Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website: www.melco-group.com

(Stock Code: 200)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of directors (the "Board") of Melco International Development Limited (the "Company" or "Melco International") herein announces the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2023 as follows:

FINANCIAL HIGHLIGHTS

1. Net revenues were HK$13.04 billion for the six months ended 30 June 2023, which represented an increase of HK$7.01 billion or 116.4%, compared to HK$6.03 billion for the six months ended 30 June 2022. The increase in net revenues was primarily attributable to the relaxation of COVID-19 related restrictions in Macau in January 2023, the openings of Studio City Phase 2's Epic Tower and indoor waterpark in April 2023, as well as the launch of residency concerts at Studio City in the same month which led to improved performance in our casino and hospitality operations in the six months ended 30 June 2023.

2. The Group generated Adjusted EBITDA of HK$3.20 billion for the six months ended 30 June 2023, compared to Adjusted EBITDA of HK$168.2 million for the six months ended 30 June 2022.

3. Loss after tax was HK$1.40 billion for the six months ended 30 June 2023, compared to loss after tax of HK$4.58 billion for the six months ended 30 June 2022.

4. Basic loss per share attributable to owners of the Company was HK$0.49 for the six months ended 30 June 2023, compared to basic loss per share attributable to owners of the Company of HK$1.58 for the six months ended 30 June 2022.

5. Net asset value per share attributable to owners of the Company was HK$1.0 as of 30 June 2023, compared to HK$1.2 as of 31 December 2022.

6. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2023

		Six months ended 30 June	
		2023	2022
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
NET REVENUES	4	**13,038,389**	6,025,107
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		**(5,203,349)**	(2,270,850)
Employee benefits expenses		**(2,991,729)**	(2,606,733)
Depreciation and amortization	5	**(2,099,709)**	(2,594,941)
Other operating expenses, gains and losses, net		**(2,108,517)**	(1,576,705)
Total operating costs and expenses, net		**(12,403,304)**	(9,049,229)
OPERATING INCOME/(LOSS)		**635,085**	(3,024,122)
NON-OPERATING INCOME/(EXPENSES)			
Interest income		**110,632**	26,850
Interest expenses, net of amounts capitalized		**(2,056,236)**	(1,510,835)
Losses on modification of debts		**(82,222)**	–
Other financing costs		**(16,954)**	(30,720)
Foreign exchange losses, net		**(7,460)**	(27,315)
Other income, net		**7,982**	13,129
Share of losses of a joint venture	11	**(631)**	(459)
Share of losses of associates		**(4,267)**	(2,470)
Total non-operating expenses, net		**(2,049,156)**	(1,531,820)
LOSS BEFORE TAX	5	**(1,414,071)**	(4,555,942)
Income tax credit/(expense)	6	**11,449**	(23,434)
LOSS FOR THE PERIOD		**(1,402,622)**	(4,579,376)

	Note	Six months ended 30 June **2023** *HK$'000* **(Unaudited)**	2022 *HK$'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		**(154,194)**	(607,007)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX		**(154,194)**	(607,007)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(1,556,816)**	(5,186,383)
Loss for the period attributable to:			
Owners of the Company		**(733,248)**	(2,374,583)
Non-controlling interests		**(669,374)**	(2,204,793)
		(1,402,622)	(4,579,376)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(787,381)**	(2,673,781)
Non-controlling interests		**(769,435)**	(2,512,602)
		(1,556,816)	(5,186,383)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		**HK$(0.49)**	HK$(1.58)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023

	Notes	**30 June 2023** **HK$'000** **(Unaudited)**	31 December 2022 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment		**46,898,427**	47,347,230
Right-of-use assets		**5,643,705**	5,581,446
Gaming concession and licenses	9	**2,375,831**	13,335
Goodwill		**5,299,451**	5,299,451
Trademarks		**16,992,458**	16,992,458
Other intangible assets		**352,572**	313,321
Investment in a joint venture	11	**159,057**	167,033
Investments in associates		**29,734**	44,581
Prepayments, deposits and other receivables		**1,145,402**	1,271,584
Restricted cash		**977,144**	2,752,241
Deferred tax assets		**6,222**	4,986
Total non-current assets		**79,880,003**	79,787,666
CURRENT ASSETS			
Inventories		**209,005**	206,292
Trade receivables	10	**695,097**	437,273
Prepayments, deposits and other receivables		**1,069,102**	999,938
Other financial assets		**–**	21,168
Tax recoverable		**407**	112
Restricted cash		**259,285**	1,254,390
Cash and bank balances		**11,772,843**	14,317,506
		14,005,739	17,236,679
Assets classified as held for sale		**60,404**	67,273
Total current assets		**14,066,143**	17,303,952

	Notes	**30 June 2023** *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Restated)
CURRENT LIABILITIES			
Trade payables	12	**86,939**	52,557
Other payables, accruals and deposits received	13	**7,720,541**	6,338,282
Tax payable		**74,381**	91,562
Interest-bearing borrowings	14	**1,000**	420,794
Lease liabilities		**427,322**	373,589
Total current liabilities		**8,310,183**	7,276,784
NET CURRENT ASSETS		**5,755,960**	10,027,168
TOTAL ASSETS LESS CURRENT LIABILITIES		**85,635,963**	89,814,834
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	13	**2,269,007**	267,586
Interest-bearing borrowings	14	**66,885,871**	71,790,213
Lease liabilities		**1,989,660**	1,985,986
Deferred tax liabilities		**2,385,863**	2,384,984
Total non-current liabilities		**73,530,401**	76,428,769
Net assets		**12,105,562**	13,386,065
EQUITY			
Share capital		**5,701,853**	5,701,853
Deficit		**(4,197,202)**	(3,910,548)
Equity attributable to owners of the Company		**1,504,651**	1,791,305
Non-controlling interests		**10,600,911**	11,594,760
Total equity		**12,105,562**	13,386,065

NOTES

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 through Melco Resorts & Entertainment Limited ("Melco Resorts"), a majority-owned subsidiary of the Company, with its American depositary shares ("ADSs") listed on the Nasdaq Global Select Market in the United States of America (the "U.S."). Melco Resorts currently operates Altira Macau, 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 subsidiary, ICR Cyprus Holdings Limited ("ICR Cyprus") and its subsidiaries (collectively referred to as "ICR Cyprus Group"), currently operates City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus ("Cyprus"), with a soft opening for hotel and invited guests on 12 June 2023 and a full public opening on 10 July 2023 and the licensed satellite casinos in Cyprus. Before the soft opening of City of Dreams Mediterranean, ICR Cyprus Group operated a licensed temporary casino in Limassol until its closure on 9 June 2023 and the licensed satellite casinos in Cyprus.

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

(b) Recent developments related to business operations and COVID-19

The construction of Studio City Phase 2 was completed before the extended deadline of 30 June 2023 for the development period under the Studio City land concession. The first stage of Studio City Phase 2 opened in April 2023 with the opening of the Epic Tower and the indoor waterpark. The second stage of Studio City Phase 2 is expected to open in September 2023.

City of Dreams Mediterranean commenced operations before the extended deadline of 30 June 2023 under the terms of the gaming license, with a soft opening for hotel and invited guests on 12 June 2023 and a full public opening on 10 July 2023.

The disruptions to the Group's business caused by the COVID-19 outbreak had a material effect on its financial condition and operations from 2020 through the beginning of 2023. In Macau, from 8 January 2023, travel restrictions were relaxed and travelers arriving in Macau from Taiwan, Hong Kong and the People's Republic of China (the "PRC") were no longer required to present negative nucleic acid tests. Since then, visitation to the Group's integrated resorts and casinos as well as operations have improved. In addition, effective from 28 April 2023, masks are only required for individuals presenting influenza-like symptoms or testing positive for COVID-19, at medical institutions, and in workplaces or schools where a cluster of influenza-like cases has been detected.

While quarantine-free travel to and from the PRC has resumed and pandemic measures in Macau, the Philippines and Cyprus eased significantly, the pace of recovery from COVID-19 related disruptions remains highly uncertain.

Also, the military conflict between Russia and Ukraine continued to have 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 position from these disruptions.

As at 30 June 2023, the Group had total cash and bank balances of HK$11,772,843,000 and available unused borrowing capacity of HK$4,839,739,000, subject to the satisfaction of certain conditions precedent.

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.

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 2023 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 2022.

The financial information relating to the year ended 31 December 2022 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 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on the consolidated financial statements for the year ended 31 December 2022. 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.

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 2023 are consistent with those of the Group as set out in the Group's audited consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's unaudited condensed consolidated interim financial information.

HKFRS 17	*Insurance Contracts*
Amendments to HKFRS 17	*Insurance Contracts*
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*
Amendments to Hong Kong Accounting Standard ("HKAS") 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*

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

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. In 2022, the Hong Kong Institute of Certified Public Accountants issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

The Group early adopted the 2020 Amendments and 2022 Amendments from 1 January 2023 and in accordance with the transition provisions of the amendments, the Group adopted the amendments retrospectively and restated certain comparative figures. Accordingly, the outstanding principal amount of the revolving credit facility under the 2021 Credit Facilities (as defined in note 14) of United States dollars ("US$") 177,000,000 (equivalent to approximately HK$1,387,463,000) as at 30 June 2023 was classified as non-current interest-bearing borrowings and US$177,000,000 (equivalent to approximately HK$1,382,283,000) as at 31 December 2022 was reclassified from current interest-bearing borrowings to non-current interest-bearing borrowings in the accompanying condensed consolidated statement of financial position.

The adoption of the other new and revised HKFRSs had no material impact on the unaudited condensed consolidated interim financial information.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

Except for the early adoption of the 2020 Amendments and 2022 Amendments, 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 2023.

2.4 CHANGE IN SIGNIFICANT ACCOUNTING ESTIMATES

Prior to the fulfilment of the Cyprus License Requirement (as defined in note 9), the Cyprus License Fee (as defined in note 9) was expensed as incurred and included in gaming tax and license fees in the condensed consolidated statement of profit or loss and other comprehensive income. Upon fulfilment of the Cyprus License Requirement, to better reflect the future economic benefits arising from the Cyprus License, the Group recognized an intangible asset and financial liability representing the right under the Cyprus License (as defined in note 9) and the unconditional obligations to pay the Cyprus License Fee respectively as disclosed in note 9 and also resulted in a decrease in deferred tax assets by Euro ("EUR") 91,000 (equivalent to approximately HK$773,000) as at 30 June 2023.

The abovementioned change in accounting estimate also resulted in an additional loss of EUR73,000 (equivalent to approximately HK$619,000) to the loss for the period in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2023.

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 investments in a joint venture and associates and other.

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

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

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

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

Segment net revenues and results

Six months ended 30 June 2023 (Unaudited)

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers *(note 4)*	**13,038,389**	**–**	**13,038,389**
Intersegment sales	**10,211**	**–**	**10,211**
	13,048,600	**–**	**13,048,600**
Elimination of intersegment sales			**(10,211)**
Total net revenues			**13,038,389**
Adjusted EBITDA	**3,206,033**	**(3,399)**	**3,202,634**
Operating costs and expenses			
Depreciation and amortization			**(2,099,709)**
Share-based compensation expenses			**(196,673)**
Pre-opening costs			**(220,458)**
Property charges and other			**149,642**
Payments to the Philippine Parties			**(177,717)**
Corporate expenses			**(22,634)**
Operating income			**635,085**
Non-operating income/(expenses)			
Interest income			**110,632**
Interest expenses, net of amounts capitalized			**(2,056,236)**
Losses on modification of debts			**(82,222)**
Other financing costs			**(16,954)**
Foreign exchange losses, net			**(7,460)**
Other income, net			**7,982**
Share of losses of a joint venture			**(631)**
Share of losses of associates			**(4,267)**
Total non-operating expenses, net			**(2,049,156)**
Loss before tax			**(1,414,071)**
Income tax credit			**11,449**
LOSS FOR THE PERIOD			**(1,402,622)**

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
	6,029,738	–	6,029,738
Elimination of intersegment sales			(4,631)
Total net revenues			6,025,107
Adjusted EBITDA	170,119	(1,966)	168,153
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			(4,579,376)

30 June 2023 (Unaudited)

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	**92,868,004**	**286,344**	**93,154,348**
Corporate and other unallocated assets			**791,798**
Total assets			**93,946,146**
Segment liabilities	**76,575,941**	**52,266**	**76,628,207**
Corporate and other unallocated liabilities			**5,212,377**
Total liabilities			**81,840,584**

31 December 2022 (Audited)

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

Geographical information

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

Net revenues from external customers

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Casino and Hospitality		
Macau	**10,619,906**	4,147,205
The Philippines	**1,957,761**	1,554,431
Cyprus	**460,722**	295,864
Japan	**–**	27,607
Total	**13,038,389**	6,025,107

Non-current segment assets

	30 June	31 December
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Macau	**72,748,742**	71,881,648
The Philippines	**1,261,038**	1,325,559
Cyprus	**5,197,813**	4,097,745
Hong Kong	**444,077**	447,477
The PRC	**159,057**	167,033
Others	**35,438**	55,006
Total	**79,846,165**	77,974,468

4. NET REVENUES

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Casino revenue	**10,723,324**	4,904,882
Entertainment and resort facilities:		
Rooms	**1,087,362**	495,383
Food and beverage	**653,197**	346,456
Entertainment, retail and other	**574,506**	278,386
Sales to external customers *(note 3)*	**13,038,389**	6,025,107

For the six months ended 30 June 2023, entertainment, retail and other include rental income of HK$194,016,000 (six months ended 30 June 2022: HK$181,715,000).

For the six months ended 30 June 2023, the revenue from contracts with customers was HK$12,844,373,000 (six months ended 30 June 2022: HK$5,843,392,000).

5. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	**1,799,058**	1,820,182
Amortization of gaming concession, licenses and subconcession	**94,713**	533,904
Depreciation of right-of-use assets	**167,001**	211,327
Less: capitalized in construction in progress	**(7,138)**	(14,311)
Amortization of other intangible assets	**46,075**	43,839
	2,099,709	2,594,941
Included in other operating expenses, gains and losses, net:		
Advertising and promotions	**481,531**	126,908
Repairs and maintenance	**323,730**	291,098
Utilities and fuel	**291,796**	216,878
Other gaming operations expenses	**256,587**	131,687
Costs of inventories	**255,830**	146,097
Payments to the Philippine Parties	**177,717**	144,632
Transportation expenses	**112,038**	74,562
Insurance	**86,198**	86,693
Legal and professional fees	**74,342**	63,866
Rental and other expenses	**34,418**	27,350
Other taxes and licenses	**31,244**	71,526
(Reversal of impairment losses)/impairment losses on property, plant and equipment *(note)*	**(182,186)**	28,213
Reversal of impairment loss on right-of-use assets *(note)*	**(86,638)**	–
Reversal of allowances for credit losses, net	**(83,336)**	(21,048)
Impairment loss on assets classified as held for sale	**–**	42,545

Note:

During the six months ended 30 June 2023, reversal of impairment losses of HK$182,186,000 and HK$86,638,000 were recognized for certain property, plant and equipment and right-of-use assets, respectively, in relation to Altira Macau, as a cash-generating unit ("Altira CGU") under the Casino and Hospitality segment, as a result of improved financial performance since the relaxation of COVID-19 related restrictions in Macau in January 2023. The recoverable amount of Altira CGU was HK$1,077,545,000 as at 30 June 2023 (31 December 2022: HK$875,115,000) based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate used to discount the forecast cash flows from Altira CGU is 13.53% (31 December 2022: 14.11%) which is on a pre-tax basis and reflects specific risks relating to Altira CGU.

6. INCOME TAX (CREDIT)/EXPENSE

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Macau Complementary Tax	**–**	27
Lump sum in lieu of Macau Complementary Tax on dividends	**6,291**	9,175
Philippine Corporate Income Tax	**13**	944
Other jurisdictions	**786**	180
Sub-total	**7,090**	10,326
(Over)/under provision in prior periods:		
Macau Complementary Tax	**(718)**	(1,630)
Lump sum in lieu of Macau Complementary Tax on dividends	**(10,420)**	–
Hong Kong Profits Tax	**(7,320)**	19
Philippine Corporate Income Tax	**–**	980
Other jurisdictions	**451**	–
Sub-total	**(18,007)**	(631)
Deferred tax	**(532)**	13,739
Total	**(11,449)**	23,434

Melco Resorts (Macau) Limited ("Melco Resorts Macau"), a subsidiary of Melco Resorts and holder of the Concession (as defined in note 9), applied for a Macau Complementary Tax exemption on profits generated from gaming operations for the period from 1 January 2023 to 31 December 2027, and Studio City Entertainment Limited, a subsidiary of Melco Resorts, applied for an extension of the Macau Complementary Tax exemption for 2022 and for the period from 1 January 2023 to 31 December 2027. These applications are currently pending approval by the Macau government. The non-gaming profits and dividend distributions of Studio City Entertainment Limited to its shareholders continue to be subject to the Macau Complementary Tax. Melco Resorts Macau's non-gaming profits remain subject to the Macau Complementary Tax and its casino revenues remain subject to the Macau special gaming tax and other levies in accordance with the Concession effective on 1 January 2023.

In December 2022 and March 2023, Melco Resorts Macau received extensions of the agreements with the Macau government for an amount of Macau Pataca ("MOP") 4,000,000 (equivalent to HK$3,883,000) and MOP4,167,000 (equivalent to HK$4,046,000) as payment in lieu of Macau Complementary Tax otherwise due by the shareholders of Melco Resorts Macau on dividend distribution from gaming profits for the period from 1 January 2022 to 26 June 2022 and from 27 June 2022 to 31 December 2022, respectively, which resulted in an over provision in prior year of HK$10,420,000 written back during the six months ended 30 June 2023. Such 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 applied for an extension for such arrangement for the period from 1 January 2023 to 31 December 2027 at an amount to be set by the Macau government. During the six months ended 30 June 2023 and 2022, an estimated amount of HK$6,291,000 and HK$9,175,000 was provided for such arrangement, respectively.

Other than the aforesaid changes, for the six months ended 30 June 2023, 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 2022.

7. DIVIDENDS

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the Board does not recommend the payment of any interim dividend for the six months ended 30 June 2023 and 2022.

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(733,248)**	(2,374,583)
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	**(733,248)**	(2,377,834)

	Six months ended 30 June	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,505,736**	1,504,474

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 2023, no adjustment was made to the basic loss per share amount presented in respect of a dilution as the impact of the outstanding share options and unvested awarded shares had an anti-dilutive effect on the basic loss per share amount presented.

9. GAMING CONCESSION AND LICENSES

	Concession *HK$'000* *(note a)*	Cyprus License *HK$'000* *(note b)*	Macau gaming subconcession *HK$'000* *(note c)*	Regular License *HK$'000* *(note d)*	Total *HK$'000*
Cost:					
At 1 January 2022 (Audited)	–	–	6,680,606	21,709	6,702,315
Additions	–	–	45,631	–	45,631
At 31 December 2022 and 1 January 2023 (Audited)	–	–	6,726,237	21,709	6,747,946
Additions	1,877,704	579,505	–	–	2,457,209
Write-off	–	–	(6,726,237)	–	(6,726,237)
At 30 June 2023 (Unaudited)	1,877,704	579,505	–	21,709	2,478,918
Accumulated amortization:					
At 1 January 2022 (Audited)	–	–	6,148,324	7,114	6,155,438
Charge for the year	–	–	577,913	1,260	579,173
At 31 December 2022 and 1 January 2023 (Audited)	–	–	6,726,237	8,374	6,734,611
Charge for the period	93,885	201	–	627	94,713
Write-off	–	–	(6,726,237)	–	(6,726,237)
At 30 June 2023 (Unaudited)	93,885	201	–	9,001	103,087
Net carrying values:					
At 30 June 2023	1,783,819	579,304	–	12,708	2,375,831
At 31 December 2022	–	–	–	13,335	13,335

(a) Concession

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

On 30 December 2022, in accordance with the obligations under the letters of undertakings dated 23 June 2022, Melco Resorts Macau and certain subsidiaries of Melco Resorts, which hold the land lease rights for the properties on which the Altira Casino, City of Dreams Casino and Studio City Casino are located, executed a public deed pursuant to which the gaming and gaming support areas comprising the Altira Casino, City of Dreams Casino and Studio City Casino with an area of 17,128.8 square meters, 31,227.3 square meters and 28,784.3 square meters, respectively, and related gaming equipment and utensils (collectively as referred to the "Reversion Assets"), reverted to the Macau government, without compensation and free and clear from any charges or encumbrances, at the expiration of the previous subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the previous subconcession are owned by the Macau government. Under the terms of the Macau gaming law and the Concession, effective as at 1 January 2023, the Reversion Assets have been transferred by the Macau government to Melco Resorts Macau for use in its operations during the Concession for a fee of MOP750 (equivalent to approximately HK$730) per square meter of the casino for years 1 to 3 of the Concession, subject to a consumer price index increase in years 2 and 3 of the Concession and such fee will increase to MOP2,500 (equivalent to approximately HK$2,400) per square meter of the casino for years 4 to 10 of the Concession, subject to a consumer price index increase in years 5 to 10 of the Concession (the "Fee"). As Melco Resorts Macau will continue to operate the Reversion Assets in the same manner as under the previous subconcession, obtain substantially all of the economic benefits and bear all of the risks arising from the use of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Group will continue to recognize these Reversion Assets as property, plant and equipment over their remaining estimated useful lives.

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

(b) Cyprus License

On 26 June 2017, the Cyprus government granted a gaming license (the "Cyprus License") to a subsidiary of ICR Cyprus (the "Cyprus Subsidiary") to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and, up until completion and opening of the integrated casino resort, a temporary casino facility) and up to four satellite casino premises in Cyprus for a term of 30 years, the first 15 years of which are exclusive. Pursuant to the Cyprus License agreement, the Cyprus Subsidiary is obligated to pay the Cyprus government an annual license fee for the integrated casino resort (and prior to opening of the integrated casino resort, the temporary casino) and any operating satellite casinos (the "Cyprus License Fee"). The Cyprus License required the integrated casino resort to open by the extended deadline of 30 June 2023 as approved by the Cyprus government (the "Cyprus License Requirement"), failing which the Cyprus government would have been entitled to terminate the Cyprus License.

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

(c) Macau gaming subconcession

The Macau gaming subconcession granted by the Macau government to Melco Resorts Macau on 8 September 2006 for the gaming business in Macau was expired on 26 June 2022. Melco Resorts Macau paid a premium of MOP47,000,000 (equivalent to approximately HK$45,631,000) to the Macau government in June 2022 for the extension of the subconcession contract to 31 December 2022. The subconcession was written off upon expiry during the six months ended 30 June 2023.

(d) Regular License

Other than the amortization charge for the period, for the six months ended 30 June 2023, there were no significant changes in the Regular License, a casino gaming license issued by the Philippine Amusement and Gaming Corporation in the Philippines on 29 April 2015 and expires on 11 July 2033, as disclosed in note 42 in the Group's audited consolidated financial statements for the year ended 31 December 2022.

10. 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 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**331,839**	143,444
More than 1 month but within 3 months	**146,999**	71,011
More than 3 months but within 6 months	**82,010**	1,476
More than 6 months	**1,409,020**	1,650,029
	1,969,868	1,865,960
Allowances for credit losses	**(1,274,771)**	(1,428,687)
	695,097	437,273

11. INVESTMENT IN A JOINT VENTURE

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Cost of investment in a joint venture	**180,150**	180,150
Share of losses	**(2,963)**	(2,332)
Share of changes in exchange reserve	**(18,130)**	(10,785)
	159,057	167,033

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

Name	Particulars of registered capital	Place of registration and business	Percentage of Ownership interest	Voting power	Principal activities
Zhongshan Melco Yachuang Real Estate Development Co., Ltd.* 中山新濠雅創房地產開發有限公司	Renminbi 1,000,000,000	The PRC	51%	50%	Property development

* *for identification purposes only*

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

12. 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 2023	31 December 2022
	HK\$'000	*HK\$'000*
	(Unaudited)	(Audited)
Within 1 month	**56,872**	32,532
More than 1 month but within 3 months	**16,659**	7,301
More than 3 months but within 6 months	**672**	642
More than 6 months	**12,736**	12,082
	86,939	52,557

13. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2023 *HK$'000* **(Unaudited)**	31 December 2022 *HK$'000* (Audited)
Current liabilities		
Advance customer deposits and ticket sales	**2,196,423**	2,175,653
Accrued operating expenses and other liabilities	**1,121,515**	853,394
Gaming tax and license fee payables	**1,060,337**	380,231
Interest payable	**930,625**	978,349
Accrued employee benefits expenses	**586,903**	659,525
Construction cost payable	**551,315**	594,871
Outstanding gaming chips	**545,058**	291,713
Payable for acquisition of property, plant and equipment	**287,060**	279,162
Loyalty program liabilities	**204,114**	121,575
Gaming concession liabilities	**178,805**	–
Cyprus license liabilities	**55,360**	–
Dividends payable	**3,026**	3,809
	7,720,541	6,338,282
Non-current liabilities		
Gaming concession liabilities	**1,636,871**	–
Cyprus license liabilities	**517,756**	–
Deposits received	**44,230**	38,529
Other liabilities	**37,888**	189,996
Accrued employee benefits expenses	**32,262**	39,061
	2,269,007	267,586

14. INTEREST-BEARING BORROWINGS

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Restated)
Unsecured notes	**48,449,110**	48,252,118
Unsecured bank loans *(note a)*	**10,577,000**	14,831,845
Secured bank loans *(note b)*	**5,153,220**	6,433,806
Secured notes	**2,707,541**	2,693,238
	66,886,871	72,211,007
Non-current portion	**(66,885,871)**	(71,790,213)
Current portion	**1,000**	420,794
Analysed into borrowings repayable:		
Within one year or on demand	**1,000**	429,837
In the second year	**18,415,771**	15,262,680
In the third to fifth years, inclusive	**24,368,608**	28,718,692
After five years	**24,300,193**	28,115,235
	67,085,572	72,526,444
Less: deferred financing costs and original issue premiums	**(198,701)**	(315,437)
	66,886,871	72,211,007

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

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Fixed-rate borrowings	**51,156,650**	50,945,355
Variable-rate borrowings	**15,730,221**	21,265,652
	66,886,871	72,211,007

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

	30 June 2023	31 December 2022
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
US$	**56,307,871**	63,780,960
HK$	**10,579,000**	8,430,047
	66,886,871	72,211,007

(a) During the six months ended 30 June 2023, the Group drew down HK$7,460,000,000 and US$300,000,000 (equivalent to approximately HK$2,351,171,000) in aggregate under a HK$14.85 billion unsecured senior credit facilities agreement (the "2020 Credit Facilities"). During the same period, the Group repaid principal amounts of HK$5,311,047,000 and US$1,120,000,000 (equivalent to approximately HK$8,780,235,000) in aggregate along with accrued interest under the 2020 Credit Facilities.

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

As at 30 June 2023, the outstanding principal amount of the 2020 Credit Facilities was HK$10,577,000,000 (31 December 2022: HK$14,831,845,000).

The 2020 Credit Facilities contain certain covenants customary for such financings including, but not limited to, limitations on, except as permitted (i) incurring additional liens; (ii) incurring additional indebtedness (including guarantees); (iii) the disposal of certain key assets; and (iv) carrying on businesses which are not the permitted business activities of certain subsidiaries. The 2020 Credit Facilities include conditions and events of default customary for such financings. The 2020 Credit Facilities also contain financial condition covenants, including senior leverage ratio, total leverage ratio and interest cover ratio, with applicable test dates on 31 March, 30 June, 30 September and 31 December of each year until the 2020 Credit Facilities mature. On 16 August 2022, MCO Nominee One received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to a waiver of such financial condition covenants for all relevant periods to and including the 31 March 2024 test date.

(b) In March 2023, the Group repaid an outstanding principal amount of US$13,760,000 (equivalent to approximately HK$108,012,000) along with accrued interest under the term loan facility of a US$1.0 billion secured credit facility agreement (the "2021 Credit Facilities") in accordance with the stated repayment schedule.

On 24 April 2023, the Group obtained confirmation from the facility and security agents that certain provisions contained in the 2021 Credit Facilities were waived and amended. Such waiver and amendment allowed the Group to repay an outstanding principal amount of US$165,120,000 (equivalent to approximately HK$1,296,147,000) along with accrued interest under the term loan facility of the 2021 Credit Facility on 26 April 2023. As a result of such prepayment, the Group recorded losses on modification of debts of HK$82,222,000 in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 30 June 2023.

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

As at 30 June 2023, the outstanding principal amount, net of deferred financing costs of the 2021 Credit Facilities, was US$657,146,000 (equivalent to approximately HK$5,151,221,000) (31 December 2022: US$823,586,000 (equivalent to approximately HK$6,431,806,000)).

The 2021 Credit Facilities contain covenants that, subject to certain exceptions and conditions, limit the ability of the respective borrowing group to, among others, (i) transfer, lease or sell security assets; (ii) significantly change the nature of the business of the Group; and/or (iii) effect a consolidation or merger. The 2021 Credit Facilities also contain conditions and events of default customary for such secured financings, as well as financial covenants including gearing ratios and minimum net asset requirements with applicable test dates on 30 June and 31 December of each year until the 2021 Credit Facilities mature. The Group has complied with the covenants under the 2021 Credit Facilities as at 30 June 2023.

(c) The availability period of an unsecured credit facility amounting to Philippine Peso ("PHP") 2,350,000,000 (equivalent to approximately HK$332,739,000) was extended to 31 January 2024 during the six months ended 30 June 2023, with no material changes in the underlying terms and conditions.

As at 30 June 2023, borrowings in aggregate principal amount of HK$7,908,185,000 (31 December 2022: HK$9,275,637,000) 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 2022.

As at 30 June 2023, the Group had a total available and unutilized borrowing capacity of HK$4,839,739,000 (31 December 2022: HK$561,019,000), subject to satisfaction of certain conditions precedent.

15. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES

Melco Resorts

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

During the six months ended 30 June 2023, certain share options and restricted shares under the Melco Resorts share incentive plans were exercised and vested, respectively, which decreased the Group's ownership interest in Melco Resorts.

As a result of the above transactions, the Group's ownership interest in Melco Resorts decreased from 54.50% on 1 January 2023 to 52.42% on 30 June 2023. The Group recognized an increase of HK$332,127,000 in special reserve and a decrease of HK$338,936,000 in non-controlling interests.

The Philippine subsidiaries

During the six months ended 30 June 2023, the Group, through the subsidiaries, purchased 10.111 common shares of Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), a subsidiary of the Company, at a total consideration of PHP36,651,000 (equivalent to approximately HK$5,260,000) 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 decreased from 54.19% on 1 January 2023 to 52.17% on 30 June 2023. The Group recognized a decrease of HK$2,487,000 in special reserve and a decrease of HK$2,773,000 in non-controlling interests.

16. SUBSEQUENT EVENTS

(a) On 12 July 2023, the Group completed the disposal of a parcel of freehold land together with the accompanying building structures in Hakone, Japan (the "Hakone Assets") to an independent third party at a consideration of Japanese Yen 2,144,000,000 (equivalent to approximately HK$116,040,000). The Hakone Assets were included in "Assets classified as held for sale" with a carrying amount of HK$60,404,000 as at 30 June 2023.

(b) On 20 July 2023, the 2021 Credit Facilities were amended and restated to reflect the Interest Rate Amendment (as defined in note 14) and other amendments effected pursuant to previous waivers, amendments and consents made in year 2022 and year to date 2023 (the "Restated 2021 Credit Facilities"). On 28 July 2023, the Group obtained confirmation from the facility agent to amend certain provisions including the financial covenants contained in the Restated 2021 Credit Facilities effective from 28 July 2023.

(c) The availability period of a trade credit facility amounting to HK$200,000,000 with a bank was extended from 31 August 2023 to 31 August 2025 in July 2023, with no material changes in the underlying terms and conditions.

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

The relaxation of social-distancing measures and the reopening of borders worldwide since the beginning of this year has allowed the Group to see a sustained improvement in business momentum. The Group was able to swiftly launch several exciting new initiatives once the markets recovered, which further reinforce the Group's long-standing commitment to delivering exceptional world-class entertainment and hospitality offerings across all of its operating locations.

Specifically, in Macau, visitor arrivals have increased significantly since the relaxation of travel restrictions effective 8 January 2023. During the first half of 2023, Macau's gross gaming revenue increased by 205% year-over-year, while turnover in the Group's premium direct VIP segments outperformed the same period in 2019.

The Group's continuous development of new attractions, including Studio City Phase 2 and Asia's first-ever residency concert series with an incredible line-up of superstars, has contributed to gains in market share. With the majority of labour supply issues now largely resolved, the Group has the operational capacity in place to meet the growing customer demand across Macau.

Outside of Macau, the mass market segment is also driving recovery in the Philippines, with gaming volume at City of Dreams Manila continuing to outperform 2019 levels. Furthermore, in Cyprus, the Group opened City of Dreams Mediterranean to the public in July 2023, following a successful soft opening in June 2023.

BUSINESS REVIEW

Integrated Gaming and Entertainment Resorts

Melco International operates its gaming business primarily through its subsidiary, Melco Resorts, a developer, owner and operator of integrated resort facilities in Asia and Europe. As at 30 June 2023, Melco International, through its subsidiary, held approximately 51.69% of the total issued shares of Melco Resorts.

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.

Beyond Macau, a Philippine subsidiary of Melco Resorts currently operates and manages City of Dreams Manila, an integrated resort at the Entertainment City complex in Manila. In Europe, Melco Resorts holds a 75% equity interest in ICR Cyprus and, through its subsidiaries, operates City of Dreams Mediterranean in Limassol in the Republic of Cyprus. It also continues to operate three satellite casinos in other cities in Cyprus.

The Group's net revenues totalled HK$13.04 billion for the six months ended 30 June 2023, an increase of 116.4% compared with HK$6.03 billion recorded in the corresponding period of 2022. The increase was primarily attributable to the improved performance in all gaming segments and non-gaming operations primarily due to the relaxation of COVID-19 related restrictions in Macau in January 2023, the openings of Studio City Phase 2's Epic Tower and indoor waterpark in April 2023, as well as the launch of residency concerts at Studio City in the same month. Loss for the period was HK$1.40 billion, compared with a loss of HK$4.58 billion in the same period of 2022.

City of Dreams

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property that targets high-end customers and rolling chip players from regional markets across Asia. In the first half of 2023, the property operated an average of approximately 430 gaming tables and 637 gaming machines.

In pursuit of its vision to establish world-leading hospitality and entertainment in Macau, the Group remains unwavering in its efforts to attract new and high-quality tourism to the city. As part of this commitment, ongoing facility upgrade work is being carried out at City of Dreams. Currently, the iconic attraction, The House of Dancing Water, is temporarily closed and is expected to re-open in 2024. The eagerly anticipated return of The House of Dancing Water promises to deliver an unparalleled and enhanced entertainment experience to the market. The Group is also concurrently reviewing its strategy with regards to the future operation of The Countdown.

Leveraging the synergies between its exceptional gaming and non-gaming entertainment offerings, which include an optimized retail selection and an array of top-notch restaurants, City of Dreams has solidified its position as the foremost premium-mass market leisure destination in Macau.

Studio City

The cinematically themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. In the first half of 2023, the property operated an average of approximately 246 gaming tables and 670 gaming machines.

The Group unveiled two exhilarating additions to Studio City Phase 2 in April 2023, demonstrating its unwavering commitment to fostering the continued growth and economic diversification in Macau. The space-themed all-weather indoor waterpark, featuring 16 heart-pumping waterslides and attractions, promises visitors a year-round aquatic adventure. Simultaneously, the Group introduced its own-branded Epic Tower, a symbol of opulent hospitality boasting 338 glamorous suites in 8 distinct room types, including 2 lavish villas. The tower's design seamlessly blends innovation, fashion, and city chic, reflecting the Group's hallmark for exceptional guest experiences. The other new hotel tower, W Macau at Studio City, is expected to open in September 2023.

Adding to the excitement, the much-anticipated Melco Residency Concert Series kicked off in April 2023 at Studio City, offering a three-year world-class residency entertainment spectacle. This spectacular lineup features a host of superstars, with an impressive total of 90 shows scheduled. Pop sensations such as Joey Yung, Leon Lai, and Aaron Kwok have already graced the stage, captivating audiences with their outstanding performances.

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 impeccable services customised for each guest, both Altira Macau and Altira Spa attained a Five-Star ranking from Forbes Travel Guide ("FTG") for the 14th consecutive year in 2023. In the first half of 2023, Altira Macau operated an average of approximately 45 gaming tables and 153 gaming machines operated under the brand Mocha Club at Altira Macau.

Mocha Clubs and Other

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 2023, Mocha Clubs operated an average of approximately 875 gaming machines (excluding approximately 153 gaming machines at Altira Macau).

In addition to the Mocha Clubs, the Group also operates Grand Dragon Casino, which focuses on mass market table games, under a right-to-use agreement. In the first half of 2023, Grand Dragon Casino operated an average of approximately 16 gaming tables.

City of Dreams Manila

Beyond Macau, City of Dreams Manila, which is strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asian market and continues to set the benchmark for the Group's robust capacity to execute its international vision. This dynamic property boasts the ultimate in entertainment, hotel, retail, dining, and lifestyle experiences and features an extensive gaming space, including VIP and mass-market gaming facilities. The property operated an average of approximately 267 gaming tables and 2,297 gaming machines in the first half of 2023.

City of Dreams Mediterranean and Other

City of Dreams Mediterranean, Europe's first and largest integrated resort, opened to the public in July 2023 following a successful soft opening in June 2023, heralding a new era for premium tourism in Cyprus. The project was developed by ICR Cyprus, a joint venture company 75% held by Melco Resorts. ICR Cyprus holds a 30-year casino gaming license which commenced in June 2017, the first 15 years of which are on an exclusive basis.

With a total investment exceeding EUR600 million (equivalent to approximately HK$5,111 million), the iconic fourteen-storey City of Dreams Mediterranean hotel boasts 500 luxury hotel rooms and suites, alongside cutting-edge MICE space spanning over 8,000 square metres. The resort also features an outdoor amphitheatre, a family adventure park, contemporary gaming experience, and an array of upscale dining and luxury retail outlets. With sustainability at its core, City of Dreams Mediterranean is the first development in Cyprus to achieve a BREEAM Excellent rating for its sustainability strategy at its design stage.

In addition to City of Dreams Mediterranean, the Group continues to operate three satellite casinos in Cyprus located at Nicosia, Ayia Napa and Paphos. In the first half of 2023, City of Dreams Mediterranean and Other operated an average of approximately 38 gaming tables and 463 gaming machines.

OUTLOOK

The global travel and tourism industry had a positive start to 2023, as travel restrictions were eased in most parts of the world after the COVID-19 pandemic subsided, leading to a significant recovery in all core markets where the Group operates.

Macau, a key market for the Group, reported a notable uptick in tourism, with number of visitor arrivals expanding by 236.1% year-over-year to 11.65 million during the first half of 2023. The daily average number of visitors topped 64,000, a rebound to 59.6% of the pre-pandemic figure in 2019.

The Group fully supports the Macau government's initiatives to boost international visitor arrivals and invests in a diverse range of cultural and tourism initiatives to offer visitors innovative and varied entertainment and travel experiences. This September, the Group will launch W Macau at Studio City, adding approximately 560 hotel rooms to its portfolio. Alongside new non-gaming offerings like the indoor waterpark at Studio City, TheArsenale V5 Flagship Store, Mr Doodle First Exhibition in Macao, the Black Pearl Diamond Restaurants Gastronomic Series, and the Melco Residency Concert Series, the Group aims to encourage visitors to extend their stay in Macau in line with the government's objective of developing the city into the world's premier tourism destination. Additionally, in July 2023, the Group entered into strategic partnerships with renowned media companies in the Mainland, EE-Media and Vanilla Media, to co-develop a variety of films and variety shows in Macau to promote Macau's tourism and cultural elements more effectively to the nationwide audience.

These initiatives reinforce the Group's long-standing commitment to bring unique, world class entertainment and hotel offerings to Macau. With a diverse range of events that are being planned for the future, the Group will continue to drive international tourism and position Macau as a leading destination for leisure and entertainment.

Turning to the Philippines, the tourism sector is on a strong recovery path, with over 3.2 million visitor arrivals in the first seven months of 2023, according to data from the Philippines' Department of Tourism. In Cyprus, the tourism industry also continued to enjoy an upward trend during the first half of 2023. With the opening of City of Dreams Mediterranean to the public in July 2023, the Group is now able to tap into new tourism markets, targeting travelers from the Middle East, Europe, and North Africa. The Group is optimistic about the prospects of this new venture as it ramps up its operations in Cyprus.

Looking ahead, with its exceptional portfolio of properties and innovative leisure and entertainment experiences, the Group is well positioned to capitalize on the opportunities created by the recovery in the global travel industry. While remaining agile in navigating the uncertain and challenging operating environment, the Group will continue to focus on optimizing operational efficiency and capitalizing on emerging trends and remain committed to maintaining the highest standards of safety and security for guests and colleagues worldwide.

ACHIEVEMENTS AND AWARDS

Over the years, Melco International has demonstrated a steadfast commitment to upholding the highest standards of Environmental, Social and Governance. As a world-leading operator of leisure and entertainment businesses, the Group has been relentless in its pursuit of operational excellence and has implemented a number of policies and initiatives to promote transparency, accountability and sustainability across its operations, which have been recognized with a number of accolades in the first half of 2023.

Corporate Governance

The Group has received prestigious leadership awards from the business and investment communities in recognition of its commendable corporate governance practices. In 2023, Melco International won the Best Investor Relations Company award and the Group's Chairman and Chief Executive Officer, Mr. Ho, Lawrence Yau Lung, was named Asia's Best CEO, both for the 12th year, at the Asian Excellence Awards organized by Corporate Governance Asia magazine. These awards are a testament to Melco International's strong commitment to excellence in corporate governance, a cornerstone of its long-term sustainable development.

Business Operations

The Group strives to consolidate its leadership position among global integrated resort operators and provide guests with unparalleled culinary, hospitality, and entertainment experiences.

The Group was awarded a total of 97 Stars by the 2023 FTG, maintaining its lead among integrated resorts in Macau and Asia. FTG honoured the Group with a total of 17 Five-Star awards across its property portfolio. Notably, Altira Macau is celebrating its 14th consecutive year as an FTG Five-Star award winner in both the Hotel and Spa categories.

In addition, the Group's world-class culinary offerings have been honoured by the Michelin Guide Hong Kong Macau 2023, with a collective total of seven stars for four of its signature restaurants located at City of Dreams, Studio City and Altira Macau. This marks the Group as one of the integrated resort operators with the most Michelin stars in Macau. The Group's Cantonese fine-dining restaurant, Jade Dragon at City of Dreams, has been awarded the highest honour of three Michelin stars for the fifth consecutive year, while Alain Ducasse at Morpheus has been honoured with two Michelin stars for the fifth consecutive year. The Group's Cantonese restaurants Pearl Dragon at Studio City and Ying at Altira Macau have each been awarded one Michelin star.

Jade Dragon was also awarded the Three Diamond distinction in the Black Pearl Restaurant Guide 2023 for the fourth consecutive year, and upheld its Black Diamond status on the Trip.com 2023 Gourmet Top Global Restaurant List for the third consecutive year. Meanwhile, Yí at Morpheus, City of Dreams was awarded the Black Pearl Restaurant Guide's One Diamond accolade for the fourth consecutive year. Pearl Dragon at Studio City was awarded Platinum Gold for the third consecutive year by the Trip.com 2023 Gourmet Top Global Restaurant List, while Sushi Kinetsu at City of Dreams, renowned for its authentic Edomae sushi (omakase), also received its first Platinum Gold honour from the list.

City of Dreams Mediterranean, a landmark project and the Group's first major venture in Europe, brings the Group's award-wining standards of entertainment, leisure and innovation to Cyprus' luxury hotel scene. The integrated resort was honoured the Best Hotel Architecture Cyprus and Best New Hotel Construction & Design Cyprus awards in the European Property Awards 2023.

People

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

The Group also achieved excellent results in the 5th Macao Integrated Tourism and Leisure Enterprises Vocational Skills Competition 2023, co-organized by the Labour Affairs Bureau and the Macao Federation of Trade Unions, fully demonstrating the Group's dedication and efforts made towards colleague talent development.

In addition to fostering professional development, the Group attaches equal importance to the physical and mental well-being of its colleagues. In line with the Macau government's emphasis on the promotion of physical and mental health, the Group has developed and launched the Reach! program to encourage colleagues to adopt a healthier and more active lifestyle. The program encourages colleagues of all fitness levels to reach their full potential in sports and physical activity, including the provision of training support and resources such as the supply of facilities, venues and sports medicine, and also helps colleagues involved in competitive sports to achieve their best performance.

Corporate Social Responsibility

As a socially responsible company, the Group spares no effort in making meaningful contributions to the betterment of society.

In recognition of mental wellness as an emerging issue to be addressed in the community, the "Feel Better Mental Wellness" program, co-organized by the Group and the Women's General Association of Macau, has been extended from serving the Group's colleagues to their families and the community in 2023.

Committed to the promotion of responsible gaming, the Group was honoured by the Asia Gaming Awards 2023 for its achievements in the Best Responsible Gaming Program and Outstanding Contribution in Corporate Social Responsibility. At the same time, the Group's proactive contributions and innovative corporate social responsibility initiatives in giving back to the community, in particular through its volunteering initiative, Simple Acts of Kindness 2.0, were honoured for the second consecutive year with Corporate Social Responsibility of the Year by the prestigious Global Gaming Awards Asia-Pacific 2023.

In Cyprus, the Group has launched the "Cultural Ambassadors" program in partnership with the Limassol Tourism Board, aiming to educate all colleagues about the country's history, traditions, and attractions to make them "tourism ambassadors" for guests.

Environmental Sustainability

Melco International has continued to sharpen its focus on the needs of the planet and its people, and its role in creating shared value through its commitment to "Rise to go Above & Beyond".

With sustainability at the core of its development strategy, the Group has become the world's first hospitality group and integrated resort operator to launch the NORDAQ water purification and bottling solution across its global property portfolio, including at its properties in Macau, the Philippines and Cyprus. The Group aims to gradually replace single-use plastic bottles with refillable glass bottles across its operations. The initiative continued to gain traction, with NORDAQ installed across 43% of the Group's hotel rooms and three restaurant outlets in Macau and Manila, eliminating more than 1.4 million single-use plastic bottles at its Macau properties and City of Dreams Manila. Once fully operational at all of the Group's properties in Macau alone, it is estimated that 14.8 million plastic bottles will be eliminated annually at normalized business volumes. The NORDAQ system has also been launched at the Group's newest integrated resort property, City of Dreams Mediterranean.

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

In the first half of 2023, the Group received the Best Environmental Responsibility title at the Asian Excellence Awards organized by Corporate Governance Asia magazine, and its City of Dreams Mediterranean resort was named Best Sustainable Commercial Development at the European Property Awards 2023, reflecting the Group's relentless efforts and outstanding performance in promoting environmental sustainability.

FINANCIAL REVIEW

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE

HK$'million	**2023 (Unaudited)**	2022 (Unaudited)	YoY%
Net revenues	**13,038.4**	6,025.1	116.4%
Adjusted EBITDA	**3,202.6**	168.2	1,804.6%
Loss attributable to owners of the Company	**(733.2)**	(2,374.6)	69.1%
Basic loss per share attributable to owners of the Company (HK$)	**(0.49)**	(1.58)	69.1%

FINANCIAL POSITION

HK$'million	**30 June 2023 (Unaudited)**	31 December 2022 (Audited)	YoY%
Total assets	**93,946.1**	97,091.6	–3.2%
Total liabilities	**81,840.6**	83,705.6	–2.2%
Equity attributable to owners of the Company	**1,504.7**	1,791.3	–16.0%
Net assets value per share attributable to owners of the Company (HK$)	**1.0**	1.2	–16.0%
Gearing ratio (%)	**71.2%**	74.4%	N/A

Net Revenues

Net revenues of the Group increased by 116.4% from HK$6.03 billion for the six months ended 30 June 2022 to HK$13.04 billion for the six months ended 30 June 2023. The increase in net revenues was primarily attributable to the relaxation of COVID-19 related restrictions in Macau in January 2023, the openings of Studio City Phase 2's Epic Tower and indoor waterpark in April 2023, as well as the launch of residency concerts at Studio City in the same month which led to improved performance in our casino and hospitality operations in the six months ended 30 June 2023.

HK$'million	**Six months ended 30 June** **2023** **(Unaudited)**	2022 (Unaudited)	YoY%
Casino revenue	**10,723.3**	4,904.9	118.6%
Entertainment and resort facilities:			
Rooms	**1,087.4**	495.4	119.5%
Food and beverage	**653.2**	346.5	88.5%
Entertainment, retail and other	**574.5**	278.4	106.4%
	13,038.4	6,025.1	116.4%

ADJUSTED EBITDA [1]

The Group generated Adjusted EBITDA of HK$3.20 billion for the six months ended 30 June 2023, compared to Adjusted EBITDA of HK$168.2 million for the six months ended 30 June 2022. The change in Adjusted EBITDA was mainly attributable to improved performance in our casino and hospitality operations as a result of the relaxation of COVID-19 related restrictions in Macau in January 2023, the openings of Studio City Phase 2's Epic Tower and indoor waterpark in April 2023, as well as the launch of residency concerts at Studio City in the same month.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company was HK$733.2 million for the six months ended 30 June 2023, compared to loss attributable to owners of the Company of HK$2.37 billion for the six months ended 30 June 2022. The change was mainly attributable to improved performance in our casino and hospitality operations as a result of the relaxation of COVID-19 related restrictions in Macau in January 2023, the openings of Studio City Phase 2's Epic Tower and indoor waterpark in April 2023, as well as the launch of residency concerts at Studio City in the same month, partially offset by higher interest expenses, net of amounts capitalized, in the six months ended 30 June 2023.

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

Basic Loss Per Share Attributable to Owners of the Company

Basic loss per share attributable to owners of the Company was HK$0.49 per share for the six months ended 30 June 2023, compared to basic loss per share attributable to owners of the Company of HK$1.58 per share for the six months ended 30 June 2022.

Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2023, 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$1.66 billion for the six months ended 30 June 2023 versus US$771.1 million for the six months ended 30 June 2022. The increase in total operating revenues was primarily attributable to improved performance in all gaming segments and non-gaming operations primarily due to the relaxation of COVID-19 related restrictions in Macau in January 2023, the openings of Studio City Phase 2's Epic Tower and indoor waterpark in April 2023, as well as the launch of residency concerts at Studio City in the same month.

The operating income for the six months ended 30 June 2023 was US$64.6 million, compared with operating loss of US$345.1 million for the same period in 2022.

Melco Resorts generated Adjusted Property EBITDA[2] of US$458.0 million for the six months ended 30 June 2023, compared with Adjusted Property EBITDA of US$42.2 million for the same period in 2022.

Net loss attributable to the financial performance of Melco Resorts for the six months ended 30 June 2023 was US$104.7 million, compared with a net loss attributable to the financial performance of Melco Resorts of US$434.7 million for the same period in 2022.

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

City of Dreams

For the six months ended 30 June 2023, total operating revenues at City of Dreams were US$864.5 million, compared to US$354.1 million for the same period in 2022. City of Dreams generated Adjusted Property EBITDA of US$256.2 million for the six months ended 30 June 2023, compared with Adjusted Property EBITDA of US$15.9 million in the same period in 2022.

Gaming Performance

	Six months ended 30 June		
US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**9,799.8**	3,197.2	206.5%
Win rate	**2.69%**	3.61%	N/A
Mass Market			
Table drop	**2,260.5**	761.7	196.8%
Hold percentage	**29.7%**	31.3%	N/A
Gaming Machine			
Handle	**1,427.2**	597.2	139.0%
Win rate	**3.3%**	3.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2023 was US$127.2 million, compared with US$62.1 million in the same period in 2022.

Altira Macau

For the six months ended 30 June 2023, total operating revenues at Altira Macau were US$53.1 million, compared to US$21.2 million in the same period in 2022. Altira Macau generated Adjusted Property EBITDA of US$2.3 million for the six months ended 30 June 2023, compared with negative Adjusted Property EBITDA of US$20.6 million in the same period in 2022.

Gaming Performance

	Six months ended 30 June		
US$'million	**2023**	2022	YoY%
Mass Market			
Table drop	**199.3**	73.7	170.2%
Hold percentage	**24.5%**	22.8%	N/A
Gaming Machine			
Handle	**156.3**	92.0	69.9%
Win rate	**3.5%**	4.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2023 was US$8.6 million, compared with US$4.4 million in the same period in 2022.

Mocha and Other

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

Total operating revenues from Mocha and Other were US$58.9 million for the six months ended 30 June 2023, compared to US$38.1 million in the same period in 2022. Mocha and Other generated Adjusted Property EBITDA of US$14.4 million for the six months ended 30 June 2023, compared with Adjusted Property EBITDA of US$6.8 million in the same period in 2022.

Gaming Performance

	Six months ended 30 June		
US$'million	**2023**	2022	YoY%
Mass Market			
Table drop	**79.2**	0.4	17,812.6%
Hold percentage	**17.5%**	26.9%	N/A
Gaming Machine			
Handle	**1,021.9**	884.9	15.5%
Win rate	**4.6%**	4.3%	N/A

Studio City

For the six months ended 30 June 2023, total operating revenues at Studio City were US$378.1 million, compared to US$107.0 million in the same period in 2022. Studio City generated Adjusted Property EBITDA of US$61.7 million for the six months ended 30 June 2023, compared with negative Adjusted Property EBITDA of US$48.4 million in the same period in 2022.

Gaming Performance

	Six months ended 30 June		
US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**1,507.9**	543.3	177.5%
Win rate	**1.51%**	2.37%	N/A
Mass Market			
Table drop	**1,197.2**	285.1	320.0%
Hold percentage	**25.2%**	29.7%	N/A
Gaming Machine			
Handle	**1,027.1**	434.7	136.3%
Win rate	**3.6%**	2.8%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City for the six months ended 30 June 2023 was US$99.4 million, compared with US$21.6 million in the same period in 2022.

City of Dreams Manila

For the six months ended 30 June 2023, total operating revenues at City of Dreams Manila were US$249.7 million, compared to US$198.6 million in the same period in 2022. City of Dreams Manila generated Adjusted Property EBITDA of US$107.9 million for the six months ended 30 June 2023, compared with Adjusted Property EBITDA of US$82.0 million in the same period in 2022.

Gaming Performance

	Six months ended 30 June		
US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**1,176.0**	1,419.2	–17.1%
Win rate	**4.39%**	2.11%	N/A
Mass Market			
Table drop	**371.6**	305.7	21.6%
Hold percentage	**31.3%**	29.3%	N/A
Gaming Machine			
Handle	**1,988.5**	1,702.3	16.8%
Win rate	**5.1%**	5.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2023 was US$57.3 million, compared with US$49.6 million in the same period in 2022.

City of Dreams Mediterranean and Other

City of Dreams Mediterranean officially opened to the public on 10 July 2023, after a soft opening in June. The Company continues to operate three satellite casinos in Cyprus in conjunction with City of Dreams Mediterranean (collectively, the "Cyprus Casinos").

For the six months ended 30 June 2023, total operating revenues at Cyprus Casinos were US$58.7 million, compared to US$37.8 million in the same period in 2022. Cyprus Casinos generated Adjusted Property EBITDA of US$15.6 million for the six months ended 30 June 2023, compared with Adjusted Property EBITDA of US$6.5 million in the same period in 2022.

Gaming Performance

	Six months ended 30 June		
US$'million	**2023**	2022	YoY%
VIP Gaming			
Rolling chip volume	**0.6**	2.4	–73.6%
Win rate	**26.16%**	–3.56%	N/A
Mass Market			
Table drop	**89.3**	58.2	53.2%
Hold percentage	**21.8%**	18.1%	N/A
Gaming Machine			
Handle	**776.6**	563.0	37.9%
Win rate	**5.0%**	5.0%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Mediterranean and Other for the six months ended 30 June 2023 was US$2.1 million, compared with US$0.3 million in the same period in 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Resources

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

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. As at 30 June 2023, the Group's bank balances and cash amounted to HK$11,772.8 million (31 December 2022: HK$14,317.5 million) and restricted cash (mainly being cash collateral for concession-related guarantees to the Macau government and security under credit facilities) amounted to HK$1,236.4 million (31 December 2022: HK$4,006.6 million). In January 2023, restricted cash of US$222.8 million (equivalent to approximately HK$1.74 billion) as security under credit facilities and MOP410.0 million (equivalent to approximately HK$398.1 million) as cash collateral against a bank guarantee issued in favour of the Macau government were released.

As at 30 June 2023, the Group had available and unutilized borrowing capacity of HK$4.84 billion (31 December 2022: HK$0.56 billion), subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the six months ended and subsequent to 30 June 2023 are summarized below.

During the six months ended 30 June 2023, the Group drew down HK$7.46 billion and US$300.0 million (equivalent to approximately HK$2.35 billion) in aggregate under the 2020 Credit Facilities. During the same period, the Group repaid principal amounts of HK$5.31 billion and US$1.12 billion (equivalent to approximately HK$8.78 billion) in aggregate along with accrued interest under the 2020 Credit Facilities.

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

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

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

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

The availability period of an unsecured credit facility amounting to PHP2.35 billion (equivalent to approximately HK$332.7 million) was extended to 31 January 2024 during the six months ended 30 June 2023, with no material changes in the underlying terms and conditions.

For further details of our indebtedness, please refer to note 34 to the consolidated financial statements included in the Company's 2022 Annual Report and note 14 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 71.2% as at 30 June 2023 (31 December 2022: 74.4%).

Pledges of assets

As at 30 June 2023, borrowings in aggregate principal amount of HK$7,908.2 million (31 December 2022: HK$9,275.6 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 Company.

CONTINGENT LIABILITIES

Other than an adequate provision made based on the progress of ILGA litigation (as particularly described in note 44 to the Group's audited consolidated financial statements for the year ended 31 December 2022) for the six months ended 30 June 2023, as of 30 June 2023, there were no significant changes to the contingent liabilities as disclosed in the Group's audited consolidated financial statements for the year ended 31 December 2022.

On 24 July 2023, a settlement deed was entered into for full and final settlement of all outstanding claims in respect of ILGA litigation.

FINANCIAL RISKS

Foreign exchange risk

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

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

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

Interest rate risk

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

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. The Group attempts to manage equity price risk by managing its portfolio of investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

HUMAN RESOURCES

Headcount and Employees' Information

The total number of the Group's employees was 19,676 as of 30 June 2023 (30 June 2022: 17,270). Among these employees, 204 are located in Hong Kong and the remaining 19,472 are mainly located in Macau, the Philippines, Cyprus, the PRC and Singapore. The related staff costs for the six months ended 30 June 2023, including directors' emoluments and share-based compensation expenses amounted to HK$2,991.7 million (six months ended 30 June 2022: HK$2,606.7 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.

INTERIM DIVIDEND

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 of the CG Code during the six months ended 30 June 2023.

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

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

a. Executive Committee;

b. Audit Committee;

c. Remuneration Committee;

d. Nomination and Corporate Governance Committee;

e. Finance Committee; and

f. Regulatory Compliance Committee.

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has a code for dealing in the Company's securities by the directors of the Company (the "Directors") and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings"), on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. 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 2023.

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 to (i) review the annual reports, interim reports and financial statements of the Group and provide advice and comments thereon to the Board; (ii) review and supervise the Group's financial reporting process; and (iii) 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 2023.

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

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2023 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 the interim report for the six months ended 30 June 2023.

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

This announcement is published on the Company's website (www.melco-group.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk). The interim report for the six months ended 30 June 2023 will be available on the websites of the Company and the Hong Kong Stock Exchange and printed copies of the interim report will be sent to the shareholders of the Company who have elected to receive printed copies in due course in accordance with the Listing Rules.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (President and Managing Director) and Mr. Chung Yuk Man, Clarence; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.

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

Hong Kong, 31 August 2023