,472	-	-	-	35,472	06.04.2022	06.04.2025
	-	106,416	-	-	-	106,416		
Mr. Chung Yuk Man, Clarence	-	36,486	-	(36,486)	-	-	06.04.2022	06.04.2022
	-	76,014	-	-	-	76,014	06.04.2022	06.04.2023
	-	76,014	-	-	-	76,014	06.04.2022	06.04.2024
	-	76,014	-	-	-	76,014	06.04.2022	06.04.2025
	-	264,528	-	(36,486)	-	228,042		
Mr. John William Crawford	-	20,271	-	-	-	20,271	06.04.2022	06.04.2023
	-	20,271	-	-	-	20,271	06.04.2022	06.04.2024
	-	20,271	-	-	-	20,271	06.04.2022	06.04.2025
	-	60,813	-	-	-	60,813		
Total	-	5,282,079	1,306,296	(844,872)	-	5,743,503		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares								As at 30 June 2022	Date of award	Vesting date
	As at 1 January 2022	Awarded during the period ^(a)	Awarded under Melco Resorts Option Exchange Program during the period	Vested during the period	Cancelled during the period	Modified during the period	Reclassified during the period	As at 30 June 2022			
Under the Melco Resorts Amended 2011 Share Incentive Plan											
Directors of	23,028	-	-	(23,028)	-	-	-	-	01.04.2019	01.04.2022	
Melco Resorts	50,805	-	-	(50,805)	-	-	-	-	31.03.2020	31.03.2022	
(other than the	50,805	-	-	-	-	-	-	50,805	31.03.2020	31.03.2023	
Directors)	21,762	-	-	(21,762)	-	-	-	-	07.04.2021	07.04.2022	
	21,762	-	-	-	-	-	-	21,762	07.04.2021	07.04.2023	
	21,762	-	-	-	-	-	-	21,762	07.04.2021	07.04.2024	
Sub-total	189,924	-	-	(95,595)	-	-	-	94,329			
Employees	785,577	-	-	(756,360)	(18,927)	-	(10,290)	-	01.04.2019	01.04.2022	
	1,614,138	-	-	(1,565,043)	(35,952)	-	(13,143)	-	31.03.2020	31.03.2022	
	1,659,459	-	-	-	(53,913)	-	(53,946)	1,551,600	31.03.2020	31.03.2023	
	78,576	-	-	-	-	-	-	78,576	24.11.2020	24.11.2022	
	1,052,277	-	-	-	(37,311)	-	(30,744)	984,222	07.04.2021	07.04.2023	
	1,052,277	-	-	-	(37,311)	-	(30,744)	984,222	07.04.2021	07.04.2024	
	31,923	-	-	-	-	-	-	31,923	11.06.2021	11.06.2023	
	31,923	-	-	-	-	-	-	31,923	11.06.2021	11.06.2024	
	1,092	-	-	-	(1,092)	-	-	-	07.07.2021	07.10.2021 ^(b)	
	1,153,608	-	-	(1,146,828)	(6,780)	-	-	-	07.07.2021	07.01.2022	
	1,154,736	-	-	(1,084,398)	(70,338)	-	-	-	07.07.2021	07.04.2022	
	1,154,736	-	-	-	(77,100)	-	-	1,077,636	07.07.2021	07.07.2022	
Sub-total	9,770,322	-	-	(4,552,629)	(338,724)	-	(138,867)	4,740,102			
Others^(c)	10,692	-	-	(10,692)	-	-	-	-	29.03.2018	27.04.2022	
	56,085	-	-	(66,375)	-	-	10,290	-	01.04.2019	01.04.2022	
	31,920	-	-	(31,920)	-	-	-	-	01.04.2019	27.04.2022	
	131,880	-	-	(145,023)	-	-	13,143	-	31.03.2020	31.03.2022	
	100,179	-	-	(100,179)	-	-	-	-	31.03.2020	27.04.2022	
	86,559	-	-	-	-	(8,592)	53,946	131,913	31.03.2020	31.03.2023 ^(d)	
	-	-	-	-	-	8,592	-	8,592	31.03.2020	01.04.2024 ^(d)	
	21,738	-	-	-	-	(5,163)	30,744	47,319	07.04.2021	07.04.2023 ^(d)	
	21,738	-	-	-	-	(5,163)	30,744	47,319	07.04.2021	07.04.2024 ^(d)	
	-	-	-	-	-	10,326	-	10,326	07.04.2021	01.04.2024 ^(d)	
	897	-	-	-	-	-	-	897	11.06.2021	11.06.2023	
	897	-	-	-	-	-	-	897	11.06.2021	11.06.2024	
	15,468	-	-	(15,468)	-	-	-	-	07.07.2021	07.01.2022	
	14,340	-	-	(14,340)	-	-	-	-	07.07.2021	07.04.2022	
	14,340	-	-	-	-	-	-	14,340	07.07.2021	07.07.2022	
Sub-total	506,733	-	-	(383,997)	-	-	138,867	261,603			
Total	10,466,979	-	-	(5,032,221)	(338,724)	-	-	5,096,034			

OTHER INFORMATION

	Number of restricted shares							As at 30 June 2022	Date of award	Vesting date
	As at 1 January 2022	Awarded during the period ⁽⁴⁾	Awarded under Melco Resorts Option Exchange Program during the period	Vested during the period	Cancelled during the period	Reclassified during the period				
Under the Melco Resorts 2021 Share Incentive Plan										
Directors of Melco Resorts (other than the Directors)	-	60,813	-	-	-	-	60,813	06.04.2022	06.04.2023	
	-	60,813	-	-	-	-	60,813	06.04.2022	06.04.2024	
	-	60,813	-	-	-	-	60,813	06.04.2022	06.05.2025	
Sub-total	-	182,439	-	-	-	-	182,439			
Employees	-	3,697,503	-	(3,697,503)	-	-	-	06.04.2022	06.04.2022	
	-	2,307,084	2,201,937	-	(2,907)	(14,160)	4,491,954	06.04.2022	06.04.2023	
	-	2,307,084	2,201,940	-	(2,907)	(14,160)	4,491,957	06.04.2022	06.04.2024	
	-	2,307,084	-	-	(2,676)	(5,919)	2,298,489	06.04.2022	06.05.2025	
Sub-total	-	10,618,755	4,403,877	(3,697,503)	(8,490)	(34,239)	11,282,400			
Others⁽³⁾	-	36,168	-	(36,168)	-	-	-	06.04.2022	06.04.2022	
	-	60,306	101,187	-	-	14,160	175,653	06.04.2022	06.04.2023	
	-	60,306	101,187	-	-	14,160	175,653	06.04.2022	06.04.2024	
	-	60,306	-	-	-	5,919	66,225	06.04.2022	06.05.2025	
Sub-total	-	217,086	202,374	(36,168)	-	34,239	417,531			
Total	-	11,018,280	4,606,251	(3,733,671)	(8,490)	-	11,882,370			

Notes:

- The contractual right to the vesting of 1,092 restricted shares have been terminated when the relevant employee notified of his resignation before the vesting date of 7 October 2021. Such 1,092 unvested restricted shares were cancelled when the termination date of his employment became effective.
- The vesting date of these restricted shares were modified from 31 March 2023, 7 April 2023 and 7 April 2024 to 1 April 2024, with effective from 17 February 2022.
- The category "Others" represents consultants or former employees of Melco Resorts and its subsidiaries.
- The number of restricted shares awarded during the period excludes the number of restricted shares awarded under the Melco Resorts Option Exchange Program during the period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2022, the following persons/corporations had interests in five per cent or more of the issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares and underlying shares of the Company as notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity	No. of shares held	No. of underlying shares held	Approximate % of total issued shares ⁽¹⁾	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	301,368,606	–	19.87%	2
Lasting Legend Ltd.	Beneficial owner	122,243,024	–	8.06%	2
	Interest of controlled corporation	301,368,606	–	19.87%	2
Trident Trust Company (Cayman) Limited	Trustee	423,611,630	–	27.93%	3
Black Spade Capital Limited	Beneficial owner	91,445,132	–	6.03%	4
	Interest of controlled corporation	53,491,345	–	3.53%	4
King Dragon Ventures Limited	Interest of controlled corporations	144,936,477	–	9.56%	4
L3G Holdings Inc.	Beneficial owner	312,666,187	–	20.62%	5
Zedra Trust Company (Cayman) Limited	Trustee	312,666,187	–	20.62%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	–	24,778,000	1.63%	9
	Interest of controlled corporations	570,114,107	–	37.59%	6
	Interest of spouse	4,212,102	–	0.28%	7
	Others	312,666,187	–	20.62%	5
Ms. Lo Sau Yan, Sharen	Beneficial owner	4,212,102	–	0.28%	–
	Interest of spouse	882,780,294	24,778,000	59.84%	8, 9
Southeastern Asset Management, Inc.	Investment manager	196,518,781	–	12.96%	–

OTHER INFORMATION

Notes:

1. As at 30 June 2022, the total number of issued shares of the Company was 1,516,683,755.
2. Better Joy Overseas Ltd. is a company controlled by Lasting Legend Ltd. and, therefore, Lasting Legend Ltd. was deemed to be interested in the 301,368,606 shares held by Better Joy Overseas Ltd. The shares held by Better Joy Overseas Ltd. and the shares held by Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
3. The 423,611,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.
4. Black Spade Capital Limited is a wholly-owned subsidiary of King Dragon Ventures Limited and, therefore, King Dragon Ventures Limited was deemed to be interested in the 91,445,132 shares held by Black Spade Capital Limited and 53,491,345 shares held by its wholly-owned subsidiary, Mighty Dragon Developments Limited. The shares held by the aforesaid companies also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
5. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. Zedra Trust Company (Cayman) Limited is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung was taken to have interests in the shares held by L3G Holdings Inc. by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.
6. The 570,114,107 shares relate to the 301,368,606 shares, 122,243,024 shares, 53,491,345 shares, 91,445,132 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, Black Spade Capital Limited and Maple Peak Investments Inc., respectively, representing approximately 19.87%, 8.06%, 3.53%, 6.03% and 0.10% of the total issued shares of the Company. All of such companies are owned 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.
7. Mr. Ho, Lawrence Yau Lung is the spouse of Ms. Lo Sau Yan, Sharen and was deemed to be interested in the shares of the Company through the interest of his spouse, Ms. Lo Sau Yan, Sharen, under the SFO.
8. 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.
9. The interests of Mr. Ho, Lawrence Yau Lung in the underlying shares of the Company (in respect of the awarded shares granted by the Company) are set out in the "Directors' interests in shares, underlying shares and debentures" section of this report.

Save as disclosed above, as at 30 June 2022, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

The Company has in place its code on corporate governance (the “Company Code”), which sets out the corporate standards and practices used in directing and managing its business affairs, and is revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the “CG Code”) contained in Appendix 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.

Apart from the deviation mentioned below, the Company has complied with the Company Code and the code provisions set out in the CG Code during the six months ended 30 June 2022.

Under Paragraph C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer of a listed company should be separate and performed by different individuals. However, in view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector, his extensive business network and connections in that sector, and the scope of operations of the Group, the Board believes it is in the best interests of the Company for Mr. Ho, Lawrence Yau Lung to assume the roles of Chairman and Chief Executive Officer until such time as the Board considers that such roles should be assumed by different persons.

The Company set up the following Board committees to ensure maintenance of high corporate governance standards:

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

The Company Code and the terms of reference of the above committees have been posted on the Company’s website at www.melco-group.com under the “Corporate Governance” section.

OTHER INFORMATION

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has a code for dealing in the Company's securities by the Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings"), on terms no less exacting than the required standards set out in the Model Code. 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 2022.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to 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 date of the Company's 2021 Annual Report are set out below.

Name of Director	Details of Changes
Mr. Ho, Lawrence Yau Lung	Ceased to be a member of All-China Youth Federation Ceased to be the chairman of Macau International Volunteers Association

AUDIT COMMITTEE

The Company's Audit Committee is currently composed of a Non-executive Director and two Independent Non-executive Directors. 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 and the interim report of the Company for the six months ended 30 June 2022.

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

During the six months ended 30 June 2022, 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 2022 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.

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

Hong Kong, 31 August 2022

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 Director

Mr. Ng Ching Wo

Independent Non-executive Directors

Mr. John William Crawford
Mr. Tsui Che Yin, Frank
Ms. Karuna Evelyne Shinsho

EXECUTIVE COMMITTEE

Mr. Ho, Lawrence Yau Lung *(Chairman)*

Mr. Evan Andrew Winkler

Mr. Chung Yuk Man, Clarence

Mr. Geoffrey Stuart Davis*

Mr. Leung Hoi Wai, Vincent*

AUDIT COMMITTEE

Mr. John William Crawford *(Chairman)*

Mr. Tsui Che Yin, Frank

Mr. Ng Ching Wo

REMUNERATION COMMITTEE

Mr. Tsui Che Yin, Frank *(Chairman)*

Mr. Ng Ching Wo

Ms. Karuna Evelyne Shinsho

NOMINATION COMMITTEE

Mr. John William Crawford *(Chairman)*

Mr. Ng Ching Wo

Ms. Karuna Evelyne Shinsho

CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Ching Wo *(Chairman)*

Mr. John William Crawford

Ms. Karuna Evelyne Shinsho

Mr. Leung Hoi Wai, Vincent*

REGULATORY COMPLIANCE COMMITTEE

Mr. Ho, Lawrence Yau Lung *(Chairman)*

Mr. Evan Andrew Winkler

Mr. Leung Hoi Wai, Vincent*

FINANCE COMMITTEE

Mr. Ho, Lawrence Yau Lung *(Chairman)*

Mr. Evan Andrew Winkler

Mr. Chung Yuk Man, Clarence

Mr. Geoffrey Stuart Davis*

COMPANY SECRETARY

Mr. Leung Hoi Wai, Vincent

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* non-voting co-opted member

CORPORATE INFORMATION

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Gibson, Dunn & Crutcher LLP
King & Wood Mallesons

SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

200 (Listed on the Hong Kong Stock Exchange)

WEBSITE

www.melco-group.com

Election of Language or Means of Receipt of Corporate Communications

This Interim Report is printed in English and Chinese, and is available in the “Investor Relations” section of the Company’s website at www.melco-group.com.

Shareholders are encouraged to access the Company’s corporate communications (including but not limited to annual reports, interim reports, notices of meeting, listing documents, circulars and proxy forms) electronically via the Company’s website to help protect the environment. Shareholders may at any time change their choice of language or means of receiving the Company’s corporate communications free of charge by giving not less than 7 days’ notice in writing to the Company’s share registrar, Tricor Standard Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email to melco200-ecom@hk.tricorglobal.com.

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