MELCO

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 2020

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 2020 as set out below.

FINANCIAL HIGHLIGHTS

1. Net revenues were HK$7.68 billion, which represented a decrease of HK$14.67 billion or 65.6%, compared to HK$22.35 billion for the six months ended 30 June 2019. The decrease in net revenues was mainly attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic, which resulted in temporary casino closures and a significant decline in inbound tourism in the six months ended 30 June 2020.

2. The Company generated negative Adjusted EBITDA of HK$0.89 billion for the six months ended 30 June 2020, compared to Adjusted EBITDA of HK$6.40 billion for the six months ended 30 June 2019.

3. Loss after tax was HK$7.06 billion for the six months ended 30 June 2020, compared to profit after tax of HK$1.02 billion for the six months ended 30 June 2019.

4. Basic loss per share attributable to owners of the Company was HK$2.43 for the six months ended 30 June 2020, compared to basic earnings per share attributable to owners of the Company of HK$0.31 for the six months ended 30 June 2019.

5. Net asset value per share attributable to owners of the Company was HK$8.7 as of 30 June 2020, compared to HK$11.2 as of 31 December 2019.

6. The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

		Six months ended 30 June	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
NET REVENUES	4	**7,682,479**	22,352,325
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		**(3,494,674)**	(9,812,982)
Employee benefits expenses		**(3,420,389)**	(3,777,697)
Depreciation and amortization	5	**(2,900,967)**	(3,001,280)
Other operating expenses, gains and losses, net		**(2,428,862)**	(3,133,256)
Share of profits and losses of associates		**–**	796
Total operating costs and expenses, net		**(12,244,892)**	(19,724,419)
OPERATING (LOSS)/INCOME		**(4,562,413)**	2,627,906
NON-OPERATING INCOME/(EXPENSES)			
Interest income		**18,487**	30,359
Interest expenses, net of amounts capitalized		**(1,336,066)**	(1,308,569)
Losses on modification or extinguishment of debts, net		**(26,487)**	(105,401)
Other financing costs		**(24,938)**	(7,245)
Foreign exchange losses, net		**(11,590)**	(47,394)
Other expenses, net		**(1,181,690)**	(128,244)
Total non-operating expenses, net		**(2,562,284)**	(1,566,494)
(LOSS)/PROFIT BEFORE TAX	5	**(7,124,697)**	1,061,412
Income tax credit/(expense)	6	**63,107**	(38,143)
(LOSS)/PROFIT FOR THE PERIOD		**(7,061,590)**	1,023,269

	Note	Six months ended 30 June 2020 HK$'000 (Unaudited)	2019 HK$'000 (Unaudited)
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations		**(163,426)**	154,954
Reclassification of exchange reserve upon disposal of investment in an associate		**–**	28,703
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(163,426)**	183,657
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		**(7,225,016)**	1,206,926
(Loss)/profit for the period attributable to:			
Owners of the Company		**(3,665,207)**	462,087
Non-controlling interests		**(3,396,383)**	561,182
		(7,061,590)	1,023,269
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(3,781,220)**	562,264
Non-controlling interests		**(3,443,796)**	644,662
		(7,225,016)	1,206,926
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic		**HK$(2.43)**	HK$0.31
Diluted		**HK$(2.43)**	HK$0.30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Notes	**30 June 2020 *HK$'000* (Unaudited)**	31 December 2019 *HK$'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**45,011,849**	45,758,622
Right-of-use assets		**7,468,939**	7,694,763
Investment properties		**348,000**	348,000
Gaming license and subconcession		**2,180,381**	2,724,883
Goodwill		**5,333,117**	5,406,936
Trademarks		**16,992,458**	16,992,458
Other intangible assets		**210,988**	222,128
Trade receivables	9	**–**	30,200
Prepayments, deposits and other receivables		**1,609,564**	1,347,468
Other financial assets	10	**64,982**	4,498,436
Restricted cash		**142,690**	159,649
Deferred tax assets		**48,711**	27,710
Total non-current assets		**79,411,679**	85,211,253
CURRENT ASSETS			
Inventories		**318,997**	343,767
Trade receivables	9	**1,368,547**	2,216,044
Prepayments, deposits and other receivables		**899,237**	700,654
Tax recoverable		**6**	–
Other financial assets	10	**189,850**	384,539
Bank deposits with original maturities over three months		**32,000**	–
Restricted cash		**191,533**	292,178
Cash and bank balances		**9,224,320**	11,213,138
Total current assets		**12,224,490**	15,150,320

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	11	**71,782**	171,977
Other payables, accruals and deposits received	12	**7,879,296**	11,199,008
Tax payable		**73,064**	80,433
Interest-bearing borrowings	13	**5,057,226**	420,967
Lease liabilities		**636,307**	574,737
Total current liabilities		**13,717,675**	12,447,122
NET CURRENT (LIABILITIES)/ASSETS		**(1,493,185)**	2,703,198
TOTAL ASSETS LESS CURRENT LIABILITIES		**77,918,494**	87,914,451
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	12	**195,475**	173,637
Interest-bearing borrowings	13	**38,670,229**	40,907,850
Lease liabilities		**2,665,332**	2,729,820
Deferred tax liabilities		**2,365,351**	2,435,452
Total non-current liabilities		**43,896,387**	46,246,759
Net assets		**34,022,107**	41,667,692
EQUITY			
Share capital		**5,673,104**	5,669,692
Reserves		**7,511,307**	11,280,631
Equity attributable to owners of the Company		**13,184,411**	16,950,323
Non-controlling interests		**20,837,696**	24,717,369
Total equity		**34,022,107**	41,667,692

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 primarily through Melco Resorts & Entertainment Limited ("Melco Resorts"), a subsidiary of the Group, with its American depositary shares ("ADSs") listed on the Nasdaq Global Select Market in the United States of America (the "U.S."). Melco Resorts currently operates Altira Macau, 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 majority-owned subsidiaries, including Studio City International Holdings Limited ("SCIHL"), with its ADSs listed on the New York Stock Exchange in the U.S., also operates Studio City, a cinematically-themed integrated resort in Cotai, Macau. In the Philippines, a majority-owned subsidiary of Melco Resorts operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco Resorts, through its majority-owned subsidiaries, ICR Cyprus Holdings Limited and its subsidiaries (collectively referred to as "ICR Group"), is currently developing City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus ("Cyprus"). ICR Group is currently operating a temporary casino in Limassol and is licensed to operate four satellite casinos ("Cyprus Casinos") in Cyprus. Upon the opening of City of Dreams Mediterranean, the ICR Group will continue to operate the satellite casinos while operation of the temporary casino will cease.

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

(b) Recent developments related to COVID-19

In connection with the outbreak of the coronavirus (COVID-19) in the first quarter of 2020, severe travel restrictions, temporary business closures and other prohibitions have been imposed by the People's Republic of China ("PRC"), Macau, the Philippines, Cyprus and other countries throughout the world. Additionally, health-related precautionary measures have been imposed and remain in place at all of the Group's properties which have significantly disrupted the Group's casino and resort operations.

In Macau, on 5 February 2020, the Group's Macau casino operations were suspended for a 15-day period. On 20 February 2020, casino operations resumed in Macau with limited visitation from Hong Kong, Taiwan and certain regions of the PRC among other countries. In March 2020, the Macau government, the Hong Kong government and several provinces in the PRC, including Guangdong, imposed further entry bans, restrictions and quarantine requirements on nearly all visitors travelling to and from Macau. Commencing from 15 July 2020, certain travellers entering Guangdong from Macau were no longer subject to mandatory quarantine. On 12 August 2020, the Chinese authorities resumed the issuance of Individual Visit Scheme ("IVS") visas and tour group visas for Zhuhai residents to visit Macau. In addition, the issuance of IVS visas for Guangdong residents resumed on 26 August 2020, while the nationwide resumption of IVS visa issuances is expected to commence on 23 September 2020. Despite these developments, the Group's operations in Macau continue to be impacted by significant travel bans, restrictions, and quarantine requirements imposed by the governments in Macau, Hong Kong, and certain provinces in China on visitors travelling to and from Macau.

In the Philippines, City of Dream Manila was closed due to Enhanced Community Quarantine for the entire island of Luzon including Metro Manila which began on 16 March 2020, and was extended to 31 July 2020. However, in June 2020, City of Dreams Manila was allowed by the Philippine Amusement and Gaming Corporation ("PAGCOR") to undertake a dry run/trial run of its gaming and hospitality operations for a limited period with only a limited number of participants strictly adhering to the new guidelines on social distancing, hygiene and sanitation procedures imposed by the Philippine government. On 3 August 2020, the President of the Philippines reimposed a Modified Enhanced Community Quarantine in Metro Manila due to the rising number of COVID-19 cases and the dry run/trial run was halted. On 19 August 2020, Metro Manila was placed under a General Community Quarantine and City of Dreams Manila was allowed to resume its dry run/trial run previously started in June 2020. On 24 August 2020, the Philippine government allowed PAGCOR-licensed casinos in areas covered by the General Community Quarantine to operate at 30% operational capacity. City of Dreams Manila is preparing for the resumption of its normal operations in accordance with the terms and conditions of this new guideline.

In Cyprus, as instructed by the Cyprus government, the Cyprus Casinos operations were closed with effect from 16 March 2020 and resumed on 13 June 2020 except for the satellite casino in Larnaca which will be reopened once it moves to a new location.

The COVID-19 outbreak has also impacted the construction of the Studio City Phase 2 project and the progress of construction work at the City of Dreams Mediterranean project due to suspension of construction work in Cyprus from 24 March 2020 to 5 May 2020. The Group currently expects additional time will be needed to complete the construction of these projects.

The COVID-19 outbreak and the related events have also caused severe disruptions to the Group's resort tenants and other business partners, which may increase the risk of these entities defaulting on their contractual obligations with the Group.

The disruptions to the Group's business had material adverse effects on its financial condition and operations for the six months ended 30 June 2020. As the disruptions are ongoing, such adverse effects have continued beyond the first half of 2020 and the Group is unable to reasonably estimate the financial impact to its future results of operations, cash flows and financial condition due to uncertainties surrounding the business recovery from such disruptions, travel restrictions, customer sentiment and other events related to the COVID-19 outbreak.

As at 30 June 2020, the Group had total cash and bank balances (including bank deposits with original maturities over three months) of HK$9,256,320,000 and available borrowing capacity of HK$12,897,640,000, subject to the satisfaction of certain conditions precedent.

The Group has taken various mitigating measures to manage through the current COVID-19 outbreak challenges, such as implementing cost reduction programs to minimize cash outflow of non-essential items, rationalizing the Group's capital expenditure programs with deferrals and reductions, refinancing certain existing borrowings and raising additional capital.

The Group believes it is able to support continuing operations and capital expenditures in the following twelve months as detailed in note 2.1.

2.1 BASIS OF PREPARATION

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

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

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2020 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 2019.

The financial information relating to the year ended 31 December 2019 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 2019 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 2019. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

As at 30 June 2020, the Group has net current liabilities of HK$1,493,185,000. After considering the Group's cash flow forecasts, available borrowing capacity (notes 1(b) and 13) and borrowings to refinance and additional capital raised after the period end (note 16), the Group believes that it will have sufficient liquidity to meet its financial obligations as they fall due in the following twelve months. Accordingly, the unaudited condensed consolidated interim financial information has been prepared on a going concern basis.

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 2020 are consistent with those of the Group as set out in the Group's audited consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following amended Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2020. The adoption of these new and amended HKFRSs had no material impact on the unaudited condensed consolidated interim financial information.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*
Amendments to HKFRS 16	*COVID-19-related Rent Concessions*

Amendments to HKFRS 16, COVID-19-related Rent Concessions

The amendments provide relief to lessees from applying the HKFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

- The rent concession is a direct consequence of COVID-19;
- The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- There is no substantive change to other terms and conditions of the lease.

A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020, with early adoption permitted.

The Group early adopted the amendments on 1 January 2020 but did not apply the practical expedient. Accordingly, the adoption of the amendments did not have any impact on the unaudited condensed consolidated financial information.

Certain comparative figures have been reclassified to conform to the current period presentation as the Group considers the new presentation is more relevant and appropriate to the unaudited condensed consolidated interim financial information.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

Except for the early adoption of Amendments to HKFRS 16 as disclosed in note 2.2, 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 2020.

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 casino and the provision of hospitality services and facilities through Melco Resorts; and

(b) the “Others” segment comprises, principally, other gaming, leisure and entertainment, and property investments.

Management monitors the results of the Group’s operating and reportable segments separately for the purpose of making decisions about 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 profit/loss for the period before interest, income tax, depreciation and amortization, share-based compensation expenses, pre-opening costs, development costs, property charges and other, payments to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc. (collectively referred to as the “Philippine Parties”), corporate expenses 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 2020 (Unaudited)

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers *(note 4)*	**7,676,905**	**5,574**	**7,682,479**
Intersegment sales	**6,304**	**–**	**6,304**
	7,683,209	**5,574**	**7,688,783**
Elimination of intersegment sales			**(6,304)**
Total net revenues			**7,682,479**
Adjusted EBITDA	**(867,406)**	**(18,824)**	**(886,230)**
Operating costs and expenses			
Depreciation and amortization			**(2,900,967)**
Share-based compensation expenses			**(293,978)**
Pre-opening costs			**(4,794)**
Development costs			**(150,451)**
Property charges and other			**(257,603)**
Payments to the Philippine Parties			**(38,517)**
Corporate expenses			**(29,873)**
Operating loss			**(4,562,413)**
Non-operating income/(expenses)			
Interest income			**18,487**
Interest expenses, net of amounts capitalized			**(1,336,066)**
Losses on modification or extinguishment of debts, net			**(26,487)**
Other financing costs			**(24,938)**
Foreign exchange losses, net			**(11,590)**
Other expenses, net			**(1,181,690)**
Total non-operating expenses, net			**(2,562,284)**
Loss before tax			**(7,124,697)**
Income tax credit			**63,107**
LOSS FOR THE PERIOD			**(7,061,590)**

Six months ended 30 June 2019 (Unaudited)

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment net revenues			
Sales to external customers *(note 4)*	22,314,504	37,821	22,352,325
Intersegment sales	18,437	68	18,505
	22,332,941	37,889	22,370,830
Elimination of intersegment sales			(18,505)
Total net revenues			22,352,325
Adjusted EBITDA	6,411,858	(12,597)	6,399,261
Operating costs and expenses			
Depreciation and amortization			(3,001,280)
Share-based compensation expenses			(191,060)
Pre-opening costs			(25,181)
Development costs			(70,554)
Property charges and other			(136,425)
Payments to the Philippine Parties			(291,968)
Corporate expenses			(54,887)
Operating income			2,627,906
Non-operating income/(expenses)			
Interest income			30,359
Interest expenses, net of amounts capitalized			(1,308,569)
Losses on modification or extinguishment of debts, net			(105,401)
Other financing costs			(7,245)
Foreign exchange losses, net			(47,394)
Other expenses, net			(128,244)
Total non-operating expenses, net			(1,566,494)
Profit before tax			1,061,412
Income tax expense			(38,143)
PROFIT FOR THE PERIOD			1,023,269

30 June 2020 (Unaudited)

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	**90,650,846**	**424,162**	**91,075,008**
Corporate and other unallocated assets			**561,161**
Total assets			**91,636,169**
Segment liabilities	**50,753,022**	**77,930**	**50,830,952**
Corporate and other unallocated liabilities			**6,783,110**
Total liabilities			**57,614,062**

31 December 2019 (Audited)

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	99,375,401	437,413	99,812,814
Corporate and other unallocated assets			548,759
Total assets			100,361,573
Segment liabilities	51,698,830	119,465	51,818,295
Corporate and other unallocated liabilities			6,875,586
Total liabilities			58,693,881

Geographical information

The Group's operations are mainly located in Macau, the Philippines, Cyprus, Hong Kong and Japan. 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 an associate and a joint venture, by location of their head offices.

Net revenues from external customers (Unaudited)

	Six months ended 30 June					
	2020			2019		
	Casino and Hospitality	**Others**	**Total**	Casino and Hospitality	Others	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	HK$'000	HK$'000
Macau	**6,559,531**	**–**	**6,559,531**	19,466,967	–	19,466,967
The Philippines	**916,185**	**–**	**916,185**	2,507,326	564	2,507,890
Cyprus	**172,874**	**–**	**172,874**	340,211	–	340,211
Hong Kong	**–**	**5,574**	**5,574**	–	37,257	37,257
Japan	**28,315**	**–**	**28,315**	–	–	–
Total	**7,676,905**	**5,574**	**7,682,479**	22,314,504	37,821	22,352,325

Non-current segment assets

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Macau	**72,680,740**	73,014,941
The Philippines	**3,427,776**	4,896,226
Cyprus	**1,431,353**	1,346,537
Hong Kong	**1,210,398**	787,473
Japan	**400,392**	472,717
Total	**79,150,659**	80,517,894

4. NET REVENUES

Six months ended 30 June 2020 (Unaudited)

Segments	**Casino and Hospitality**	**Others**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Casino revenue	**6,679,987**	**–**	**6,679,987**
Entertainment and resort facilities:			
Rooms	**404,286**	**–**	**404,286**
Catering service income	**269,263**	**2,851**	**272,114**
Entertainment, retail and other	**323,369**	**–**	**323,369**
Property rental income	**–**	**2,545**	**2,545**
Others	**–**	**178**	**178**
Sales to external customers *(note 3)*	**7,676,905**	**5,574**	**7,682,479**

Six months ended 30 June 2019 (Unaudited)

Segments	Casino and Hospitality	Others	Total
	HK$'000	*HK$'000*	*HK$'000*
Casino revenue	19,490,214	–	19,490,214
Entertainment and resort facilities:			
Rooms	1,336,571	–	1,336,571
Catering service income	891,300	34,728	926,028
Entertainment, retail and other	596,419	–	596,419
Property rental income	–	2,330	2,330
Electronic gaming machines participation	–	564	564
Others	–	199	199
Sales to external customers *(note 3)*	22,314,504	37,821	22,352,325

For the six months ended 30 June 2020, entertainment, retail and other include rental income of HK$159,283,000 (six months ended 30 June 2019: HK$161,523,000).

For the six months ended 30 June 2020, the revenue from contracts with customers was HK$7,520,651,000 (six months ended 30 June 2019: HK$22,188,472,000).

5. (LOSS)/PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	**2,108,413**	2,159,055
Amortization of gaming license and subconcession	**544,502**	544,502
Depreciation of right-of-use assets	**251,258**	289,481
Amortization of other intangible assets	**11,140**	8,242
Less: capitalized in CIP	**(14,346)**	–
	2,900,967	3,001,280
Allowances for credit losses, net#	**623,076**	91,508
Repairs and maintenance#	**302,260**	337,433
Utilities and fuel#	**204,996**	293,390
Advertising and promotions#	**167,330**	364,149
Costs of inventories#	**157,823**	425,864
Legal and professional fees#	**126,834**	145,365
Other gaming operations expenses#	**115,935**	311,076
Impairment loss on goodwill *(note a)*#	**73,819**	–
Impairment losses on property, plant and equipment *(note b)*#	**57,619**	–
Loss on disposal of property, plant and equipment#	**378**	27,321
Impairment losses on other assets#	**–**	66,887
Bad debt recoveries#	**(6,154)**	(10,077)

Included in "Other operating expenses, gains and losses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

Notes:

(a) For the six months ended 30 June 2020, an impairment loss of HK$73,819,000 was recognized against goodwill of Kabushiki Kaisha Okushiga Kogen Resort (the "Japan Ski Resort"), an individual cash-generating unit under Melco Resorts, which belongs to the Casino and Hospitality segment, as a result of significant decline in profits due in large part to the COVID-19 pandemic. The recoverable amount of the Japan Ski Resort of Japanese Yen 707,744,000 (equivalent to HK$50,963,000) was determined based on a value-in-use calculation. The value-in-use calculation used cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 9.63%. The discount rate used is pre-tax and reflects specific risks relating to the Japan Ski Resort. The cash flows beyond the five-year period are extrapolated using a growth rate of 0.6%.

Cash flow projections during the budget period for the Japan Ski Resort are based on management's estimation of cash inflows/outflows including gross revenue, gross margin, operating expenses, capital expenditure and working capital requirements during the budget period. The assumptions and estimations are based on the Japan Ski Resort's past performance and management's expectations of the market development.

(b) During the six months ended 30 June 2020, total impairment losses of HK$57,619,000 were recognized in full against the carrying amounts of certain property, plant and equipment which belong to the Casino and Hospitality segment due to reconfigurations and renovations of Group operating properties. No impairment loss was recognized during the six months ended 30 June 2019.

6. INCOME TAX (CREDIT)/EXPENSE

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current tax:		
Macau Complementary Tax	**5,187**	2,643
Lump sum in lieu of Macau Complementary Tax on dividends	**9,175**	9,175
Japan Corporate Tax	**9,854**	2,818
Cyprus Corporate Income Tax	**–**	6,262
Hong Kong Profits Tax	**128**	31
Other jurisdictions	**1,425**	1,934
Sub-total	**25,769**	22,863
Under/(over)provision in prior periods:		
Japan Corporate Tax	**3,285**	2,687
Cyprus Corporate Income Tax	**453**	–
Macau Complementary Tax	**(1,213)**	459
Other jurisdictions	**426**	(246)
Sub-total	**2,951**	2,900
Deferred tax	**(91,827)**	12,380
Total	**(63,107)**	38,143

For the six months ended 30 June 2020, 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 2019.

7. DIVIDENDS

During the six months ended 30 June 2020, a final dividend of HK3.01 cents per share, totalling approximately HK$45,591,000, in respect of the year ended 31 December 2019 (six months ended 30 June 2019: a final dividend of HK2.35 cents per share, totalling approximately HK$35,577,000, in respect of the year ended 31 December 2018) was declared to the shareholders of the Company.

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 2020 (six months ended 30 June 2019: HK6.11 cents per share, totalling approximately HK$92,501,000).

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/earnings		
(Loss)/earnings for the purpose of basic (loss)/earnings per share ((loss)/profit for the period attributable to owners of the Company)	**(3,665,207)**	462,087
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	**–**	(5,917)
(Loss)/earnings for the purpose of diluted (loss)/earnings per share attributable to owners of the Company	**(3,665,207)**	456,170

	Six months ended 30 June	
	2020	2019
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,510,212**	1,514,577
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	**–**	4,816
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**1,510,212**	1,519,393

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

Diluted (loss)/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 (loss)/profit attributable to the Company as adjusted to reflect the dilution effect of the share options and awarded shares issued by the subsidiaries of the Company. For the six months ended 30 June 2020, no adjustment has been made to the basic loss per share amounts presented in respect of a dilution as the impact of the outstanding share options and unvested awarded shares had an anti-dilutive effect on the basic loss per share amounts presented. For the six months ended 30 June 2019, the Company had outstanding share options and awarded shares that would potentially dilute the earnings per share.

9. TRADE RECEIVABLES

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 1 month	**885,417**	1,398,460
More than 1 month but within 3 months	**262,078**	226,623
More than 3 months but within 6 months	**315,773**	278,720
More than 6 months	**1,021,112**	926,054
	2,484,380	2,829,857
Allowances for credit losses	**(1,115,833)**	(583,613)
	1,368,547	2,246,244
Non-current portion	**–**	(30,200)
Current portion	**1,368,547**	2,216,044

10. OTHER FINANCIAL ASSETS

	Notes	30 June 2020 HK$'000 (Unaudited)	31 December 2019 HK$'000 (Audited)
Current assets			
Financial assets at fair value through profit or loss	(a)	**189,850**	384,539
Non-current assets			
Financial assets at fair value through profit or loss	(b)	**64,982**	4,498,436

Notes:

(a) As at 30 June 2020 and 31 December 2019, the amount represents investments in mutual funds that mainly invest in bonds and fixed interest securities which are considered as marketable equity securities. During the six months ended 30 June 2020, the Group sold certain mutual funds units amounting to HK$191,945,000. For the six months ended 30 June 2020, a decrease in fair value of HK$8,335,000 (six months ended 30 June 2019: increase in fair value of HK$56,981,000) was recognized in "Other expenses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

(b) As at 30 June 2020, the amount represents the equity investment in EHang Holdings Limited of HK$64,982,000 (31 December 2019: HK$66,985,000). As at 31 December 2019, the amount also comprised the investment in Crown Resorts Limited ("Crown") of HK$4,431,451,000. On 29 April 2020, the Group disposed of an aggregate of 67,675,000 shares of Crown representing approximately 9.99% of the issued share capital of Crown (the "Disposal") as at the date of the Disposal at a sale price of Australian dollars ("AUD") 8.15 (equivalent to approximately HK$41.12) per share of Crown to an independent third party. The aggregate consideration was AUD 551,551,250 (equivalent to approximately HK$2,782,984,000). Upon completion of the Disposal, the Group ceased to be a shareholder of Crown.

For the six months ended 30 June 2020, a decrease in fair value of HK$1,283,581,000 (six months ended 30 June 2019: HK$208,988,000) was recognized in "Other expenses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

11. TRADE PAYABLES

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

	30 June 2020 *HK$'000* (Unaudited)	31 December 2019 *HK$'000* (Audited)
Within 1 month	**41,153**	154,728
More than 1 month but within 3 months	**18,990**	13,898
More than 3 months but within 6 months	**7,565**	3,351
More than 6 months	**4,074**	–
	71,782	171,977

12. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2020 *HK$'000* (Unaudited)	31 December 2019 *HK$'000* (Audited)
Current liabilities		
Outstanding gaming chips and tokens liabilities	**2,734,979**	3,686,769
Advance customer deposits and ticket sales	**1,960,530**	1,993,084
Accrued employee benefits expenses	**875,237**	1,330,459
Accrued operating expenses and other liabilities	**729,845**	1,022,433
Payable for acquisition of property, plant and equipment	**424,810**	538,195
Interest payable	**403,079**	395,866
Construction costs payable	**263,978**	222,630
Gaming tax and license fee payables	**233,361**	1,696,236
Loyalty program liabilities	**206,385**	308,375
Dividends payable	**46,647**	1,221
Amounts due to related companies	**445**	3,740
	7,879,296	11,199,008
Non-current liabilities		
Other liabilities	**104,393**	86,353
Accrued employee benefits expenses	**54,491**	61,804
Deposits received	**36,591**	25,480
	195,475	173,637

13. INTEREST-BEARING BORROWINGS

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Unsecured notes	**27,752,496**	27,881,900
Secured bank loans	**6,670,241**	6,826,258
Secured notes	**6,588,126**	6,620,659
Unsecured bank loans	**2,716,592**	–
	43,727,455	41,328,817
Non-current portion	**(38,670,229)**	(40,907,850)
Current portion	**5,057,226**	420,967
Analyzed into borrowings repayable:		
Within one year or on demand	**5,098,955**	442,756
In the second year	**10,935,518**	7,070,603
In the third to fifth years, inclusive	**12,403,078**	10,651,968
After five years	**15,501,471**	23,367,033
	43,939,022	41,532,360
Less: deferred financing costs and original issue premiums	**(211,567)**	(203,543)
	43,727,455	41,328,817

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

	30 June 2020 *HK$'000* **(Unaudited)**	31 December 2019 *HK$'000* (Audited)
Fixed-rate borrowings	**34,340,622**	34,502,559
Variable-rate borrowings	**9,386,833**	6,826,258
	43,727,455	41,328,817

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

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
United States dollars ("US$")	**40,997,003**	41,304,400
Hong Kong dollars	**2,730,452**	24,417
	43,727,455	41,328,817

On 29 April 2020, the Group entered into a senior credit facilities agreement with a syndicate of banks (the "2020 Credit Facilities"), for a HK$14,850,000,000 revolving credit facility with a term of five years. The 2020 Credit Facilities are unsecured, supported by secondary guarantees from certain subsidiaries of the Group and interest-bearing at the Hong Kong Interbank Offered Rate plus a margin ranging from 1.00% to 2.00% per annum.

On 6 May 2020, the Group drew down HK$2,730,000,000 of the revolving credit facility under the 2020 Credit Facilities and, on 7 May 2020, the Group used such proceeds to repay all outstanding loan amounts of HK$1,957,662,000 under a senior secured credit facilities agreement (the "2015 Credit Facilities"), together with accrued interest and associated costs, other than HK$1,000,000 which remained outstanding under the term loan facility for the 2015 Credit Facilities. The Group recorded a net loss on modification or extinguishment of debts of HK$25,861,000 for the six months ended 30 June 2020.

On 7 May 2020, following the repayment of outstanding amounts under the 2015 Credit Facilities, together with accrued interest and associated costs, a part of the revolving credit facility commitments under the 2015 Credit Facilities were canceled. Post-cancellation, the available revolving credit facility commitments under the 2015 Credit Facilities were HK$1,000,000.

Pursuant to a waiver letter dated 29 April 2020 from Bank of China Limited, Macau Branch ("BOC Macau") (in its capacity as the sole lender under the 2015 Credit Facilities) to Melco Resorts (Macau) Limited as borrower, a subsidiary of the Group, which became effective on 7 May 2020, compliance with certain provisions of the 2015 Credit Facilities was waived and BOC Macau agreed, among other things, to extend the maturity date of the 2015 Credit Facilities to 24 June 2022 and to ease the borrower's obligations under the 2015 Credit Facilities by way of a waiver of (i) the requirement to comply with substantially all information undertakings, financial covenants, general undertakings and mandatory prepayment provisions, (ii) the requirement to make substantially all of the representations, and (iii) certain current and/or future defaults and events of default that may arise under the terms of the 2015 Credit Facilities, subject to certain conditions and terms.

On 8 May 2020, the Group obtained consent from lenders to amend the repayment schedule of a term loan by deferring instalments totalling US$42,000,000 (equivalent to approximately HK$325,564,000) from the 2020 year to February 2022. The Group recorded a loss on modification of debts of HK$626,000 for the six months ended 30 June 2020.

The availability period of an unsecured credit facility amounted to Philippine Peso2,350,000,000 (equivalent to HK$365,373,000) was extended from 31 May 2020 to 30 July 2020 during the six months ended 30 June 2020, and was further extended to 31 January 2021 in July 2020.

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 2019.

As at 30 June 2020, the Group had a total available borrowing capacity of HK$12,897,640,000, subject to satisfaction of certain conditions precedent.

In July and August 2020, the Group refinanced certain existing borrowings and raised additional capital through the issuance of a series of new senior notes as disclosed in note 16.

14. AMENDMENTS TO LONG TERM INCENTIVE SCHEMES OF THE COMPANY

The Company established a share option scheme (the "Share Option Scheme") on 30 May 2012 and two share incentive award schemes, namely, The Melco Share Purchase Scheme Trust and The Melco Share Award Scheme Trust both adopted on 18 October 2007 and have been subsequently amended (collectively referred to as the "Schemes"). Under the existing arrangements of the Schemes, a grantee shall satisfy any tax or other liabilities to which he or she may become subject as a result of his or her participation in the Schemes by his or her own cash.

To enhance administration flexibility of the Board in the implementation of the Schemes, the Company proposed to revise the rules of the Schemes so as to give authority to the Company to deduct or withhold a portion of the awards granted to the grantee pursuant to the Schemes (the "Awards") if the Company is statutorily required to deduct or withhold an amount to satisfy the tax obligation of any grantee arising from the grant of the Awards (the "Grantee Tax Obligation"), or if a grantee otherwise elects to satisfy his/her Grantee Tax Obligation (which is not statutorily required to be deducted or withheld) and/or exercise cost (in case a grantee exercises his/her share options granted under the Share Option Scheme) by way of deduction or withholding of the relevant portion of his/her Awards (the "Net Settlement Arrangement"). The Net Settlement Arrangement proposal was approved by the Board on 31 March 2020 and further approved by the shareholders of the Company for the amendments to the Share Option Scheme on 5 June 2020.

On 30 June 2020 (the "Modification Date"), a Director of the Company elected the Net Settlement Arrangement on certain awards and approximately 2,643,000 awarded shares were modified from equity-settled to cash-settled (the "Modified Awards"). The Group recognized a liability associated with the Modified Awards of approximately HK$22,912,000 with a corresponding reduction in the share award reserve on the Modification Date. The Modified Awards were modified so as to become cash-settled, but other terms were otherwise unchanged. Accordingly, the fair values of the Modified Awards and the original awards, which were determined by the share price of the ordinary share of the Company on the Modification Date were the same, and no incremental share-based compensation expenses resulted.

As at 30 June 2020, the accrued liability associated with the Modified Awards was approximately HK$22,912,000 (31 December 2019: nil). No fair value gain or loss on remeasurement of the liability associated with the Modified Awards was recognized for the six months ended 30 June 2020.

15. CHANGE IN OWNERSHIP OF A SUBSIDIARY

For the six months ended 30 June 2020, Melco Resorts repurchased 3,148,824 ADSs (equivalent to 9,446,472 ordinary shares) from the open market for an aggregate consideration of approximately US$44,977,000 (equivalent to approximately HK$350,610,000) which increased the Group's ownership interest in Melco Resorts. On the other hand, certain share options and restricted shares under Melco Resorts share incentive plans were exercised and vested, which decreased the Group's ownership interest in Melco Resorts.

As a net result of the above transactions, the Group's ownership interest in Melco Resorts increased from 56.54% on 1 January 2020 to 56.80% on 30 June 2020. The Group recognized a decrease of HK$36,519,000 in the Group's special reserve and a decrease of HK$314,083,000 in non-controlling interests.

16. SUBSEQUENT EVENTS

Private Placements of a non-wholly owned subsidiary

On 7 July 2020, the Group announced a series of private share offers of its subsidiary, SCIHL, to be offered to certain existing institutional holders of SCIHL's Class A ordinary shares and ADSs (the "Private Placements"). The Private Placements were completed in August 2020 with gross proceeds of approximately US$500,000,000 (equivalent to HK$3,875,368,000), out of which approximately US$219,198,000 (equivalent to approximately HK$1,698,946,000) was from shareholders outside the Group.

Issuance of new senior notes

On 15 July 2020, the Group issued US$500,000,000 (equivalent to HK$3,875,368,000) in aggregate principal amount of 6.00% senior notes due 2025 and US$500,000,000 (equivalent to HK$3,875,368,000) in aggregate principal amount of 6.50% senior notes due 2028. On 14 August 2020, the Group used a portion of the net proceeds to redeem in full the US$850,000,000 7.25% senior notes due 2021 (equivalent to HK$6,588,126,000), together with accrued interest and redemption premium.

On 21 July 2020, the Group issued US$500,000,000 (equivalent to HK$3,875,368,000) in aggregate principal amount of 5.75% senior notes due 2028 (the "Original Notes"). On 29 July 2020, the Group used a portion of the net proceeds to repay an outstanding revolving credit facility under the 2020 Credit Facilities in aggregate principal amount of HK$2,730,000,000, together with accrued interest and associated costs.

On 11 August 2020, the Group issued US$350,000,000 (equivalent to HK$2,712,758,000) in aggregate principal amount of 5.75% senior notes due 2028 in addition to the Original Notes (the "Additional Notes"). The Additional Notes were consolidated and formed a single series with the Original Notes and the net proceeds will be used for general corporate purposes.

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

The first half of the year 2020 presented unprecedented challenges to the Group as the COVID-19 outbreak continues to affect tourism not only in Asia but also in the rest of the world. The pandemic has had a material impact on our integrated resorts operations, brought about by the large-scale lockdown of cities and international travel restrictions.

The Group's Macau operations continue to be affected by extensive travel bans, restrictions and quarantine requirements imposed by the governments in Macau, Hong Kong, and certain provinces in China, applying to nearly all visitors entering and departing Macau. The total number of visitors to Macau declined by 84% in the first half of 2020, compared with the same period in 2019. Our casino operations in Macau were closed for a 15-day period in February 2020 and resumed operations on a reduced basis from 20 February 2020. However, certain health safeguards, such as limiting the number of seats per table game, slot machine spacing, temperature checks, mask protection, and health declarations remain in effect at the present time.

Outside of Macau, the gaming operations of City of Dreams Manila in the Philippines were temporarily closed due to the stringent community-wide quarantine for the entire island of Luzon, including Metro Manila, beginning in March 2020. In Cyprus, Cyprus Casinos ("C2") also temporarily suspended all gaming operations with effect from March 2020, in full compliance with the Cypriot government's measures to curb the spread of COVID-19.

To address the challenges brought about by the COVID-19 outbreak, the Group promptly initiated a range of mitigating measures, including implementing cost reduction programs to minimize cash outflow of non-essential items and rationalizing our capital expenditure programs with deferrals and reductions, which benefits the balance sheet. In May 2020, the Company announced the suspension of its semi-annual dividend program under the Company's dividend policy. In addition, in July and August 2020, the Group issued a series of senior notes and completed the Private Placements which further strengthened the balance sheet and its ability to fund its development projects.

With the effective measures taken by different regions and countries to counter the COVID-19 pandemic, we are encouraged by the early signs of the return to normal operations in the Group's integrated resorts. In mid-June, operations at Cyprus Casinos have partially resumed. On 24 August 2020, the Philippine government allowed PAGCOR-licensed casinos in areas covered by the General Community Quarantine to operate at 30% operational capacity. City of Dreams Manila is preparing for the resumption of its normal operations in accordance with the terms and conditions of this new guideline. In addition, commencing from 15 July 2020, certain travellers entering Guangdong from Macau are no longer subject to mandatory quarantine. The issuance of IVS visas and tour group visas was reinstated for Zhuhai residents on 12 August 2020 and the issuance of IVS visas for Guangdong residents resumed on 26 August 2020, while the nationwide resumption of IVS visa issuance is expected to commence on 23 September 2020.

Despite the challenging business environment, the Group has prioritized sustainability in its operations. In March 2020, the Carbon Disclosure Project ("CDP") recognized us as one of Asia's leaders in corporate climate action and environmental stewardship with the "CDP 2019 Best First Time Performer" accolade. In July 2020, Melco Resorts became a signatory to the Global Tourism Plastics Initiative led by the UN Environment Programme and the World Tourism Organisation in collaboration with the Ellen MacArthur Foundation, part of the first group of signatories to the initiative.

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 of 30 June 2020, Melco International, through its subsidiary, holds approximately 55.8% 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 operations 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, in the Philippines, a Philippine subsidiary of Melco Resorts currently operates and manages City of Dreams Manila, an integrated resort at the Entertainment City complex in Manila. In Cyprus, with the completion of the purchase of all of Melco International's ordinary shares of ICR Cyprus Holdings Limited ("ICR Cyprus") in July 2019, which represents a 75% equity interest in ICR Cyprus, Melco Resorts is currently developing the City of Dreams Mediterranean integrated casino resort project and operating a temporary casino in Limassol, the first authorized casino in the Republic of Cyprus. It is also licensed to operate four satellite casinos. Upon the opening of City of Dreams Mediterranean, ICR Cyprus will continue to operate the satellite casinos while operation of the temporary casino will cease.

Due to the softer performance across all gaming segments and non-gaming operations from the temporary closure of casinos, as well as more stringent quarantine and social distancing measures to counter the COVID-19 pandemic, net revenues for the first half of 2020 were HK$7.68 billion and the loss after tax for the period was HK$7.06 billion.

City of Dreams

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property targeting high-end customers and rolling chip players from regional markets across Asia. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, the property operated, on average, 475 gaming tables and 473 gaming machines in the first half of 2020.

Ongoing enhancement at City of Dreams is proceeding with a series of property upgrades. Renovation of Nüwa has commenced and is anticipated to reopen by year-end, and The Countdown Hotel is also being redeveloped and rebranded as Libertine, a funky rebel-branded hotel with ultra-cool guestrooms.

As part of the Group's unrelenting efforts to create globally-leading hospitality and entertainment in Macau in order to attract new and quality tourism to the city, City of Dreams' signature spectacle, The House of Dancing Water, has been temporarily suspended from 18 June 2020 to be re-imagined by its legendary creative director, Franco Dragone. The re-imagined new show will return in 2021 to present an unprecedented and further enhanced entertainment experience.

Studio City

The Hollywood-inspired and cinematically-themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, the property operated, on average, 273 gaming tables and 570 gaming machines in the first half of 2020.

Construction on the expansion of Phase 2 at Studio City aimed at significantly differentiating the integrated resort from all other Macau resorts is in progress. Upon completion, Phase 2 will offer approximately 900 additional luxury hotel rooms and suites, one of the world's largest indoor/outdoor water parks, a cineplex, fine-dining restaurants, and state-of-the-art MICE spaces.

Altira Macau

Altira Macau is an integrated resort designed to cater to Asian rolling chip customers sourced primarily through gaming promoters. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. Through delivering impeccable services customized to each guest, both Altira Macau and Altira Spa have attained the highest Forbes Travel Guide ("FTG") Five-Star recognition for 11 consecutive years since 2010. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, Altira Macau operated, on average, 94 gaming tables and 114 gaming machines, and operated as a Mocha Club at Altira Macau, in the first half of 2020.

Mocha Clubs

Mocha Clubs comprises the largest non-casino based operations of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has brought a series of innovative and top quality electronic gaming machines from around the world to offer a contemporary entertainment mix to broader visitors. Excluding gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, Mocha Clubs operated eight clubs with a total of 915 gaming machines (including 114 gaming machines at Altira Macau) in the first half of 2020.

City of Dreams Manila

Beyond Macau, City of Dreams Manila, strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asia market and continues to set the benchmark for the Group's robust capacity to execute on its international vision. This dynamic property boasts the ultimate entertainment, hotel, retail, dining, and lifestyle experiences with aggregated gaming space, including VIP and mass-market gaming facilities. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to the COVID-19 pandemic, the property operated, on average, 299 gaming tables and 2,289 gaming machines in the first half of 2020.

City of Dreams Mediterranean and Cyprus Casinos

ICR Cyprus, a joint venture company in which Melco Resorts has a 75% equity interest, is developing the City of Dreams Mediterranean integrated casino resort project in Cyprus. ICR Cyprus holds a 30-year casino-gaming license commencing from June 2017, of which the first 15 years are exclusive.

Construction work at City of Dreams Mediterranean, the first integrated resort in Cyprus, suspended temporarily from March 2020 due to the COVID-19 outbreak, but resumed during May 2020. Upon completion, it is expected to become Europe's largest premier integrated resort and help enhance Cyprus' efforts to become a must-visit global tourism destination. It is expected to attract 300,000 tourists annually in its first year of operation. Its 7,500-square-metre gaming area comprises over 100 tables and over 1,000 state-of-the-art slot machines, and it offers approximately 500 luxury hotel rooms, five world-class international restaurants and cafeterias, large recreation and wellness facilities, high-end brand name luxury retail outlets, a 1,500-seat outdoor amphitheater, and approximately 1,000 square metres of MICE facilities along with an Expo Centre.

In advance of the opening of City of Dreams Mediterranean, the temporary casino C2 Limassol opened its doors in June 2018. Spanning 4,600 square metres overall, the gaming area at C2 Limassol is a spacious 1,300 square metres and features 33 tables and up to 289 slot machines. The four C2 satellite casinos are located at Nicosia, Larnaca, Ayia Napa and Paphos, while the C2 satellite casino in Larnaca, previously located within the premises of the Larnaca International Airport, is currently closed for relocation.

OUTLOOK

The COVID-19 pandemic has severely impacted the global tourism industry and our business operations in the first half of 2020 and beyond. Travel restrictions and the quarantine requirements in Macau and elsewhere around the world have led to a dramatic reduction in the number of visitors to all of the Group's integrated resorts.

Statistics from Macau's Gaming Inspection and Coordination Bureau indicate that gross gaming revenues in Macau declined by more than 95% in the period from April to June 2020 as compared with the same period in 2019. We expect that, as long as policies including significant travel bans or restrictions, visa restrictions and quarantine, and social distancing requirements remain in place, the gross gaming revenues in Macau will continue to be adversely affected.

While we are currently unable to determine when these measures will be lifted from additional regions, we are excited to see the nationwide resumption of the issuance of the IVS visas which is expected to commence in the upcoming month and are hopeful this will signal the eventual resumption of the pre-COVID travel between Macau and China. Nevertheless, lifted measures may be reintroduced if there are adverse developments in the COVID-19 situation in Macau and other regions with access to Macau.

As the disruptions from the COVID-19 outbreak are ongoing, any recovery of the industry from such widespread disruption will depend on future developments across a number of fronts, such as the duration of travel and visa restrictions and customer sentiment, including the length of time before customers will resume travelling and participating in entertainment and leisure activities at high-density venues, all of which are highly uncertain at this stage.

In addition, meanwhile the macroeconomy remains uncertain as the Sino-US trade war may continue as tensions in the overall relations between the two countries have intensified, which is likely to exert further pressure on the Macau VIP market.

Nonetheless, we remain bullish on the long-term growth prospects of the Group. Specifically within Asia, we expect that Macau will continue its strategic development as a world-leading tourism and entertainment destination as it further integrates into the Greater Bay Area. This process is spurred by new infrastructure such as the Hong Kong-Zhuhai-Macau Bridge which facilitates a steady increase in inbound tourism, and reinforced by the expanding Chinese middle class which will benefit Macau's mass gaming market.

We remain committed to our global development program. We are confident that the Studio City Phase 2 project in Macau and the City of Dreams Mediterranean project in Cyprus will set other new standards in their respective regions with best-in-class leisure and entertainment offerings significantly differentiating themselves from all other local resorts.

Japan remains a focus for the Group. We are committed to bring to the country the best integrated resort the world has ever seen. We believe our focus on the Asian premium segment, a portfolio of high-quality assets, devotion to craftsmanship, dedication to world-class entertainment offerings, market-leading social safeguard systems, established track record of successful partnerships, culture of exceptional guest service, and commitments to employee development put Melco in a strong position to help Japan realize the vision of developing a world-leading integrated resort with a unique, Japanese touch.

Meanwhile, the Group's top priority remains ensuring the health, safety and well-being of colleagues, customers and the communities where we operate. Our commitment to employee development and community support is evident in our market-leading training programs and recent donations to the Red Cross Society of China Hubei Branch, the Macao Federation of Trade Unions, the Women's General Association of Macau, the Cyprus Ministry of Health and to the families and healthcare professionals affected in the Philippines.

Looking ahead, with the Group's portfolio of world-class integrated resorts and the unwavering support from the board of directors, shareholders, employees and partners, we are confident to bolster our pioneering and innovative role in providing premium travel, leisure and entertainment.

ACHIEVEMENTS AND AWARDS

At Melco International, we strive to meet the highest standards with regard to corporate governance and corporate social responsibility, as both are integral to our commitment to strengthening the Group's position as a leading global leisure and entertainment integrated resort operator. Our efforts have continued to be widely acknowledged from different circles in the first half of 2020.

Corporate Governance

In recognition of our good corporate governance practices, our management team has received prestigious leadership awards from the business and investment communities. In 2020, our Group Chairman and Chief Executive Officer, Mr. Lawrence Ho, was awarded "Asia's Best CEO" at the Asian Excellence Awards by *Corporate Governance Asia* for the ninth time. The Group was also awarded "Best Investor Relations by a Hong Kong Company", which represents the ninth time that such accolade has been bestowed on the Group. These awards further substantiate our determination to adopt the best corporate governance practices throughout our business operations, as well as the Group's unwavering commitment to ensuring accountability, fairness and transparency in its relationships with all stakeholders.

As the Group places colleagues at the centre of its corporate strategy, strong emphasis is put on their career and personal growth. Melco Resorts received the Bronze Award in the "Best In-house Recruitment Team" category at Human Resources Asia Recruitment Awards 2020, in acknowledgement of its market insights, top-notch services and achievements by its recruitment team.

Corporate Social Responsibility

The Group has remained steadfast in its commitment to being a responsible partner to its employees and local communities. Last year, we launched 'Above & Beyond', a new strategy for further elevating the Group's commitment to being a force for good across all of its resorts globally. One year on, amidst current economic uncertainties, we remain firmly driven by our focus on sustainability goals, including becoming carbon neutral and zero waste by 2030. Such goals have become an integral part of our business strategy as well as part of daily operations for our entire workforce.

In July 2020, Melco Resorts has become a signatory to the Global Tourism Plastics Initiative led by the UN Environment Programme and the World Tourism Organisation in collaboration with the Ellen MacArthur Foundation. It is part of the first group of signatories to the initiative, taking a further step forward as a global leader to address the root causes of problematic plastic waste and pollution.

Our efforts and strong commitment to sustainability and positive social impact have earned accolades from the industry. Melco Resorts was named the '2019 Best First Time Performer' by CDP, the global non-profit environmental organization. We received an A-score earlier this year from CDP, attaining one of the highest ratings among disclosing companies in the Greater China region. These acknowledgements are a credit to our efforts in environmental protection, as well as our dedication and commitment to mitigating climate risks.

In acknowledgement of the high priority that the Group places on the sustainability of its operations, the title "Best Environmental Responsibility" has been bestowed on Melco Resorts at the Asian Excellence Awards since 2013, or for eight consecutive years. Furthermore, Melco Resorts has also garnered "Asia's Best CSR" in 2020, further proof of our efforts towards corporate social responsibility.

Mindful of serious public health concerns associated with COVID-19, the Group mobilized its workforce en masse in Macau to support the local community, encouraging all colleagues to care for the community through 'Simple Acts of Kindness'. Thousands of colleagues took part in a multitude of volunteer events during work hours to support our community partners, SMEs and groups such as the elderly, single families, long-term patients, children and more. Since February 2020, our volunteers have made calls to over 1,200 Macau SMEs to communicate and identify where help is needed, and aided Macau SMEs and related associations with various cleaning, disinfecting and sanitizing projects for offices, warehouses, storefronts and factories. Since May 2020, up to 17 volunteer activities have taken place daily, with up to 150 volunteers being deployed each day. In the first two months, approximately 500 'Simple Acts of Kindness' activities have taken place with the participation of nearly 6,000 volunteers, serving over 100 of the Macau community's NGOs and SMEs.

In partnership with Macao Federation of Trade Unions and Fu Hong Society of Macau, we opened the 'Melco & Colleagues Giving Stores' to support the disadvantaged and the most needy in the local community. The Stores enable beneficiaries access to a broad range of donated goods from the Group and its colleagues which are in new or almost new condition, representing their collective efforts to contribute to the community. To date, about 60,000 individual items have been donated to the community.

Business Operations

The Group constantly strives to curate the most unique journeys in hospitality by integrating breakthrough ideas and innovative offerings to transform the guest experience. Such dedication and commitment has enabled Melco Resorts to win the "Integrated Resort of the Year" award at International Gaming Awards 2020. Furthermore, Morpheus at City of Dreams was named "Best New Hotel in Macao" by TTG China Travel Awards.

In the 2020 FTG, the Group was awarded a record-breaking 107 stars, with Morpheus receiving the distinguished honor of becoming the world's first establishment to attain FTG Five-Star recognition across its entire hotel, spa and dining facilities, after the first year of its grand opening. The Morpheus Spa also won the Forbes Spa of the Year Award, attaining the highest score among the world's most outstanding spa establishments. City of Dreams was acknowledged by FTG as the only resort in the world with nine individual FTG Five-Star awards, while Altira Macau and Altira Spa have both been honoured with FTG Five-Star recognition for the 11th consecutive year, spanning from 2010 to 2020.

The Group is home to a collection of impeccable award-winning restaurants, recommended and honoured in Michelin Guide Hong Kong Macau 2020. City of Dreams' three-starred Jade Dragon showcases exquisite Chinese culinary masterpieces, and two-starred Alain Ducasse at Morpheus redefines French fine-dining with a contemporary vision. One Michelin-starred, and showcasing signature Cantonese cuisines are Pearl Dragon at Studio City and Ying at Altira Macau. Michelin's recommended restaurants include a journey through Northern and Southern China via Bi Ying; French contemporary bistro Voyages by Alain Ducasse; progressive Chinese restaurant Yí; and tempura specialist Tenmasa.

All of these accolades serve as acknowledgement by the industry and community of our steadfast commitment to excellence in all aspects of our business; spanning corporate governance and operational performance to our relentless pursuit of customer-centric experiences. It remains our top priority to uphold the highest level of excellence across all facets of the Group and to maintain a market leading position well into the future.

FINANCIAL REVIEW

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE

HK$' million	**2020 (Unaudited)**	2019 (Unaudited)	YoY%
Net revenues	**7,682.5**	22,352.3	–65.6%
Adjusted EBITDA	**(886.2)**	6,399.3	N/A
(Loss)/profit attributable to owners of the Company	**(3,665.2)**	462.1	N/A
Basic (loss)/earnings per share attributable to owners of the Company (HK$)	**(2.43)**	0.31	N/A

FINANCIAL POSITION

HK$' million	**30 June 2020 (Unaudited)**	31 December 2019 (Audited)	YoY%
Total assets	**91,636.2**	100,361.6	–8.7%
Total liabilities	**57,614.1**	58,693.9	–1.8%
Equity attributable to owners of the Company	**13,184.4**	16,950.3	–22.2%
Net assets value per share attributable to owners of the Company (HK$)	**8.7**	11.2	–22.2%
Gearing ratio (%)	**47.7%**	41.2%	N/A

Net Revenues

Net revenues of the Group decreased by 65.6% from HK$22.35 billion for the six months ended 30 June 2019 to HK$7.68 billion for the six months ended 30 June 2020. The decrease in net revenues was primarily attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic, which resulted in temporary casino closures and a significant decline in inbound tourism during the six months ended 30 June 2020.

HK$' million	**Six months ended 30 June** **2020** **(Unaudited)**	2019 (Unaudited)	YoY%
Casino revenue	**6,680.0**	19,490.2	–65.7%
Entertainment and resort facilities:			
Rooms	**404.3**	1,336.6	–69.8%
Catering service income	**272.1**	926.0	–70.6%
Entertainment, retail and other	**323.4**	596.4	–45.8%
Property rental income	**2.5**	2.3	9.2%
Electronic gaming machines participation	**–**	0.6	–100.0%
Others	**0.2**	0.2	–10.6%
	7,682.5	22,352.3	–65.6%

Adjusted EBITDA [1]

The Company generated negative Adjusted EBITDA of HK$0.89 billion for the six months ended 30 June 2020, compared to Adjusted EBITDA of HK$6.40 billion for the six months ended 30 June 2019. The decrease in Adjusted EBITDA was mainly attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic.

(Loss)/Profit Attributable to Owners of the Company

Loss attributable to owners of the Company was HK$3,665.2 million for the six months ended 30 June 2020, compared to profit attributable to owners of the Company of HK$462.1 million for the six months ended 30 June 2019. The decrease was mainly attributable to softer performance in our casino and hospitality operations as a result of the COVID-19 pandemic.

(1) Adjusted EBITDA is the profit/loss for the period before interest, income tax, depreciation and amortization, share-based compensation expenses, pre-opening costs, development costs, property charges and other, payments to the Philippine Parties, corporate expenses 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)/Earnings Per Share Attributable to Owners of the Company

Basic loss per share attributable to owners of the Company was HK$2.43 per share for the six months ended 30 June 2020, compared to basic earnings per share attributable to owners of the Company of HK$0.31 per share for the six months ended 30 June 2019.

Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2020, contributed a majority of the financial results for the Group.

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

In connection with Melco Resorts' acquisition of a 75% interest in ICR Cyprus from its parent company, Melco International, on July 31, 2019, all periods presented in the unaudited financial results of Melco Resorts have been restated to include the assets and liabilities and financial results of the ICR Cyprus group in accordance with applicable accounting standards.

According to the unaudited financial results of Melco Resorts prepared in accordance with U.S. generally accepted accounting principles, it recorded total operating revenues of US$0.99 billion for the six months ended 30 June 2020, versus US$2.85 billion for the six months ended 30 June 2019. The decrease in total operating revenues was primarily attributable to softer performance in all gaming segments and non-gaming operations as a result of the impact of the COVID-19 pandemic, which resulted in temporary casino closures and a significant decline in inbound tourism during the six months ended 30 June 2020.

Operating loss for the six months ended 30 June 2020 was US$520.7 million, compared with an operating income of US$399.0 million for the same period in 2019.

Melco Resorts generated negative Adjusted Property EBITDA[(2)] of US$80.9 million for the six months ended 30 June 2020, compared to Adjusted Property EBITDA of US$861.5 million for the same period in 2019.

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

Net loss attributable to the financial performance of Melco Resorts for the six months ended 30 June 2020 was US$732.2 million, compared with a net income attributable to the financial performance of Melco Resorts of US$221.8 million for the same period in 2019.

City of Dreams

For the six months ended 30 June 2020, total operating revenues at City of Dreams were US$573.0 million versus US$1,504.2 million for the same period in 2019. City of Dreams generated negative Adjusted Property EBITDA of US$9.4 million for the six months ended 30 June 2020, compared to Adjusted Property EBITDA of US$479.3 million for the same period in 2019.

Gaming Performance

	Six months ended 30 June		
US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**10,686.5**	25,145.7	–57.5%
Win rate	**4.49%**	3.26%	N/A
Mass Market			
Table drop	**611.7**	2,690.0	–77.3%
Hold percentage	**33.6%**	31.5%	N/A
Gaming Machine			
Handle	**592.1**	2,018.3	–70.7%
Win rate	**3.6%**	3.9%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2020 was US$59.9 million, compared with US$194.6 million in the same period in 2019.

Altira Macau

For the six months ended 30 June 2020, total operating revenues at Altira Macau were US$69.9 million compared to US$237.3 million in the same period in 2019. Altira Macau generated negative Adjusted Property EBITDA of US$28.5 million for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US$23.8 million in the same period in 2019.

Gaming Performance

	Six months ended 30 June		
US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**1,748.5**	9,318.7	–81.2%
Win rate	**4.84%**	3.41%	N/A
Mass Market			
Table drop	**78.9**	289.2	–72.7%
Hold percentage	**26.9%**	22.5%	N/A
Gaming Machine			
Handle	**82.5**	144.2	–42.8%
Win rate	**3.1%**	4.7%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2020 was US$4.4 million, compared with US$13.2 million in the same period in 2019.

Mocha Clubs

Total operating revenues from Mocha Clubs were US$41.2 million for the six months ended 30 June 2020 compared to US$60.0 million in the same period in 2019. Mocha Clubs generated US$4.5 million of Adjusted Property EBITDA for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US$11.3 million in the same period in 2019.

Gaming Performance

	Six months ended 30 June		
US$'million	**2020**	2019	YoY%
Gaming Machine			
Handle	**882.0**	1,273.7	–30.8%
Win rate	**4.7%**	4.7%	N/A

Studio City

For the six months ended 30 June 2020, total operating revenues at Studio City were US$147.5 million compared to US$659.3 million in the same period in 2019. Studio City generated negative Adjusted Property EBITDA of US$51.8 million for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US$191.2 million in the same period in 2019.

Gaming Performance

	Six months ended 30 June		
US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**1,608.5**	5,758.8	–72.1%
Win rate	**2.85%**	3.03%	N/A
Mass Market			
Table drop	**372.9**	1,728.4	–78.4%
Hold percentage	**25.7%**	28.8%	N/A
Gaming Machine			
Handle	**378.8**	1,191.6	–68.2%
Win rate	**3.1%**	3.2%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City for the six months ended 30 June 2020 was US$28.7 million, compared with US$87.7 million in the same period in 2019.

City of Dreams Manila

For the six months ended 30 June 2020, total operating revenues at City of Dreams Manila were US$117.6 million compared to US$318.5 million in the same period in 2019. City of Dreams Manila generated Adjusted Property EBITDA of US$7.0 million for the six months ended 30 June 2020 compared with US$143.4 million in the same period in 2019.

Gaming Performance

	Six months ended 30 June		
US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**1,304.0**	4,188.5	–68.9%
Win rate	**3.68%**	4.10%	N/A
Mass Market			
Table drop	**164.3**	377.0	–56.4%
Hold percentage	**33.1%**	30.5%	N/A
Gaming Machine			
Handle	**889.7**	1,852.6	–52.0%
Win rate	**4.2%**	5.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2020 was US$27.0 million, compared with US$60.4 million in the same period in 2019.

Cyprus Operations

Melco Resorts is currently operating a temporary casino, the first casino in the Republic of Cyprus, and is licensed to operate four satellite casinos. Upon the opening of City of Dreams Mediterranean, Melco Resorts will also continue to operate the satellite casinos while operation of the temporary casino will cease.

For the six months ended 30 June 2020, total operating revenues at Cyprus Operations were US$22.2 million compared to US$43.4 million in the same period in 2019. Cyprus Operations generated negative Adjusted Property EBITDA of US$2.8 million for the six months ended 30 June 2020 compared with Adjusted Property EBITDA of US$12.6 million in the same period in 2019.

Gaming Performance

	Six months ended 30 June		
US$'million	**2020**	2019	YoY%
VIP Gaming			
Rolling chip volume	**–**	0.2	–100.0%
Win rate	**–**	–23.12%	N/A
Mass Market			
Table drop	**29.0**	73.5	–60.6%
Hold percentage	**20.1%**	20.8%	N/A
Gaming Machine			
Handle	**327.4**	515.2	–36.5%
Win rate	**5.0%**	5.5%	N/A

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Resources

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

The Group continues to manage its financial position carefully and maintains conservative policies in cash management. As at 30 June 2020, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK$9,256.3 million (31 December 2019: HK$11,213.1 million) and investments in mutual funds that mainly invest in bonds and fixed interest securities amounted to HK$189.9 million (31 December 2019: HK$384.5 million).

As at 30 June 2020, the Group had available borrowing capacity of HK$12.90 billion (31 December 2019: HK$10.5 billion), subject to satisfaction of certain conditions precedent.

On 7 July 2020, the Group announced a series of private share offers of its non-wholly owned subsidiary, SCIHL, to be offered to certain existing institutional holders of SCIHL's Class A ordinary shares and ADSs (the "Private Placements"). The Private Placements were completed in August 2020 with gross proceeds of approximately US$500.0 million (equivalent to approximately HK$3.88 billion), out of which approximately US$219.2 million (equivalent to approximately HK$1.70 billion) is from the shareholders outside the Group.

Major changes in our indebtedness during the six months ended and subsequent to 30 June 2020 are summarized below.

In March 2020, the Group partially drew down HK$1.95 billion from a revolving credit facility.

On 29 April 2020, the Group entered into a senior facility agreement with a syndicate of banks, under which lenders have made available HK$14.85 billion in revolving credit facility for a term of five years ("2020 Credit Facilities").

On 6 May 2020, the Group drew down HK$2.73 billion of the revolving credit facility under the 2020 Credit Facilities and, on 7 May 2020, used such proceeds to repay all outstanding loan amounts of HK$1.96 billion under an existing senior secured credit facilities agreement, together with accrued interest and associated costs, other than HK$1.0 million which remained outstanding under the term loan facility.

On 15 July 2020, the Group issued US$500.0 million (equivalent to approximately HK$3.88 billion) in aggregate principal amount of 6.00% senior notes due 2025 and US$500.0 million (equivalent to approximately HK$3.88 billion) in aggregate principal amount of 6.50% senior notes due 2028. On 14 August 2020, the Group used a portion of the net proceeds to redeem in full the US$850.0 million 7.25% senior notes due 2021, together with accrued interest and redemption premium.

On 21 July 2020, the Group issued US$500.0 million (equivalent to approximately HK$3.88 billion) in aggregate principal amount of 5.75% senior notes due 2028 (the "Original Notes"). On 29 July 2020, the Group used a portion of the net proceeds to repay the outstanding revolving credit facility under the 2020 Credit Facilities in aggregate principal amount of HK$2.73 billion, together with accrued interest and associated costs.

On 11 August 2020, the Group issued US$350.0 million (equivalent to approximately HK$2.71 billion) in aggregate principal amount of 5.75% senior notes due 2028 in addition to the Original Notes (the "Additional Notes"). The Additional Notes were consolidated and formed a single series with the Original Notes and the net proceeds will be used for general corporate purposes.

The availability period of an unsecured credit facility amounted to Philippine Peso2.35 billion (equivalent to approximately HK$365.4 million) was extended from 31 May 2020 to 30 July 2020 during the six months ended 30 June 2020. The availability of the unsecured credit facility was further extended to 31 January 2021 in July 2020.

For further details of our indebtedness, please refer to note 34 to the consolidated financial statements included in the Company's 2019 Annual Report 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 47.7% as at 30 June 2020 (31 December 2019: 41.2%).

Pledges of assets

As at 30 June 2020, borrowings amounting to HK$13,258.4 million (31 December 2019: HK$13,446.9 million) were secured by the following assets of the Group:

(i) certain property, plant and equipment;

(ii) investment properties;

(iii) certain land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);

(iv) certain bank deposits;

(v) receivables and other assets including certain inter-group loans; and

(vi) issued shares of certain subsidiaries of the Group.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2020.

FINANCIAL RISK

Foreign exchange risk

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

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

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 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 future should it be deemed appropriate.

HUMAN RESOURCES

Headcount and Employees' Information

The total number of the Group's employees was 21,931 as of 30 June 2020 (31 December 2019: 23,261). Among these employees, 244 are located in Hong Kong and the remaining 21,687 are located in the Philippines, Japan, Cyprus, Macau, Taiwan and the PRC. The related staff costs for the six months ended 30 June 2020, including directors' emoluments and share-based compensation expenses amounted to HK$3,420.4 million (six months ended 30 June 2019: HK$3,777.7 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 employee 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, in turn contribute to 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 2020 (six months ended 30 June 2019: HK6.11 cents per share).

CORPORATE GOVERNANCE

The Company has in place its code on corporate governance (the "Company Code"), which sets out the corporate standards and practices used by the Company in directing and managing its business affairs, and is revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the 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 deviations mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six months ended 30 June 2020:

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

(2) Following the passing away of the late Mr. Chow Kwong Fai, Edward on 1 June 2020, (i) the number of independent non-executive directors (the "INED(s)") fell below the minimum number of three and the number of INEDs could not represent at least one-third of the Board, as respectively required under Rules 3.10(1) and 3.10A of the Listing Rules; (ii) the chairmanship of the remuneration committee of the Company (the "Remuneration Committee") was vacant and the number of INEDs on the Remuneration Committee did not meet the majority requirement under Rule 3.25 of the Listing Rules, and (iii) the number of members on the audit committee of the Company (the "Audit Committee") fell below the minimum number of three and the number of INEDs did not meet the majority requirement under Rule 3.21 of the Listing Rules. On 1 July 2020, Mr. Tsui Che Yin, Frank was re-designated from a Non-executive Director to an INED and was appointed as the Chairman of the Remuneration Committee and Mr. Ng Ching Wo, a Non-executive Director, was appointed as a member of the Audit Committee. Following the aforesaid changes, the Company has complied with the requirements under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules.

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

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

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 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 2020.

AUDIT COMMITTEE

The Audit Committee is currently composed of a Non-executive Director and two INEDs. The primary duties of the Audit Committee are (i) to review the annual reports, interim reports and financial statements of the Group and to provide advice and comments thereon to the Board; (ii) to review and supervise the Group's financial reporting process; and (iii) to oversee the Group's risk management and internal control systems. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2020.

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

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except the trustee of the Company's share purchase scheme (the "Share Purchase Scheme") purchased on the Hong Kong Stock Exchange a total of 2,495,000 shares of the Company at a total consideration of approximately HK$30,767,000 to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Purchase Scheme.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2020 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 2020.

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 2020 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 INEDs, 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, 28 August 2020