

**MELCO INTERNATIONAL DEVELOPMENT
LIMITED**

CORPORATE GOVERNANCE CODE

A. INTRODUCTION

Group Profile

1. Melco International Development Limited (“**Melco International**” or the “**Company**”, and together with its subsidiaries, the “**Group**”), originally incorporated as “The Macao Electric Lighting Company, Limited”, is one of the oldest companies in Hong Kong. Founded in 1910, it was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in 1927 and was among the first 100 companies established in Hong Kong.
2. Melco International is rapidly developing its core businesses in the following sectors:
 - gaming, leisure and entertainment
 - other investments

Our Mission

3. Our mission is to be a dynamic company that leads the field in leisure and entertainment; we continually explore new opportunities for growth and development that create value for all stakeholders.

Our Belief

4. Melco International believes that corporate governance is, above all, a matter of shared values and culture and is committed to promoting good ethical standards and a culture of honesty and integrity among its own employees. Melco International recognises the importance of these core values to its long-term interests and the continued development and growth of its businesses.

The Corporate Governance Code of Melco International

5. This Corporate Governance Code (the “**Code**”) sets out the corporate governance standards and practices used by Melco International to direct and manage its business and affairs. Melco International is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders, and (iv) the improvement in management of risk and the enhancement of performance by Melco International. A. 2.5

6. This Code sets out the corporate standards and practices used by the Company in directing and managing its business affairs, and is revised from time to time with reference to the principles, code provisions and recommended best practices set out in the Corporate Governance Code (the “**HKSE Code**”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). To the extent that this Code deviates from the HKSE Code, this will be explained in this Code and set out in the Corporate Governance Report in our annual reports in the future.
7. Melco International continues to review and update the Company’s corporate governance practices, as described in this Code, to maintain our commitment to the standards of transparency and corporate governance which our stakeholders expect from us.

B. THE BOARD AND THE DIRECTORS

The Board

1. The board of directors of the Company (the “**Board**” or the “**Director(s)**”) is entrusted with the overall responsibility for promoting the success of the Company by the direction and supervision of the Company’s business and affairs and the ultimate responsibility for the day-to-day management of the Company which is delegated to the Chief Executive Officer and the Management. Each Director has a duty to act in good faith in the interests of the Company.
2. Duties of the Board include:
 - (a) establishing the strategic objectives and direction of the Company and determining the Company’s values and standards;
 - (b) setting the objectives of Management and monitoring the performance of Management, including the development and implementation of the Company’s strategic objectives;
 - (c) overseeing the management of the Company’s relationships with its stakeholders;
 - (d) ensuring that appropriate controls are in place to assess and manage risk;
 - (e) regularly reviewing the contribution required from a Director to perform his/her responsibilities to the Company, and whether he is spending sufficient time performing them; and
 - (f) reviewing the implementation and effectiveness of the Company’s policy on board diversity on an annual basis. B.1.3
3. The Board should meet, either in person or through electronic means of communication, at least four times a year at approximately quarterly intervals. Active participation at each meeting of the Board of the majority of Directors is C.5.1

- expected. Obtaining Board consent through the circulation of written resolutions will not be treated as one of the quarterly board meetings referred to above, which are referred to as “regular” board meetings in the HKSE Code and in this Code.
4. All Directors should have an opportunity to include matters in the agenda for a regular Board meeting. C.5.2
 5. At least 14 days’ notice should be given of a regular Board meeting to give all Directors an opportunity to attend. For all other Board meetings, reasonable notice should be given. C.5.3
 6. For regular Board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent in full to all Directors in a timely manner and at least 3 days before the intended date of a Board or Board Committee Meeting (or other agreed period). C.5.8
 7. Management has an obligation to supply the Board and any Board Committees with adequate information in a timely manner to enable the Directors to make an informed decision on the matters being considered by them. The information supplied must be complete and reliable. To fulfil their duties properly, Directors may not, in all circumstances, be able to rely purely on information provided voluntarily by Management and they may need to make further enquiries. Where any Director requires more information than is volunteered by Management, that Director should make further enquiries of the Management when necessary. The Board and each individual Director should have separate and independent access to the Company’s Senior Management. C.5.9
 8. All Board papers and related materials are required to be prepared to a standard which will enable the Board to make informed decisions on the matters placed before it. All Directors are entitled to have access to those Board papers and related materials. Queries raised by Directors should receive a prompt and full response, if possible. C.5.10
 9. Minutes of each Board meeting and each Board Committee meeting should be kept by the secretary of the relevant meeting and should be open for inspection by any Director during office hours on reasonable notice. C.5.4
 10. Minutes should record in sufficient detail the matters considered by the relevant meeting and decisions reached, including any concerns raised by Directors or dissenting views expressed. Draft and final versions of the minutes should be sent to all Directors for their comments and records respectively, within a reasonable time after the relevant meeting is held. C.5.5
 11. There should be a procedure agreed by the Board to enable Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances in the furtherance of their duties, at the Company's expense. The procedures are as follows: C.5.6

- (a) a Director requiring separate independent professional advice to assist the relevant Director to perform his/her duties to the Company should ask the Company Secretary to arrange for such advice to be provided and should give reasons for the request. The Company Secretary will then arrange for an independent professional adviser (determined by agreement with the Director) to be appointed and for the fees to be borne by the Company and will inform the Board of these arrangements;
 - (b) if the Company Secretary does not consider the request for separate independent professional advice to be reasonable, or the Director concerned is dissatisfied with the arrangements proposed by the Company Secretary, either of them may inform the Chairman who will review the matter and determine as he thinks appropriate.
12. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be dealt with by holding a physical Board meeting rather than a written resolution. Independent Non-executive Directors who, and whose close associates, have no material interest in the transaction should be present at that Board meeting. A Director's attendance by electronic means including telephonic or videoconferencing shall be counted as attendance at a physical board meeting. C.5.7
13. The Company should arrange appropriate insurance cover in respect of legal actions against the Directors. C.1.8

Board Composition, Succession and Evaluation

14. The Board should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Company, and should ensure that the Directors devote sufficient time and make contributions to the Company that are commensurate with their role and Board responsibilities. It should also ensure that changes to its composition can be managed without undue disruption. It should include a balanced composition of Executive, Non-executive and Independent Non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement. The Non-executive Directors are of sufficient calibre and number for their views to carry weight. B.1
15. One-third of the Board should comprise Independent Non-executive Directors. The Independent Non-executive Directors should be identified in all corporate communications that disclose the names of the Directors. B.1.1
LR3.10A
16. The views of Management should be represented at meetings of the Board by the presence of the Chief Executive Officer, the Managing Director and other Executive Directors, as well as by the attendance of other senior executives at Board meetings when required.

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| 17. | An updated list of the Company's Directors, identifying their roles and functions and whether they are Independent Non-executive Directors, should be available on the Company's and the Stock Exchange's websites. | B.1.2 |
| 18. | The Board should review the implementation and effectiveness of the Company's policy on Board diversity on an annual basis. | B.1.3 |
| 19. | The Company should establish mechanism(s) to ensure independent views and input are available to the Board and disclose such mechanism(s) in its Corporate Governance Report. The Board should review the implementation and effectiveness of such mechanism(s) on an annual basis. | B.1.4 |

Directors' Responsibilities, Delegation and Board Proceedings

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| 20. | The Directors, collectively and individually, are aware of their responsibilities as directors of the Company and its conduct, business activities and development. Non-executive Directors have the same duties of care and skill and fiduciary duties as Executive Directors. | C.1 |
| 21. | Newly appointed Directors should receive a comprehensive, formal and tailored induction on appointment and subsequently, briefings and professional development necessary to ensure that they have a proper understanding of the operations and business of the Company and that they are fully aware of their responsibilities under statute and common law, the Listing Rules, the applicable legal requirements and other regulatory requirements and the business and governance policies of the Company. | C.1.1 |
| 22. | Every Director should ensure that he/she can give sufficient time and attention to the affairs of the Company. | B.2.1 |
| 23. | The functions of the Non-executive Directors should include: | |
| | (a) participating in Board meetings of the Company to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; | C.1.2 |
| | (b) taking the lead where potential conflicts of interest arise; | |
| | (c) serving on the audit, remuneration, nomination and other governance committees, if invited; and | |
| | (d) scrutinising the Company's performance in achieving agreed corporate goals and objectives, and monitoring performance reporting. | |
| 24. | The views of the Independent Non-executive Directors should carry significant weight in the Board's decision-making process. The Independent Non-executive Directors should help ensure that the interests of all shareholders are properly taken into account by the Board. | |

25. All Directors should comply with their obligations under the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules in respect of their dealings in shares of the Company. The Board has in place a “Code of Securities Dealings by Relevant Persons” on terms no less exacting than the Model Code for its relevant persons in respect of their dealings in the securities of the Company. “Relevant persons” include (1) all directors and alternate directors of the Company; (2) persons who, because of their office or employment, are likely to be in possession of inside information in relation to the Company or its securities (Relevant Employees); and (3) employees of the Company or any of its subsidiaries or associates designated in writing, from time to time, by the Company Secretary of the Company as “Specified Employees”. C.1.3
26. All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. C.1.4
27. Directors should disclose to the Company at the time of their appointments, and in a timely manner for any change, the number and nature of offices held in public companies or organisations and other significant commitments. The identity of the public companies or organisations and an indication of the time involved should also be disclosed. The Board should determine for itself how frequently this disclosure should be made. C.1.5
28. Independent Non-executive Directors and other Non-executive Directors, as equal board members, should give the Board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. C.1.6
29. Independent Non-executive Directors and other Non-executive Directors should make a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments. C.1.7

Appointment, Re-election and Removal of Directors

30. Melco International has a formal, considered and transparent procedure for the appointment of new Directors. Such an appointment is initially considered by the Nomination and Corporate Governance Committee and is subject to a decision of the full Board. There should be plans in place for orderly succession for appointments. All Directors should be subject to re-election at regular intervals. The Company should explain the reasons for the resignation or removal of any Director. B.2

31. All Directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment.
32. All Directors should ensure that they can give sufficient time and attention to the Company's affairs and should not accept the appointment if they cannot do so. B.2.1
33. Every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. B.2.2
34. Serving more than 9 years could be relevant to the determination of a Non-executive Director's independence. If an Independent Non-executive Director serves more than 9 years, such Director's further appointment should be subject to a separate resolution to be approved by shareholders of the Company. The papers to shareholders accompanying that resolution should state why the Board (or the Nomination and Corporate Governance Committee) believes the Director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board (or the Nomination and Corporate Governance Committee) in arriving at such determination. B.2.3
35. Where all the Independent Non-executive Directors have served more than nine years on the Board, the Company should: B.2.4
 - (a) disclose the length of tenure of each existing Independent Non-executive Directors on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting; and
 - (b) appoint a new Independent Non-executive Director on the Board at the forthcoming annual general meeting.

C. CHAIRMAN AND CHIEF EXECUTIVE OFFICER

1. The roles of the Chairman and the Chief Executive Officer of the Company are currently performed by Mr. Ho, Lawrence Yau Lung. In view of the present composition of the Board, the in depth knowledge of Mr. Ho 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 to assume the roles of Chairman and Chief Executive Officer at this time and that such arrangement be subject to review by the Board from time to time. C.2.1

Chairman

2. The responsibilities of the Chairman include:
 - (a) ensuring that all Directors are properly briefed on issues arising at Board meetings; C.2.2

- (b) ensuring all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable; C.2.3
- (c) providing leadership for the Board; C.2.4
- (d) ensuring that the Board works effectively, performs its responsibilities and discusses all key and appropriate issues in a timely manner; C.2.4
- (e) drawing up and approving the agenda for each board meeting and taking into account, where appropriate, any matters proposed by the other directors for inclusion in the agenda (note: the Chairman may delegate this responsibility to a designated director or the Company Secretary); C.2.4
- (f) ensuring that good corporate governance practices and procedures are established; C.2.5
- (g) encouraging all Directors to make a full and active contribution to the Board's affairs and taking the lead to ensure that the Board acts in the best interests of the Company; C.2.6
- (h) encouraging Directors with different views to voice their concerns, allowing sufficient time for discussion of issues and ensuring that Board decisions fairly reflect Board consensus; C.2.6
- (i) at least annually holding meetings with the Independent Non-executive Directors without the presence of other Directors; C.2.7
- (j) ensuring that appropriate steps are taken to provide effective communication with shareholders and that their views are communicated to the Board as a whole; C.2.8
- (k) promoting a culture of openness and debate by facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors; and C.2.9
- (l) chairing Board and shareholders' meetings.

Chief Executive Officer

3. The responsibilities of the Chief Executive Officer include:
 - (a) the conduct of the affairs and management responsibilities of the Company delegated to him by the Board;
 - (b) providing leadership for Management;

- (c) overseeing the implementation by the Company of the strategies and objectives determined by the Board and reporting to the Board on material developments in the Company's business and the implementation of those strategies;
- (d) providing all such information to the Board as is necessary to enable the Board to make an informed assessment of any matter put before the Board for approval and to monitor the performance of Management;
- (e) leading the management of the Company's relationships with its stakeholders;
- (f) establishing and maintaining proper risk management controls and systems; and
- (g) discharging such other duties and authorities as may be delegated to him by the Board from time to time.

D. BOARD COMMITTEES

1. The Board has established the following Board Committees with specific written terms of reference: C.4
C.4.1
 - (a) Executive Committee
 - (b) Audit Committee
 - (c) Remuneration Committee
 - (d) Nomination and Corporate Governance Committee
 - (e) Finance Committee
 - (g) Regulatory Compliance Committee

A further description of each of the Committees is set out below.

2. The terms of reference of each Board Committee should require such Committees to report back to the Board on their decisions or recommendations, unless there are legal or regulatory restrictions on their ability to do so (such as a restriction on disclosure due to regulatory requirements). C.4.2
3. Management and third parties are co-opted to the Committees as required.
4. The Company Secretary should be responsible for ensuring that the Board Committees are provided with sufficient resources, at the Company's expense, to perform their duties properly. B.3.3
D.3.6
E.1.4

Executive Committee

5. Two or more Executive Directors serve on the Executive Committee. In addition, certain Management personnel are or may be co-opted to the Executive Committee in a non-voting capacity. The Executive Committee meets as and when required.
6. The Executive Committee has specific written terms of reference, which should include the following duties and powers:
 - (a) to oversee the implementation of the Company's strategic objectives;
 - (b) to oversee the business and operations of all of the business units of the Group;
 - (c) to put in place programs for management development and succession of management personnel;
 - (d) to oversee the realisation by the Company of the strategic objectives set by the Board;
 - (e) to oversee the implementation of risk management policies;
 - (f) to approve any transaction, financing decision or capital expenditure decision not exceeding specified limits; and
 - (g) to discharge such other duties and authorities as may be delegated to it by the Board.

Audit Committee

7. The Audit Committee is composed entirely of Non-executive Directors and shall consist of not less than three members, a majority of whom are Independent Non-executive Directors. At least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise, as required by the Listing Rules. The Audit Committee is chaired by an Independent Non-executive Director. The Audit Committee meets not less than twice each year. D.3
LR3.21
8. The Audit Committee has specific written terms of reference which should be available on the Company's and the Stock Exchange's websites and in writing upon request to the Company Secretary. The terms of reference of the Audit Committee should include the following: D.3
D.3.4
LR3.22

Relationship with the Company's auditors

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; D.3.3(a)

- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; D.3.3(b)
- (c) to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences; D.3.3(b)
- (d) to develop and implement policy on engaging an external auditor to supply non-audit services and report to the Board, identifying and making recommendations on any matters where action or improvement is needed; D.3.3(c)

Review of financial information of the Company

- (e) to monitor the integrity of the Company's financial statements and annual report and accounts and half-year report and to review significant financial reporting judgements contained in them. In reviewing these reports before submission to the Board, the Audit Committee is required to focus particularly on: D.3.3(d)
 - (i) any changes in accounting policies and practices;
 - (ii) major judgemental areas;
 - (iii) significant adjustments resulting from audit;
 - (iv) the going concern assumptions and any qualifications;
 - (v) compliance with accounting standards; and
 - (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting.
- (f) in relation to (e) above, members of the Audit Committee are required to: D.3.3(e)
 - (i) liaise with the Board and Management;
 - (ii) meet with the Company's auditors at least twice a year; and
 - (iii) consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

Oversight of the Company's financial reporting system, risk management and internal control systems

- (g) to review the Company's financial controls, risk management and internal control systems; D.3.3(f)
- (h) to discuss with Management the systems of risk management and internal control to ensure that Management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function; D.3.3(g)
- (i) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and Management's response to these findings; D.3.3(h)
- (j) to ensure coordination between the Company's internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; D.3.3(i)
- (k) to review the Group's financial and accounting policies and practices; D.3.3(j)
- (l) to review the external auditor's management letter, any material queries raised by the auditor to Management about accounting records, financial accounts or systems of control and Management's response; D.3.3(k)
- (m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; D.3.3(l)
- (n) to review the arrangements the Company's employees can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; D.3.7(a)
- (o) to act as the key representative body for overseeing the Company's relations with the external auditor; D.3.7(b)
- General*
- (p) to report to the Board on the matters set out above; and D.3.3(m)
- (q) to consider any other topics specified by the Board. D.3.3(n)
9. Full minutes of Audit Committee meetings should be kept by the secretary of the meeting. Draft and final versions of minutes of the meetings should be sent to all members of the Audit Committee for their comment and records, within a reasonable time after the meeting. D.3.1
10. Where the Board disagrees with the Audit Committee's view on the selection, appointment, resignation or dismissal of the external auditors, the Company should include in its Corporate Governance Report a statement from the Audit D.3.5

- Committee explaining its recommendation and also the reason(s) why the Board has taken a different view.
11. The Audit Committee should be provided with sufficient resources to perform its duties. D.3.6
 12. A former partner of the Company's existing auditing firm should be prohibited from acting as a member of the Company's Audit Committee for a period of two years from the date of the person ceasing:
 - (a) to be a partner of the firm; or
 - (b) to have any financial interest in the firm,
 whichever is later. D.3.2
 13. The Board should establish formal and transparent arrangements for applying financial reporting, risk management and internal control principles and for maintaining an appropriate relationship with the Company's external auditors. C.3
- Remuneration Committee**
14. The Remuneration Committee consists of not less than three members, a majority of whom are Independent Non-executive Directors. The Remuneration Committee is chaired by an Independent Non-executive Director. LR3.25
 15. The Remuneration Committee has specific written terms of reference which deal clearly with its authorities and duties, which should include the following:
 - (a) to make recommendations to the Board on policies and structure for all Directors' and Senior Management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; E.1.2(a)
 - (b) to review and approve the Management's remuneration proposals with reference to the Board's corporate goals and objectives; E.1.2(b)
 - (c) either: (i) to determine, with delegated responsibility, the remuneration packages of individual Executive Directors and Senior Management; or (ii) to make recommendations to the Board on the remuneration packages of individual Executive Directors and Senior Management. This includes benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment); E.1.2(c)
 - (d) to determine the policy for the remuneration of Executive Directors, assess performance of Executive Directors and to approve the terms of Executive Directors' service contracts; E.1.2(d)

- (e) to make recommendations to the Board on the remuneration of Non-executive Directors;
 - (f) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; E.1.2(e)
 - (g) to review and approve compensation payable to Executive Directors and Senior Management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
 - (h) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct, to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and E.1.2(g)
 - (i) to ensure that no Director or any of his/her associates is involved in deciding that Director's own remuneration. E.1.2(h)
16. The Remuneration Committee should consult the Chairman and Chief Executive Officer about the remuneration proposals for other Executive Directors. The Remuneration Committee should have access to independent professional advice if necessary. E.1.1
17. The terms of reference of the Remuneration Committee explaining its role and the authority delegated to it by the Board should be available on the Company's and the Stock Exchange's websites and in writing upon request to the Company Secretary. E.1.3
18. The Remuneration Committee should be provided with sufficient resources to perform its duties. E.1.4
19. The Directors' remuneration policy, details of remuneration payable to members of Senior Management by band and other remuneration related matters should be disclosed in the Company's annual reports. E.1.5

Nomination and Corporate Governance Committee

20. The Nomination and Corporate Governance Committee consists of a minimum of three Directors, a majority of whom are Independent Non-executive Directors. In addition, the Group General Counsel is co-opted to the Nomination and Corporate Governance Committee in a non-voting capacity and the Board may from time to time co-opt such other Management personnel to the Nomination and Corporate Governance Committee in a non-voting capacity as the Board considers desirable. The Nomination and Corporate Governance Committee is chaired by an Independent Non-executive Director. B.3

- The Nomination and Corporate Governance Committee has specific written terms of reference which deal clearly with its authority and duties, which should include the following: B.3.1
- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; B.3.1(a)
 - (b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship; B.3.1(b)
 - (c) to assess the independence of Independent Non-executive Directors; and B.3.1(c)
 - (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and Chief Executive Officer and the President and Managing Director; B.3.1(d)
 - (e) to develop and review the Company’s policies and practices on corporate governance and make recommendations on any proposed changes or improvements to the Board; A.2.1(a)
 - (f) to review and monitor the training and continuous professional development of Directors and Senior Management; A.2.1(b)
 - (g) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; A.2.1(c)
 - (h) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; A.2.1(d)
 - (i) to review the Company’s compliance with the code and disclosures in the Corporate Governance Report; A.2.1(e)
 - (j) as delegated authority and responsibility by the Board, to review and amend the corporate governance policies previously approved by the Board, when and where appropriate, in order to ensure their effectiveness; and
 - (k) to review the Company’s Environmental, Social and Governance (“ESG”) Governance Policy, programs and public disclosures, including the ESG report to be issued by the Company yearly, and assess the adequacy of the governance and delegated duties and responsibilities set up by the Company to implement its ESG policies and programs.
21. The Nomination and Corporate Governance Committee meets as and when required, but not less than once a year.

22. The terms of reference of the Nomination and Corporate Governance Committee should be available on the Company's and the Stock Exchange's websites and in writing upon request to the Company Secretary. B.3.2
23. The Nomination and Corporate Governance Committee should be provided with sufficient resources to perform its duties. Where necessary, the Nomination and Corporate Governance Committee may seek independent professional advice, at the Company's expense, to perform its responsibilities. B.3.3
24. Where the Board proposes a resolution to elect an individual as an Independent Non-executive Director at the general meeting, the Nomination and Corporate Governance Committee should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting: B.3.4
- (a) the process used for identifying the individual and why the Board believes the individual should be elected and the reasons why the Board considers the individual to be independent;
 - (b) if the proposed Independent Non-executive Director will be holding their seventh (or more) listed company directorship, why the Board believes the individual would still be able to devote sufficient time to the Board;
 - (c) the perspectives, skills and experience that the individual can bring to the Board; and
 - (d) how the individual contributes to diversity of the Board.

Finance Committee

25. The Finance Committee meets as and when required to review the financial operations of the Company. Such reviews include Group wide financial, accounting, treasury and risk management policies, major financing transactions, corporate plans and budgets. The Finance Committee also reviews major acquisitions and investments and their funding requirements.
26. The Finance Committee is composed of not less than two Executive Directors. In addition, the Chief Financial Officer is co-opted to the Finance Committee in a non-voting capacity. The Board may from time to time co-opt such other Management personnel to the Finance Committee in a non-voting capacity as the Board considers desirable.

Regulatory Compliance Committee

27. The Regulatory Compliance Committee meets as and when required to review and advise upon matters in respect of the present or future regulation of the Company's gaming business and compliance with applicable laws and regulations, including the Listing Rules.
28. The Regulatory Compliance Committee is composed of not less than two Executive Directors. In addition, the Group General Counsel is co-opted to the Regulatory Compliance Committee in a non-voting capacity. The Board may from time to time co-opt such other Management personnel to the Regulatory Compliance Committee in a non-voting capacity as the Board considers desirable.

E. MANAGEMENT FUNCTIONS

1. The Board has established in writing which issues require decision of the full Board and which can be delegated by the Board to Board Committees or Management. The Company reviews such arrangements on a periodic basis. C.3
C.3.2
2. When the Board delegates aspects of its management and administration functions to Management, it should give clear directions as to the powers of Management, in particular, with respect to the circumstances where Management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. C.3.1
3. The Company should disclose the respective responsibilities, accountabilities and contributions of the Board and Management. Part I,
B(e)
4. Directors should clearly understand delegation arrangements in place. The Company should have formal letters of appointment for Directors setting out the key terms and conditions of their appointment. C.3.3
5. Matters reserved to the full Board for decision include:
 - (a) the setting of the strategic direction of the Group;
 - (b) any material matters involving a conflict of interest for a substantial shareholder or a Director;
 - (c) connected transactions and continuing connected transactions under the Listing Rules;
 - (d) any transaction which is a major transaction, very substantial acquisition, very substantial disposal or reverse takeover under the Listing Rules;
 - (e) major financing decisions and not being a matter delegated to a listed subsidiary of the Company, as a self-operating entity, to approve in

accordance with its policies and procedures adopted by the relevant listed subsidiary, unless otherwise subject to Board approval under item 5(b), (c) or (d) above;

- (f) major capital expenditure decisions and not being a matter delegated to a listed subsidiary of the Company, as a self-operating entity, to approve in accordance with its policies and procedures adopted by the relevant listed subsidiary, unless otherwise subject to Board approval under item 5(b), (c) or (d) above;
- (g) setting overall risk management policies for the Company and reviewing compliance with those risk management policies;
- (h) dividend policy, the declaration of interim dividends and the recommendation of final dividends to shareholders;
- (i) approval of the annual operating and capital expenditure budgets for the Company;
- (j) approval of the Company's interim and full year financial statements and published reports;
- (k) the adoption of, or significant changes to, accounting policies applicable to the Company's financial statements;
- (l) appointments to the Board, based on recommendations of the Nomination and Corporate Governance Committee;
- (m) appointment of the Chief Executive Officer and reviewing the performance of the Chief Executive Officer;
- (n) the appointment or removal of the Company's external auditor, based on recommendations of the Audit Committee;
- (o) changes to the terms of reference or membership of any Committee of the Board;
- (p) changes to the authority delegated by the Board to the Chief Executive Officer; and
- (q) any other matters which exceed the scope of authority delegated to the Chief Executive Officer and any Committee of the Board appointed by the Board.

F. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

Financial Reporting

1. The Company should aim to present a balanced, clear and comprehensible assessment of its financial position and prospects. This extends to annual and interim reports and other financial disclosures required by the Listing Rules, and reports to regulators and information disclosed under statutory requirements. Separate statement containing a discussion and analysis of the Group's performance, an explanation of the basis on which the Company generates or preserves value over the longer term (the business model) and the strategy for delivering the Company's objectives will be included in the Company's annual report. D.1
A.1.2
2. Management should provide sufficient explanation and information to the Board to enable it to make an informed assessment of financial and other information put before it for approval.
3. Management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. D.1.2
4. The Directors should acknowledge in the Corporate Governance Report their responsibility for preparing the accounts. There should be a statement by the auditors about their reporting responsibilities in the auditor's report on the financial statements. Unless it is inappropriate to assume that the Company will continue its business, the Directors should prepare the accounts on a going concern basis, with supporting assumptions or qualifications as necessary. Where the Directors are aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern, they should be clearly and prominently disclosed and discussed at length in the Corporate Governance Report. The Corporate Governance Report should contain sufficient information for investors to understand the significance of the matters. To a reasonable and appropriate extent, the Company may refer to other parts of the annual report. These references should be clear and unambiguous, and the Corporate Governance Report should not contain only a cross-reference without any discussion of the matter. D.1.3
5. The Board should present a balanced, clear and understandable assessment in annual and interim reports and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements. D.1.4

Risk Management and Internal Control

6. The Board should evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to ESG. The Board should oversee Management D.2

- in the design, implementation and monitoring of the risk management and internal control systems, and Management should provide a confirmation to the Board on the effectiveness of these systems.
7. The Board should oversee the Company’s risk management and internal control systems on an ongoing basis, ensure that a review of the effectiveness of the systems of risk management and internal control of the Company and its subsidiaries has been conducted at least annually and report to shareholders that it has done so in its Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls. D.2.1
 8. The Board’s annual review should, in particular, ensure the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit and financial reporting functions, as well as those relating to the Company’s ESG performance and reporting. D.2.2
 9. The Board’s annual review should, in particular, consider: D.2.3
 - (a) the changes, since the last annual review, in the nature and extent of significant risks (including ESG risks), and the Company’s ability to respond to changes in its business and the external environment; D.2.3(a)
 - (b) the scope and quality of Management’s ongoing monitoring of risks (including ESG risks) and of the internal control systems, the work of its internal audit function and other assurance providers; D.2.3(b)
 - (c) the extent and frequency of communication of monitoring results to the Board or Board Committees which enables it to assess control of the Company and the effectiveness of risk management; D.2.3(c)
 - (d) significant control failings or weaknesses that have been identified during the period. Also, the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Company’s financial performance or condition; and D.2.3(d)
 - (e) the effectiveness of the Company’s processes for financial reporting and Listing Rule compliance. D.2.3(e)
 10. The Company should disclose in the Corporate Governance Report a narrative statement on how the risk management and internal control code provisions during the reporting period have been complied with. In particular, the Company should disclose:
 - (a) the process used to identify, evaluate and manage significant risks; D.2.4(a)
 - (b) the main features of the risk management and internal control systems; D.2.4(b)

- (c) an acknowledgement by the Board that it is responsible for the risk management and internal control systems and reviewing their effectiveness. The Company should also explain that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss; D.2.4(c)
 - (d) the process used to review the effectiveness of the risk management and internal control systems and to resolve material internal control defects; and D.2.4(d)
 - (e) the procedures and internal controls for the handling and dissemination of inside information. D.2.4(e)
11. The Company has an Internal Audit Department which reports directly to the Audit Committee. The department should conduct risk assessment and independent review of the group business operations, report significant internal control and risk management issues and monitor the resolution status.
 12. The Company should establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matter related to the Company. D.2.6
 13. The Company should establish policy(ies) and system(s) that promote and support anti-corruption laws and regulations. D.2.7

G. SHAREHOLDERS ENGAGEMENT

Effective Communication

1. The Board and Senior Management recognise their responsibilities to represent the interests of the shareholders and to enhance shareholder value and are keenly aware of the benefits of maintaining an ongoing dialogue with shareholders, in particular by using annual general meetings and other general meetings to communicate with shareholders and encourage their participation. F.1
2. The Company should have a policy on payment of dividends and the same should be disclosed in the Company's annual report. F.1.1

Shareholders meetings

3. The Company should ensure that shareholders are given sufficient notice of shareholders' meetings and are familiar with the detailed procedures for conducting a poll, and should arrange to address questions from shareholders in the shareholders' meetings. The chairman of a shareholders' meeting or the Company Secretary should provide an explanation at the meeting of the detailed F.2
F.2.3

procedures for conducting a poll and answer any questions from shareholders on voting by poll.

4. For each substantially separate issue at a general meeting, a separate resolution should be proposed by the Chairman of that meeting. The Company should avoid “bundling” resolutions unless they are interdependent and linked forming one significant proposal. Where the resolutions are “bundled”, the Company should explain the reasons and material implications in the notice of meeting. For this purpose, a substantially separate issue should include the nomination of persons as Directors and, accordingly, each person must be nominated by means of a separate resolution. F.2.1
5. The Chairman should attend the annual general meeting. He should also invite the chairmen of the Audit Committee, the Remuneration Committee, the Nomination and Corporate Governance Committee and any other committees to attend. In their absence, he should invite another member of the committee (or failing this, his/her duly appointed delegate) to attend. These persons should be available to answer questions at the annual general meeting. F.2.2
6. The chairman of any Independent Board Committee appointed in relation to a connected transaction, or any other transaction that requires independent shareholders' approval, should be available to answer questions at the general meeting convened to approve the relevant transaction. F.2.2
7. The Management should ensure the external auditor attend the annual general meeting to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence. F.2.2

Shareholders' Communication Policy

8. The Company should have a shareholders' communication policy to provide shareholders with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments etc.) in order to enable shareholders to exercise their rights in an informed manner, and to allow shareholders and the investment community to engage actively with the Company. Such policy should be available on the Company's website. The policy should include channels for shareholders to communicate their views on various matters affecting the Company, as well as steps should be taken to solicit and understand the views of shareholders and stakeholders. The Company should conduct a review of the implementation and effectiveness of the policy annually. L

H. COMPANY SECRETARY

1. The Company Secretary plays an important role in supporting the Board and the Board Committees by ensuring good information flow between the Board and the Company's Management and that Board policy and procedures are followed. The Company Secretary is responsible for advising the Board through the C.6

- Chairman and Chief Executive Officer on governance matters and facilitating induction and professional development of Directors.
2. The Company Secretary should be an employee of the Company and has day-to-day knowledge of the Company's affairs. C.6.1
 3. The Board should approve the selection, appointment or dismissal of the Company Secretary. A board meeting should be held to discuss the appointment and dismissal of the Company Secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. C.6.2
 4. The Company Secretary should report to the Group's Chairman and Chief Executive Officer. C.6.3
 5. All Directors should have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable law, rules and regulations, are followed. C.6.4

(Adopted on 3 August 2005 and revised on 30 March 2009, 28 March 2012, 31 March 2017, 28 August 2020, 31 March 2023 and 31 December 2023)