



MELCO

INTERIM REPORT 中期報告 2021

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

Incorporated in Hong Kong with limited liability • A Hong Kong listed company (Stock Code : 200)
於香港註冊成立之有限公司·香港上市公司(股票代號:200)

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MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

The continued impact of the lingering COVID-19 pandemic has hampered the recovery of the global tourism industry in the first half of 2021. Sporadic outbreaks across Asia resulted in continued travel bans and restrictive measures being implemented by governments in Macau, Hong Kong, and various provinces of China on those traveling to and from Macau, and our operations were inevitably affected as a result.

Nonetheless, thanks to the efficient handling of the COVID-19 situation by the Macau and Chinese governments, Macau has enjoyed a steady recovery in its overall economy as travel restrictions loosen and visitors gradually return. This also has led to a gradual recovery in business levels at our integrated resorts during the second quarter of 2021. With the most notable recovery currently being driven by mass and premium mass-market players, we will continue to focus on the development of these market segments going forward.

Facing stringent anti-epidemic measures imposed by the Philippine government, City of Dreams Manila was closed from 29 March to 30 April 2021. Having re-opened at 50% capacity on 1 May 2021, we have since seen a robust recovery in demand, particularly among mass-market customers. In light of this, we have shifted part of our gaming space from VIP to premium mass. Owing to a recent resurgence in COVID-19 cases, City of Dreams Manila was temporarily closed again from 6 August 2021 due to the quarantine measures implemented by the Philippine government in Metro Manila, and will remain closed while such quarantine measures remain in place and until further notice from the government.



The newly renovated Nüwa at City of Dreams re-opened at the end of March 2021, offering the ultimate in luxury and innovation for those seeking refinement and meticulous attention-to-detail.



MANAGEMENT DISCUSSION AND ANALYSIS

Our casinos in Cyprus were closed from 1 January to 16 May 2021 in compliance with a government-mandated lockdown. Operations resumed with reduced capacity on 17 May 2021. On 10 June 2021, restrictions on gaming positions were lifted but limits on patron capacity remain in effect. Our business in Cyprus returned to profitability in June 2021 and virtually achieved EBITDA break-even for the quarter.

Melco International Development Limited (“Melco International” or the “Company”) and its subsidiaries (collectively, the “Group”) have also continued to take advantage of the opportunities arising from the rapid development of China, particularly those in the Greater Bay Area. During the period, we successfully tendered for a mixed-use site in Zhongshan, Guangdong province, to be used as the location for a premium residential, entertainment and hospitality mixed-use complex which will be built in partnership with Agile Group. Covering a total gross floor area of more than 750,000 square metres, the new development will feature residential complexes, commercial space, hotels, wellness centers, shopping malls and a theme park. The theme park and potentially other components of the overall development are expected to use the intellectual properties of Melco Resorts & Entertainment Limited (“Melco Resorts”). This new project is in harmony with the central government’s plans to develop the area’s non-gaming assets and will provide a fantastic opportunity to increase the Group’s brand presence in Guangdong.

The Group’s balance sheet and liquidity profile improved during the period, thanks primarily to recent debt financing activity and a better operating environment. In June and July 2021, Melco Resorts Finance Limited and Studio City Finance Limited successfully listed a total of US\$2.25 billion of senior notes on the Chongwa (Macao) Financial Asset Exchange Co., Limited (“MOX”), with the hope that this will aid the development and diversification of Macau’s economy and bond market.

MANAGEMENT DISCUSSION AND ANALYSIS

We continue to prioritize epidemic prevention measures to keep our colleagues and customers safe. Through the efforts of the government, we are fortunate that vaccines are readily available. With colleague immunity established as a key objective of the Group to ensure a safe environment for colleagues, guests and the community, we fully support the government's efforts towards community-wide vaccination. We have earmarked close to MOP16 million towards a special "Get the Jab" immunity incentive program to encourage our colleagues to become fully vaccinated. As of 31 August 2021, over 70% of our colleagues in Macau and Hong Kong have been vaccinated.

BUSINESS REVIEW

Integrated Gaming and Entertainment Resorts

Melco International operates its gaming business primarily through its subsidiary, Melco Resorts, a developer, owner and operator of integrated resort facilities in Asia and Europe. As at 30 June 2021, 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 operator of electronic gaming machines in Macau. Furthermore, it has a majority ownership of and operates Studio City, a cinematically themed integrated resort located in Cotai, Macau.

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

The Group's net revenues for the six-month period ended 30 June 2021 was HK\$8.43 billion, an increase of 9.7% compared with the HK\$7.68 billion recorded in the corresponding period of 2020. The increase was largely due to an improvement in performance across the mass market table games segment and non-gaming operations owing to an increase in inbound tourism in Macau compared with the previous year. The loss after tax for the period was HK\$3.75 billion, compared with a loss after tax of HK\$7.06 billion in the same period of 2020.

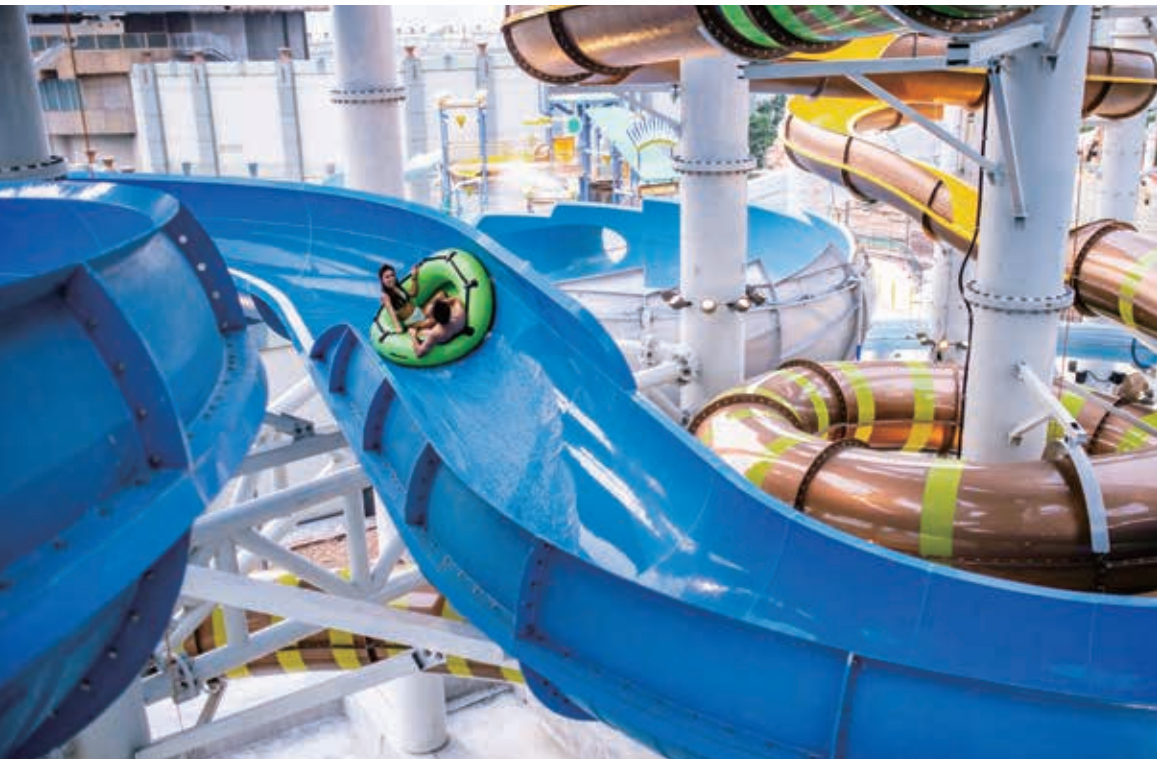
City of Dreams

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property that targets high-end customers and rolling chip players from regional markets across Asia. In the first half of 2021, the property operated an average of 510 gaming tables and 500 gaming machines.

The facility upgrade work at City of Dreams is ongoing. With the newly renovated Nüwa re-opened on 31 March 2021, we are also adding new suites to Morpheus. The Countdown hotel was closed at the end of March 2021 for transformation into a luxury hotel.

Studio City

The Hollywood-inspired and cinematically themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. In the first half of 2021, the property operated an average of 291 gaming tables and 606 gaming machines.



The newest entertainment attraction – Studio City Water Park – officially opened in May 2021, welcoming guests to one of the most exciting water adventures in the region.

MANAGEMENT DISCUSSION AND ANALYSIS

As part of our unwavering commitment to bringing world-class entertainment to the city, the much-anticipated Studio City Water Park officially opened in May 2021 and received an enthusiastic market response. We have also announced the launch of our first series of residency shows which will be hosted at Studio City. With an impressive line-up of A-list talents, artists including Aaron Kwok, Joey Yung and Leon Lai will be exclusively performing a collection of 90 shows at Studio City created especially for the programmes from 2021 to 2024.

Construction of Studio City Phase 2, meanwhile, is ongoing. Once completed, the expansion will set Studio City apart from all other Macau resorts, with two new luxury hotels providing an additional 900 rooms and suites, thereby increasing Studio City's hotel room inventory by approximately 60%. The project also involves the construction of additional gaming areas and other amenities including a luxury restaurant, a Cineplex, cutting-edge MICE space and one of the world's largest indoor/outdoor water parks.



Studio City 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 space.

Altira Macau

Altira Macau is an integrated resort designed to cater for 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. By delivering impeccable services customized for each guest, both Altira Macau and Altira Spa attained a Five-Star ranking from Forbes Travel Guide (“FTG”) for the 12th consecutive year in 2021. In the first half of 2021, Altira Macau operated an average of 102 gaming tables, and 114 gaming machines (operated as a Mocha Club at Altira Macau).

Altira Macau will embark on a new strategic approach introduced from the third quarter of this year, which centers on the alignment of the property with the Group’s wider focus on the high-margin premium mass segment. The repositioning process is expected to take around 12 months to complete and will see Altira Macau emerge as a more robust and profitable business as a result.

Mocha Clubs

Mocha Clubs comprises the largest non-casino based operator of electronic gaming machines in Macau. As a pioneer in Macau’s electronic gaming industry, Mocha Clubs has invested in a series of innovative and top-quality electronic gaming machines from around the world to offer a contemporary entertainment mix to a broader range of visitors. In the first half of 2021, Mocha Clubs operated eight clubs with an average total of 876 gaming machines (including 114 gaming machines at Altira Macau).



Starting in the third quarter of 2021, Altira Macau will be strategically repositioned to cater to the premium mass segment.

City of Dreams Manila

Beyond Macau, City of Dreams Manila, which is strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Southeast Asian market and continues to set the benchmark for the Group's robust capacity to execute its international vision. This dynamic property boasts the ultimate in entertainment, hotel, retail, dining, and lifestyle experiences and features an extensive gaming space, including VIP and mass-market gaming facilities. Excluding gaming tables and gaming machines that were not operational due to government-mandated closures or social distancing measures amid the COVID-19 pandemic, the property operated an average of 296 gaming tables and 2,197 gaming machines in the first half of 2021.

City of Dreams Mediterranean and Cyprus Casinos ("C2")

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

Construction on the project is ongoing and is expected to open in the summer of 2022. Once completed, City of Dreams Mediterranean will be the largest integrated resort in Europe, boasting more than 500 luxury hotel rooms, around 10,000 square metres of cutting-edge MICE space, a family adventure park, an outdoor amphitheatre, and a variety of fine dining and luxury retail outlets.

Ahead of the opening of City of Dreams Mediterranean, the temporary casino C2 Limassol opened its doors in June 2018. The four C2 satellite casinos are located at Nicosia, Larnaca, Ayia Napa and Paphos, while the C2 satellite casino in Larnaca, previously located within the



The construction of City of Dreams Mediterranean is progressing well with a targeted opening in the summer of 2022. The integrated resort is set to become Europe's largest integrated resort upon completion.

premises of the Larnaca International Airport, is currently closed for relocation. Excluding gaming tables and gaming machines that were not operational due to government mandated closures or social distancing measures amid the COVID-19 pandemic, C2 operated an average of 32 gaming tables and 405 gaming machines in the first half of 2021.

OUTLOOK

Following the effective anti-epidemic measures implemented by the Macau and Chinese governments, visitors have been able to gradually return to Macau and the city's gross gaming revenue ("GGR") has experienced a strong rebound from last year. Visitor arrivals reached 3.93 million in the first half of 2021, a year-over-year increase of 20.2%. An aggregate GGR of MOP49.02 billion was recorded for the first half of 2021, representing a rise of 45.4% from the MOP33.72 billion recorded in the same period of 2020.

However, while the initial signs upon re-opening have given cause for optimism, the impact of COVID-19 is still ongoing. Recently, outbreaks in certain provinces in China have resulted in further tightening of travel bans. Thus, the long-term recovery of the industry and the end of the continued disruption to business operations are dependent on a number of factors related to the pandemic, including the wide acceptance of safe and effective vaccines, the development of safe and effective treatments for the virus, the duration of travel restrictions and consumer sentiment, particularly in the face of continued sporadic outbreaks and a potential rise in unemployment levels.

In spite of the challenges posed by the continued effects of the COVID-19 pandemic, we remain optimistic about the Group's growth and development going forward in Macau and abroad.

Macau remains the most attractive integrated resort market in the world. Construction of the Studio City Phase 2 development and the facility upgrade work at City of Dreams are ongoing. We will also move forward with the strategic repositioning of Altira Macau to cater to the premium mass segment in the coming months.

In the Greater Bay Area, the Zhongshan development project highlights our commitment to being an active participant in the prosperous development of China, in particular the Greater Bay Area, and we are pleased to take an important step towards the long-term planning and development in Zhongshan through this project. With a wealth of experience in creating and developing world-class entertainment amenities, we will leverage on our own successful intellectual properties created in Macau into the development and management of the theme park, restaurants and other hospitality facilities in the complex. The majority of the project, including the theme park, is expected to be completed by 2025.

Beyond Macau, construction of the City of Dreams Mediterranean project is progressing well with a target opening in the summer of 2022. The Group remains committed to Japan and will continue to explore development opportunities in the country. We will continue to take a disciplined and pragmatic approach to the implementation of our global development plan while remaining open to promising new opportunities.

The Group is encouraged by the progress of the COVID-19 vaccine rollouts in Macau, Hong Kong and China, and, along with the increasing vaccination rates across the globe, the relaxation of current travel restrictions is becoming more likely, and the recovery of the tourism industry edges closer. In the meantime, the Group will continue to ensure the safety of its guests and employees around the world and utilize its wealth of experience to remain resilient in the face of the current challenging operating environment.

MACAU GAMING SUBCONCESSION CONTRACT

On 8 September 2006, the Macau government granted a gaming subconcession to Melco Resorts (Macau) Limited (“Melco Resorts Macau”), a subsidiary of Melco Resorts, to operate its gaming business in Macau. Melco Resorts Macau’s subconcession contract expires on 26 June 2022. Under current applicable Macau law, a concession or subconcession may be extended or renewed by order of the Macau Chief Executive, one or more times, up to a maximum of 5 years. The Macau government is in the process of considering the grant of new concessions or subconcessions or the extension or renewal of the current concessions and subconcessions. In December 2020, the Macau government announced it is overseeing the preparation of the legal framework for a new tender for the gaming contracts which, when completed, will be subject to public consultation. Due to the COVID-19 epidemic, the public consultation work has been postponed and is expected to take place in the second half of 2021. The Macau government reiterated that it continues to be in contact with the gaming industry and all procedures will be followed. If the Group is unable to secure a new concession or subconcession or an extension or renewal of Melco Resorts Macau’s subconcession, or if the Macau government were to exercise its redemption or other termination rights prior to 26 June 2022, Melco Resorts Macau would be unable to operate casino gaming in Macau and in accordance with current legislation on reversion of casino premises, all casino premises and gaming-related equipment under Melco Resorts Macau’s subconcession will automatically revert to the Macau government without any compensation, and the Group will cease to generate revenues from such operations.



As part of its strategy to invest in non-gaming assets, the Group will partner with Agile Group to develop a premium residential, entertainment and hospitality mixed-use complex in the Greater Bay Area.

Under the indentures of the Group's senior notes, holders of the senior notes can require the respective issuer to repurchase all or any part of the senior notes at par, plus any accrued and unpaid interest (the "Special Put Option") (1) upon the occurrence of any event after which none of Melco Resorts Finance Limited, a subsidiary of Melco Resorts, or any of its subsidiaries has such licenses, concessions, subconcessions or other permits or authorizations as are necessary to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as such relevant issuers and its subsidiaries were entitled, permitted or authorized to as of the issue date of the respective senior notes or, in the case of Studio City Finance Limited, a subsidiary of Melco Resorts, in which Melco Resorts Macau's subconcession or other permits or authorizations as are necessary for the operation of the casino at Studio City in substantially the same manner and scope as operations were conducted at the issue date of the respective senior notes issued by Studio City Finance Limited, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties or results of operations of the respective issuers and its subsidiaries, taken as a whole; or (2) if the termination, rescission, revocation or modification of Melco Resorts Macau's subconcession has had a material adverse effect on the financial condition, business, properties, or results of operations of the respective issuer and its subsidiaries.

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

The Group believes it is in a position to satisfy the requirements related to the grant of new concession or subconcession or the extension or renewal of Melco Resorts Macau's subconcession as they may be set out by the Macau government.

ACHIEVEMENTS AND AWARDS

Melco International consistently employs and adheres to the highest corporate governance and corporate social responsibility standards, as both elements are integral to its commitment to strengthening the Group's position and stature as a leading global leisure and entertainment integrated resorts operator. As a result, the Group's efforts have continued to be widely acknowledged through awards received in the first half of 2021.

Corporate Governance

In recognition of our good corporate governance practices, we have received prestigious leadership awards from the business and investment communities. In 2021, Melco International was awarded the “Corporate Governance Asia Annual Recognition Award – Icon on Corporate Governance” by Corporate Governance Asia magazine for the 15th consecutive time in 2021. Our Group Chairman and Chief Executive Officer, Mr. Lawrence Ho, was honoured as one of the recipients of the “Asian Corporate Director Recognition Awards” by Corporate Governance Asia magazine for the ninth consecutive time since 2012. 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.

The Group recognizes that its employees are integral to its success and, therefore, places great importance on their professional and personal development. To this end, the Group has created the “Melco Mentoring and Networking Group” with the aim of furthering the Whole Person Development of its employees. A dedicated committee has been set up for the purpose of arranging events such as workshops and networking activities, further enabling the formation of a community culture within the Group.

These efforts were acknowledged by *HR Asia* magazine, with Melco Resorts chosen as one of its “Best Companies to Work for in Asia” for the third consecutive year in 2021, highlighting the Group’s commitment to creating a positive, rewarding and compassionate workplace for its employees.



To support government efforts towards community-wide vaccination, the Group earmarked close to MOP16 million towards the special “Get the Jab” immunity incentive program to encourage colleagues to become vaccinated.

Corporate Social Responsibility

The Group has continued to place great emphasis on ensuring it has a positive impact on local communities.

In light of the torrential rainstorm and subsequent flooding in Henan province in July this year, the Group worked with the Liaison Office of the Central People's Government to donate MOP10 million to Zhengzhou to support flood control, emergency relief and reconstruction work in the city.

In order to safeguard our employees, guests and the wider community, the Group is supporting government efforts for widespread vaccination. We launched the "Get the Jab" immunity incentive program at a cost of nearly MOP16 million, with the aim of encouraging employees to get inoculated. Health seminars were organized to promote the benefits of vaccination and to answer colleagues' queries, and onsite outreach vaccination sessions in coordination with the Macau Health Bureau were hosted at Studio City, at which colleagues, family and friends were provided with vaccines to protect against COVID-19.

Responsible gaming continues to be at the core of the Group's commitment to society, and we are committed to the development and maintenance of a culture of responsible gaming in every jurisdiction in which we operate, thereby respecting and fully cooperating with international government and gaming regulators. The Group has become the first integrated resort operator in Macau and the Philippines to achieve the coveted RG Check responsible gaming accreditation, with its entire integrated resort portfolio, including Altira Macau, City of Dreams, Studio City and City of Dreams Manila receiving certifications. Created by the Responsible Gambling Council, RG Check is the most thorough and exacting responsible gaming accreditation in the world, with an independent panel of experts at the helm.



Onsite outreach vaccination sessions were hosted in coordination with the Macau Health Bureau at Studio City for the convenience of colleagues to get inoculated at the workplace.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's unwavering commitment to sustainability and ensuring a positive social impact has continued to earn recognition from the industry. In 2021, Melco International was awarded the "15 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service.

Business Operations

The Group remains dedicated to providing its guests with unique and superior hospitality experiences through a combination of creativity and innovation.

The Group was delighted to receive a total of 97 stars from the FTG in 2021, including 17 Five-Star awards, putting it in first place among Macau and Asia's integrated resort operators, with the Group's entire integrated resort portfolio having received top awards. The 2021 FTG Awards mark Altira Macau's 12th consecutive year as an FTG Five-Star award recipient in the Hotel and Spa categories.

The Group operates an array of exceptional fine-dining restaurants across its portfolio of integrated resorts. These include four Michelin-starred restaurants with a collective total of seven Michelin stars from Michelin Guide Hong Kong Macau 2021. The Group's Chinese fine dining restaurant, Jade Dragon, received three Michelin stars for the third consecutive year in 2021, while Ying and Pearl Dragon were each awarded one star. In addition, Alain Ducasse at Morpheus was awarded two Michelin stars for the third consecutive year, recognizing the impeccable combination of traditional French cuisine and contemporary flair.

The Group is committed to providing world-leading hospitality experiences to its guests and underpinning this is its exemplary food hygiene standards. These great efforts in food safety and quality have been further recognized in 2021, with Studio City achieving the Hazard Analysis Critical Control Point (HACCP) food safety certification. Following this achievement, the Group's entire integrated resort portfolio in Macau now has this internationally recognized certification.

Environmental Sustainability

The Group's commitment to being a force for good across all of its integrated resorts globally has been further enforced by the introduction of the "Above & Beyond" strategy, which sets out our sustainability goals and targets, including becoming carbon neutral and achieving zero waste by 2030. The objectives outlined in the "Above & Beyond" sustainability strategy have become a key part of the Group's strategy, impacting its day-to-day operations across all areas of the business.

The Group's efforts in sustainability have been recently recognized with Melco Resorts winning four awards at the Macau Energy Saving Activity 2020 in light of its energy conservation measures. Studio City and City of Dreams received the 1st Runner-up and Excellence Award of the Hotel Group B category, respectively, and Studio City and Altira Macau were awarded the Continuous Energy Saving Award (Hotel Group).

Studio City Phase 2 received the "Regional Award, Asia" at the 2021 BREEAM Awards which acknowledges the sustainability-related measures implemented during the project, as well as its contribution to the Group's carbon neutral and zero waste goals. The Group also currently holds "Excellent" ratings from BREEAM for the design of both Studio City Phase 2 in Macau and City of Dreams Mediterranean in Cyprus, showcasing its dedication to remaining mindful of sustainability measures during the design process.

These awards and accolades all highlight the recognitions the Group has received from the industry and wider community in respect of its unwavering commitment to pursuing the highest standards across all facets of its business, from corporate governance to customer satisfaction. The Group will continue to uphold these same levels of excellence going forward in order to maintain its market-leading position and reputation.



To celebrate the 100th Anniversary of the Founding of the Communist Party of China, the Group has prioritized national education and developed a vast array of programs aimed towards instilling national pride through education and awareness.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE

<i>HK\$' million</i>	2021 (Unaudited)	2020 (Unaudited)	YoY%
Net revenues	8,425.3	7,682.5	9.7%
Adjusted EBITDA	732.5	(886.2)	182.7%
Loss attributable to owners of the Company	(1,647.6)	(3,665.2)	55.0%
Basic loss per share attributable to owners of the Company (HK\$)	(1.09)	(2.43)	55.2%

FINANCIAL POSITION

<i>HK\$' million</i>	30 June 2021 (Unaudited)	31 December 2020 (Audited)	YoY%
Total assets	95,769.6	95,534.7	0.2%
Total liabilities	68,634.0	64,757.4	6.0%
Equity attributable to owners of the Company	9,135.5	10,764.2	-15.1%
Net assets value per share attributable to owners of the Company (HK\$)	6.0	7.1	-15.2%
Gearing ratio (%)	56.9%	53.0%	N/A

Net Revenues

Net revenues of the Group increased by 9.7% from HK\$7.68 billion for the six months ended 30 June 2020 to HK\$8.43 billion for the six months ended 30 June 2021. The increase in net revenues was primarily attributable to improved performance in our casino and hospitality operations as a result of the year-over-year increase in inbound tourism in Macau in the six months ended 30 June 2021.

<i>HK\$' million</i>	Six Months ended 30 June		YoY%
	2021 (Unaudited)	2020 (Unaudited)	
Casino revenue	7,082.7	6,680.0	6.0%
Entertainment and resort facilities:			
Rooms	616.4	404.3	52.5%
Catering service income	399.7	272.1	46.9%
Entertainment, retail and other	323.8	323.4	0.1%
Property rental income	2.6	2.5	1.8%
Others	–	0.2	-100.0%
	8,425.3	7,682.5	9.7%

Adjusted EBITDA ⁽¹⁾

The Company generated Adjusted EBITDA of HK\$732.5 million for the six months ended 30 June 2021, compared to negative Adjusted EBITDA of HK\$886.2 million for the six months ended 30 June 2020. The change in Adjusted EBITDA was mainly attributable to improved performance in our casino and hospitality operations as a result of the year-over-year increase in inbound tourism in Macau in the six months ended 30 June 2021, as well as lower operating costs as a result of our cost containment efforts.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company was HK\$1.65 billion for the six months ended 30 June 2021, compared to loss attributable to owners of the Company of HK\$3.67 billion for the six months ended 30 June 2020. The change was mainly attributable to improved performance in our casino and hospitality operations and lower operating costs as a result of our cost containment efforts, as well as fair value gains on other financial assets in the six months ended 30 June 2021 as compared to fair value losses on other financial assets in the six months ended 30 June 2020.

⁽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 interim report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.



In collaboration with the Macau Labour Affairs Bureau, the “Melco OSH Week” roadshow was attended by more than 1,800 colleagues to help enhance awareness on occupational safety and health.

Basic Loss Per Share Attributable to Owners of the Company

Basic loss per share attributable to owners of the Company was HK\$1.09 per share for the six months ended 30 June 2021, compared to basic loss per share attributable to owners of the Company of HK\$2.43 per share for the six months ended 30 June 2020.

Financial and Operational Performance

Melco Resorts, a majority-owned subsidiary of the Group as at 30 June 2021, contributed the vast majority of the financial results of the Group.

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

According to the unaudited financial results of Melco Resorts prepared in accordance with U.S. generally accepted accounting principles, it recorded total operating revenues of US\$1.09 billion for the six months ended 30 June 2021 versus US\$0.99 billion for the six months ended 30 June 2020. The increase in total operating revenues was primarily attributable to improved performance in mass market table games and gaming machine segments, as well as non-gaming operations as a result of the year-over-year increase in inbound tourism in Macau in the six months ended 30 June 2021, partially offset by a softer performance in the rolling chip segment.

The operating loss for the six months ended 30 June 2021 was US\$290.9 million, compared with an operating loss of US\$520.7 million for the same period in 2020.

Melco Resorts generated Adjusted Property EBITDA⁽²⁾ of US\$109.2 million for the six months ended 30 June 2021, compared with negative Adjusted Property EBITDA of US\$80.9 million for the same period in 2020.

Net loss attributable to the financial performance of Melco Resorts for the six months ended 30 June 2021 was US\$418.6 million, compared with a net loss attributable to the financial performance of Melco Resorts of US\$732.2 million for the same period in 2020.

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

City of Dreams

For the six months ended 30 June 2021, total operating revenues at City of Dreams were US\$650.1 million, compared to US\$573.0 million for the same period in 2020. City of Dreams generated Adjusted Property EBITDA of US\$119.6 million for the six months ended 30 June 2021, compared with a negative Adjusted Property EBITDA of US\$9.4 million in the same period in 2020.

Gaming Performance

US\$'million	Six months ended 30 June		YoY%
	2021	2020	
VIP Gaming			
Rolling chip volume	8,687.3	10,686.5	-18.7%
Win rate	2.56%	4.49%	N/A
Mass Market			
Table drop	1,537.7	611.7	151.4%
Hold percentage	32.1%	33.6%	N/A
Gaming Machine			
Handle	1,005.1	592.1	69.7%
Win rate	3.1%	3.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2021 was US\$99.3 million, compared with US\$59.9 million in the same period in 2020.



Dedicated to tackling food waste, one of the industry's biggest challenges, the Group has successfully cut plate waste in employee dining areas by up to 35%.

MANAGEMENT DISCUSSION AND ANALYSIS

Altira Macau

For the six months ended 30 June 2021, total operating revenues at Altira Macau were US\$32.7 million, compared to US\$69.9 million in the same period in 2020. Altira Macau generated negative Adjusted Property EBITDA of US\$46.9 million for the six months ended 30 June 2021, compared with negative Adjusted Property EBITDA of US\$28.5 million in the same period in 2020.

Gaming Performance

US\$'million	Six months ended 30 June		
	2021	2020	YoY%
VIP Gaming			
Rolling chip volume	1,962.3	1,748.5	12.2%
Win rate	1.61%	4.84%	N/A
Mass Market			
Table drop	95.1	78.9	20.5%
Hold percentage	22.7%	26.9%	N/A
Gaming Machine			
Handle	110.4	82.5	33.8%
Win rate	4.0%	3.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2021 was US\$6.1 million, compared with US\$4.4 million in the same period in 2020.

Mocha Clubs

Total operating revenues from Mocha Clubs were US\$42.0 million for the six months ended 30 June 2021, compared to US\$41.2 million in the same period in 2020. Mocha Clubs generated Adjusted Property EBITDA of US\$7.4 million for the six months ended 30 June 2021, compared with Adjusted Property EBITDA of US\$4.5 million in the same period in 2020.

Gaming Performance

US\$'million	Six months ended 30 June		
	2021	2020	YoY%
Gaming Machine			
Handle	967.0	882.0	9.6%
Win rate	4.3%	4.7%	N/A

Studio City

For the six months ended 30 June 2021, total operating revenues at Studio City were US\$202.3 million, compared to US\$147.5 million in the same period in 2020. Studio City generated negative Adjusted Property EBITDA of US\$6.4 million for the six months ended 30 June 2021, compared with negative Adjusted Property EBITDA of US\$51.8 million in the same period in 2020.

Gaming Performance

US\$'million	Six months ended 30 June		YoY%
	2021	2020	
VIP Gaming			
Rolling chip volume	891.1	1,608.5	-44.6%
Win rate	1.91%	2.85%	N/A
Mass Market			
Table drop	629.0	372.9	68.7%
Hold percentage	27.4%	25.7%	N/A
Gaming Machine			
Handle	577.7	378.8	52.5%
Win rate	2.6%	3.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City for the six months ended 30 June 2021 was US\$41.3 million, compared with US\$28.7 million in the same period in 2020.



To support the sustainable development of local SMEs, the Group hosted “To the Table by SMEs”, an event to enable direct dialogue with local SMEs, creating a unique opportunity for both sides to gather an in-depth understanding of mutual requirements and offerings.

MANAGEMENT DISCUSSION AND ANALYSIS

City of Dreams Manila

For the six months ended 30 June 2021, total operating revenues at City of Dreams Manila were US\$132.2 million, compared to US\$117.6 million in the same period in 2020. City of Dreams Manila generated Adjusted Property EBITDA of US\$42.7 million for the six months ended 30 June 2021, compared with Adjusted Property EBITDA of US\$7.0 million in the same period in 2020.

Gaming Performance

US\$'million	Six Months ended 30 June		
	2021	2020	YoY%
VIP Gaming			
Rolling chip volume	544.0	1,304.0	-58.3%
Win rate	6.19%	3.68%	N/A
Mass Market			
Table drop	169.3	164.3	3.1%
Hold percentage	32.4%	33.1%	N/A
Gaming Machine			
Handle	969.9	889.7	9.0%
Win rate	5.6%	4.2%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2021 was US\$21.0 million, compared with US\$27.0 million in the same period in 2020.

Cyprus Operations

Melco Resorts is licensed to operate a temporary casino, the first casino in the Republic of Cyprus, and four satellite casinos (“Cyprus Casinos”). The temporary casino and three satellite casinos resumed operations in mid-May under limited capacities following government restrictions and guidelines. Upon the completion and opening of City of Dreams Mediterranean, Melco Resorts will continue to operate the satellite casinos while operation of the temporary casino will cease.

For the six months ended 30 June 2021, total operating revenues at Cyprus Casinos were US\$10.0 million, compared to US\$22.2 million in the same period in 2020. Cyprus Casinos generated negative Adjusted Property EBITDA of US\$7.2 million for the six months ended 30 June 2021, compared with negative Adjusted Property EBITDA of US\$2.8 million in the same period in 2020.

Gaming Performance

US\$'million	Six Months ended 30 June		
	2021	2020	YoY%
VIP Gaming			
Rolling chip volume	1.5	–	N/A
Win rate	–4.40%	–	N/A
Mass Market			
Table drop	14.4	29.0	–50.3%
Hold percentage	15.6%	20.1%	N/A
Gaming Machine			
Handle	161.0	327.4	–50.8%
Win rate	4.9%	5.0%	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 and financial management. As at 30 June 2021, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK\$14,673.7 million (31 December 2020: HK\$13,860.8 million).

As at 30 June 2021, the Group had a total available and unutilized borrowing capacity of HK\$16.51 billion (31 December 2020: HK\$13.70 billion), subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the six months ended and subsequent to 30 June 2021 are summarized below.

On 14 January 2021, the Group issued US\$750.0 million (equivalent to approximately HK\$5.82 billion) in aggregate principal amount of 5.00% senior notes due 2029 at an issue price of 100% of the principal amount (the "First 2029 Senior Notes"). The net proceeds from the offering of the First 2029 Senior Notes were used to (i) fund the conditional cash tender offer announced by the Group on 4 January 2021 to purchase any and all of its outstanding US\$600.0 million (equivalent to approximately HK\$4.65 billion) 7.25% senior notes due 2024 (the "2024 Senior Notes") plus accrued and unpaid interest, out of which US\$347.1 million (equivalent to approximately HK\$2.69 billion) aggregate principal amount of the 2024 Senior Notes were tendered; (ii) fully redeem the remaining 2024 Senior Notes following the completion of the conditional cash tender offer as mentioned above, in aggregate principal amount of US\$252.9 million (equivalent to approximately HK\$1.96 billion) plus accrued and unpaid interest on 17 February 2021; and (iii) with the remaining balance to partially fund capital expenditures of the remaining development project of Studio City and for general corporate purposes.

On 20 May 2021, the Group issued an additional US\$350.0 million (equivalent to approximately HK\$2.72 billion) in aggregate principal amount of the First 2029 Senior Notes at an issue price of 101.50% of the principal amount (the "Additional First 2029 Senior Notes"). The net proceeds from the offering of the Additional First 2029 Senior Notes will be used to partially fund capital expenditures for the remaining development project of Studio City and for general corporate purposes. The Additional First 2029 Senior Notes were consolidated and form a single series with the First 2029 Senior Notes. Certain subsidiaries of the Group and other future restricted subsidiaries as defined in the First 2029 Senior Notes and the Additional First 2029 Senior Notes are guarantors to guarantee the indebtedness under the First 2029 Senior Notes and the Additional First 2029 Senior Notes. On 26 July 2021, the First 2029 Senior Notes and the Additional First 2029 Senior Notes, which were originally listed on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX"), were also listed on the MOX.

On 21 January 2021, the Group issued US\$250.0 million (equivalent to approximately HK\$1.94 billion) in aggregate principal amount of 5.375% senior notes due 2029 at an issue price of 103.25% of the principal amount (the “Additional 2029 Senior Notes”) in addition to the original US\$900.0 million (equivalent to approximately HK\$6.98 billion) 5.375% senior notes due 2029 issued in December 2019 (the “2029 Senior Notes”). The net proceeds from the offering of the Additional 2029 Senior Notes were used to repay the outstanding principal amount of HK\$1.94 billion drawn under a revolving credit facility of the Group, together with accrued interest and associated costs. The Additional 2029 Senior Notes were consolidated and form a single series with the 2029 Senior Notes. On 29 June 2021, the 2029 Senior Notes and the Additional 2029 Senior Notes, which were originally listed on the SGX, were also listed on the MOX.

On 15 March 2021, the Group amended the terms of a senior secured credit facilities agreement, including the extension of the maturity date for a term loan facility of HK\$1.0 million and a revolving credit facility of HK\$233.0 million from 30 November 2021 to 15 January 2028 (the “Extended Maturity Date”). The term loan facility shall be repaid at the Extended Maturity Date with no interim amortization payments. The revolving credit facility is available up to the date that is one month prior to the Extended Maturity Date. Changes have also been made to the covenants in order to align them with those of certain other financings of the Group, including amending the threshold sizes and measurement dates of the covenants.

On 7 June 2021, the Group entered into a US\$1.0 billion 5-year secured credit facility agreement (the “2021 Credit Facilities”) to fully refinance the existing credit facility (the “2017 Credit Facilities”). The 2021 Credit Facilities consist of a term loan facility of US\$688.0 million (equivalent to approximately HK\$5.34 billion) and a revolving credit facility of US\$312.0 million (equivalent to approximately HK\$2.42 billion).

On 15 June 2021, the Group drew down US\$688.0 million (equivalent to approximately HK\$5.34 billion) from the term loan facility and US\$177.0 million (equivalent to approximately HK\$1.37 billion) from the revolving credit facility under the 2021 Credit Facilities, together with cash on hand, to fully prepay the outstanding loan principal amount under the 2017 Credit Facilities of US\$865.0 million (equivalent to approximately HK\$6.72 billion) and the accrued interest and associated costs.

The availability period of an unsecured credit facility amounting to Philippine Peso2.35 billion (equivalent to approximately HK\$375.8 million) was extended from 31 January 2021 to 30 June 2021 during the six months ended 30 June 2021, and was further extended to 31 January 2022 in July 2021 on substantially similar terms.

For further details of our indebtedness, refer to note 33 to the consolidated financial statements included in the Company’s 2020 Annual Report and note 17 to the Condensed Consolidated Interim Financial Information contained herein, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the charges 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Gearing Ratio

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 56.9% as at 30 June 2021 (31 December 2020: 53.0%).

Pledges of assets

As at 30 June 2021, borrowings amounting to HK\$6,561.6 million (31 December 2020: HK\$6,680.6 million) were secured by the following assets of the Group:

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

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2021.

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 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 its day-to-day operations during the period under review. Instead, the Group maintains a certain amount of its operating funds in the same currencies in which the Group has obligations, thereby reducing the exposure to currency fluctuations. However, the Group occasionally enters into foreign exchange transactions as part of its financing transactions and capital expenditure programs.

Interest rate risk

The Group is primarily exposed to cash flow interest rate risk in relation to bank balances, restricted cash and borrowings which carry interest at floating rates. The Group attempts to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and to 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 expenditures will be incurred when the Company begins to pursue different projects in the coming years. The Company expects the respective project companies to secure required funding themselves by using different available financing options. The Company will also provide the required equity capital to new projects in the future should it be deemed appropriate.

HUMAN RESOURCES**Headcount and Employees' Information**

The total number of the Group's employees was 18,178 as of 30 June 2021 (30 June 2020: 21,931). Among these employees, 233 are located in Hong Kong and the remaining 17,945 are located in the Philippines, Japan, Cyprus, Macau, Taiwan and the PRC. The related staff costs for the six months ended 30 June 2021, including directors' emoluments and share-based compensation expenses amounted to HK\$3,034.0 million (six months ended 30 June 2020: HK\$3,420.4 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 contribute to its success.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



To the board of directors of Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 67, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries as of 30 June 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

31 August 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Notes	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
NET REVENUES	4	8,425,275	7,682,479
OPERATING COSTS AND EXPENSES			
Gaming tax and license fees		(3,622,111)	(3,494,674)
Employee benefits expenses		(3,033,971)	(3,420,389)
Depreciation and amortization	6	(2,702,798)	(2,900,967)
Other operating expenses, gains and losses, net		(1,641,147)	(2,428,862)
Total operating costs and expenses, net		(11,000,027)	(12,244,892)
OPERATING LOSS		(2,574,752)	(4,562,413)
NON-OPERATING INCOME/(EXPENSES)			
Interest income		29,333	18,487
Interest expenses, net of amounts capitalized	5	(1,477,771)	(1,336,066)
Losses on modification or extinguishment of debts, net		(102,856)	(26,487)
Other financing costs		(50,757)	(24,938)
Foreign exchange gains/(losses), net		2,987	(11,590)
Other income/(expenses), net		442,926	(1,181,690)
Total non-operating expenses, net		(1,156,138)	(2,562,284)
LOSS BEFORE TAX	6	(3,730,890)	(7,124,697)
Income tax (expense)/credit	7	(23,875)	63,107
LOSS FOR THE PERIOD		(3,754,765)	(7,061,590)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2021	2020
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(179,736)	(163,426)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX			
		(179,736)	(163,426)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD			
		(3,934,501)	(7,225,016)
Loss for the period attributable to:			
Owners of the Company		(1,647,621)	(3,665,207)
Non-controlling interests		(2,107,144)	(3,396,383)
		(3,754,765)	(7,061,590)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(1,733,005)	(3,781,220)
Non-controlling interests		(2,201,496)	(3,443,796)
		(3,934,501)	(7,225,016)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	HK\$(1.09)	HK\$(2.43)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	45,589,717	45,173,939
Right-of-use assets		7,398,641	7,297,089
Investment properties	13	–	356,000
Gaming license and subconcession		1,091,378	1,635,880
Goodwill		5,299,451	5,299,451
Trademarks		16,992,458	16,992,458
Other intangible assets		403,711	428,987
Investment in a joint venture	14	180,150	–
Prepayments, deposits and other receivables		1,849,094	2,193,534
Other financial assets	12	19,836	130,929
Restricted cash		50,382	122,038
Deferred tax assets		51,179	49,430
Total non-current assets		78,925,997	79,679,735
CURRENT ASSETS			
Inventories		284,786	289,094
Trade receivables	11	596,738	1,005,073
Prepayments, deposits and other receivables		903,042	697,882
Tax recoverable		114	92
Bank deposits with original maturities over three months		2,501,100	39,500
Restricted cash		3,077	2,060
Cash and bank balances		12,172,572	13,821,297
Assets classified as held for sale	13	16,461,429	15,854,998
		382,186	–
Total current assets		16,843,615	15,854,998

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	15	75,129	73,575
Other payables, accruals and deposits received	16	7,370,017	7,748,623
Tax payable		110,303	123,599
Interest-bearing borrowings	17	1,375,053	4,278,102
Lease liabilities	18	469,739	831,172
Total current liabilities		9,400,241	13,055,071
NET CURRENT ASSETS		7,443,374	2,799,927
TOTAL ASSETS LESS CURRENT LIABILITIES		86,369,371	82,479,662
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	16	290,923	258,036
Interest-bearing borrowings	17	53,097,882	46,356,559
Lease liabilities	18	3,422,374	2,683,688
Deferred tax liabilities		2,422,574	2,404,083
Total non-current liabilities		59,233,753	51,702,366
Net assets		27,135,618	30,777,296
EQUITY			
Share capital	19	5,695,605	5,692,080
Reserves		3,439,939	5,072,107
Equity attributable to owners of the Company		9,135,544	10,764,187
Non-controlling interests		18,000,074	20,013,109
Total equity		27,135,618	30,777,296

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to owners of the Company											
	Share capital HK\$'000 (note 19)	Capital reserve HK\$'000	Special reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2021 (Audited)	5,692,080	7,053	(5,828,909)	(1,421)	14,639	240,062	(3,021)	61,165	10,582,539	10,764,187	20,013,109	30,777,296
Exchange differences on translation of foreign operations	-	-	-	-	(85,384)	-	-	-	-	(85,384)	(94,352)	(179,736)
Other comprehensive loss for the period	-	-	-	-	(85,384)	-	-	-	-	(85,384)	(94,352)	(179,736)
Loss for the period	-	-	-	-	-	-	-	-	(1,647,621)	(1,647,621)	(2,107,144)	(3,754,765)
Total comprehensive loss for the period	-	-	-	-	(85,384)	-	-	-	(1,647,621)	(1,733,005)	(2,201,496)	(3,934,501)
Exercise of share options	3,525	-	-	-	-	(1,178)	-	-	-	2,347	-	2,347
Recognition of share-based payments	-	-	157,283	-	-	20,529	-	48,446	-	226,258	137,953	364,211
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	(740)	-	-	740	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	16,371	(25,707)	9,336	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	(15,696)	-	-	(15,696)	-	(15,696)
Reclassification of long-term incentive schemes from equity-settled to cash-settled	-	-	-	-	-	-	-	(715)	-	(715)	-	(715)
Change in ownership interests of certain subsidiaries (note 21)	-	-	(107,839)	7	-	-	-	-	-	(107,832)	50,508	(57,324)
At 30 June 2021 (Unaudited)	5,695,605	7,053*	(5,779,465)*	(1,414)*	(70,745)*	258,673*	(2,346)*	83,189*	8,944,994*	9,135,544	18,000,074	27,135,618

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Attributable to owners of the Company										Total equity HK\$'000	
	Share capital HK\$'000 (note 19)	Capital reserve HK\$'000	Special reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share option reserve HK\$'000	Shares held under share award schemes HK\$'000	Share award reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000		Non-controlling interests HK\$'000
At 1 January 2020 (Audited)	5,669,692	7,053	(5,870,965)	(1,905)	19,013	187,364	(95,628)	59,590	16,976,109	16,950,323	24,717,369	41,667,692
Exchange differences on translation of foreign operations	-	-	-	-	(116,013)	-	-	-	-	(116,013)	(47,413)	(163,426)
Other comprehensive loss for the period	-	-	-	-	(116,013)	-	-	-	-	(116,013)	(47,413)	(163,426)
Loss for the period	-	-	-	-	-	-	-	-	(3,665,207)	(3,665,207)	(3,396,383)	(7,061,590)
Total comprehensive loss for the period	-	-	-	-	(116,013)	-	-	-	(3,665,207)	(3,781,220)	(3,443,796)	(7,225,016)
Exercise of share options	3,412	-	-	-	-	(1,401)	-	-	-	2,011	-	2,011
Recognition of share-based payments	-	-	59,259	-	-	44,367	-	104,727	-	208,353	86,035	294,388
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	(145)	-	-	145	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	123,374	(114,227)	(9,147)	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	(30,767)	-	-	(30,767)	-	(30,767)
Reclassification of long term incentive schemes from equity-settled to cash-settled	-	-	-	-	-	-	-	(22,912)	-	(22,912)	-	(22,912)
Dividends declared (note 8)	-	-	-	-	-	-	-	-	(45,591)	(45,591)	-	(45,591)
Dividends declared to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(267,088)	(267,088)
Change in ownership interests of certain subsidiaries	-	-	(65,778)	(8)	-	-	-	-	-	(95,786)	(254,824)	(350,610)
	3,412	-	(36,519)	(8)	-	42,821	92,607	(32,412)	(54,593)	15,308	(435,877)	(420,569)
At 30 June 2020 (Unaudited)	5,673,104	7,053*	(5,907,484)*	(1,913)*	(97,000)*	230,185*	(3,021)*	27,178*	13,256,309*	13,184,411	20,837,696	34,022,107

* These reserve accounts comprise the consolidated reserves of HK\$3,439,939,000 (30 June 2020: HK\$7,511,307,000) in the unaudited condensed consolidated statement of financial position as at 30 June 2021.

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities	383,560	(3,730,333)
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of bank deposits with original maturities over three months	(2,501,100)	(32,000)
Payments and deposits for property, plant and equipment	(2,236,849)	(1,380,293)
Purchase of financial assets at fair value through profit or loss	(19,440)	–
Payments for intangible and other assets	(19,009)	–
Payments for right-of-use assets	–	(4,131)
Proceeds from disposal of property, plant and equipment	2,280	3,574
Proceeds from disposal of other assets	6,000	–
Interest received	27,823	19,000
Withdrawals of bank deposits with original maturities over three months	39,500	–
Decrease in restricted cash	–	116,911
Proceeds from disposal of financial assets at fair value through profit of loss	558,106	2,782,984
Net cash (used in)/generated from investing activities	(4,142,689)	1,506,045
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing borrowings	17,288,948	4,680,000
Repayments of interest-bearing borrowings	(13,305,487)	(2,069,995)
Interest paid	(1,335,619)	(1,152,193)
Payments of deferred financing costs	(374,501)	(381,930)
Payments of lease liabilities (including associated interest)	(160,625)	(188,145)
Purchase of shares for the share award schemes	(15,696)	(30,767)
Repurchase of shares of subsidiaries	(57,324)	(350,610)
Dividends paid	(7)	(165)
Dividends paid to non-controlling shareholders	(63,669)	(267,088)
Proceeds from exercise of share options	42,477	6,016
Decrease in restricted cash	70,794	–
Net cash generated from financing activities	2,089,291	245,123

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,669,838)	(1,979,165)
Cash and cash equivalents at beginning of period	13,821,297	11,213,138
Effect of foreign exchange rate changes, net	21,113	(9,653)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	12,172,572	9,224,320
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	12,172,572	9,224,320

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2021

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

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

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

The COVID-19 outbreak continues to have a material effect on the Group's operations, financial position, and prospects during the second half of 2021.

The operations in Macau continue to be impacted by travel bans, restrictions and quarantine requirements imposed by the governments in Macau, Hong Kong and the People's Republic of China (the "PRC"), despite the nationwide resumption of issuance of Individual Visit Scheme visas by the PRC government in September 2020. Such bans, restrictions and quarantine requirements have been, and may continue to be, modified by the relevant authorities from time to time as COVID-19 developments unfold. The resurgence of COVID-19 cases in Guangdong province from June 2021, other provinces in mainland China from July 2021 and in Macau in early August 2021, led to city wide mandatory testing, mandatory closure of most entertainment and leisure venues, casinos and gaming areas excluded and strict travel restrictions and requirements being implemented to enter and exit Macau. Additionally, health-related precautionary measures remain in place at the Group's properties in Macau which continue to impact visitation and customer spending.

In the Philippines, Metro Manila was placed under a General Community Quarantine since 19 August 2020 and City of Dreams Manila was allowed by the Philippine government to only operate at limited operational capacity during the period from 1 January 2021 to 28 March 2021. However, on 27 March 2021, the Philippine government re-imposed the Enhanced Community Quarantine over Metro Manila and adjacent provinces from 29 March 2021 and City of Dreams Manila remained closed from 29 March 2021 to 30 April 2021. On 1 May 2021, City of Dreams Manila reopened operations with limited gaming capacity at 50% while hotels could take guests only on a complimentary basis. As of 26 July 2021, gaming capacity had been limited to 40% as part of the government's further quarantine measures while hotels were allowed to accept Philippine-resident paying guests under the government's "staycation" program. However, due to a recent resurgence in COVID-19 cases, on 6 August 2021, the Philippine government placed Metro Manila under Enhanced Community Quarantine measures. The quarantine measures were downgraded to Modified Enhanced Community Quarantine on 21 August 2021, and these are expected to continue in effect until 7 September 2021. City of Dreams Manila was temporarily closed beginning on 6 August 2021, and will remain closed while such quarantine measures remain in place and until further notice from the government.

In Cyprus, the Group's casino operations were closed during the period from 1 January 2021 to 16 May 2021 due to the Cyprus government mandated lockdown. The Cyprus casino operations were resumed on 17 May 2021 at limited capacities after the Cyprus government relaxed COVID-19 restrictions.

1. ORGANIZATION AND BUSINESS (continued)

(b) Recent developments related to COVID-19 (continued)

The construction schedules at the remaining development project at Studio City and the City of Dreams Mediterranean project in Cyprus have been impacted by the COVID-19 outbreak. The Group currently expects additional time will be needed to complete the construction of these projects. As announced by SCIHL in May 2021, the Macau government granted an extension of the development period under the Studio City land concession contract to 27 December 2022.

The pace of recovery from COVID-19 related disruptions continues to depend on various future events, such as the safe and effective vaccines and treatments for COVID-19, including for new strains of COVID-19, the duration of travel and visa restrictions as well as customer sentiment and consumer behavior related to discretionary spending and traveling, all of which remain highly uncertain. The Group is unable to reasonably estimate the financial impact to its future results of operations, cash flows and financial condition.

As at 30 June 2021, the Group had total cash and bank balances (including bank deposits with original maturities over three months) of HK\$14,673,672,000 and available borrowing capacity of HK\$16,507,811,000, 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 funds through new senior note offerings.

The Group believes it will be able to support continuing operations and capital expenditures for at least twelve months from the reporting period end date of this unaudited condensed consolidated interim financial information.

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

On 8 September 2006, the Macau government granted a gaming subconcession to Melco Resorts (Macau) Limited (“Melco Resorts Macau”), a subsidiary of Melco Resorts, to operate its gaming business in Macau. Melco Resorts Macau’s subconcession contract expires on 26 June 2022. Under current applicable Macau law, a concession or subconcession may be extended or renewed by order of the Macau Chief Executive, one or more times, up to a maximum of 5 years. The Macau government is in the process of considering the grant of new concessions or subconcessions or the extension or renewal of the current concessions and subconcessions. In December 2020, the Macau government announced it is overseeing the preparation of the legal framework for a new tender for the gaming contracts which, when completed, will be subject to public consultation. Due to the COVID-19 epidemic, the public consultation work has been postponed and is expected to take place in the second half of 2021. The Macau government reiterated that it continues to be in contact with the gaming industry and all procedures will be followed. If the Group is unable to secure a new concession or subconcession or an extension or renewal of Melco Resorts Macau’s subconcession, or if the Macau government were to exercise its redemption or other termination rights prior to 26 June 2022, Melco Resorts Macau would be unable to operate casino gaming in Macau and in accordance with current legislation on reversion of casino premises, all casino premises and gaming-related equipment under Melco Resorts Macau’s subconcession will automatically revert to the Macau government without any compensation, and the Group will cease to generate revenues from such operations.

Under the indentures of the Group’s senior notes, holders of the senior notes can require the respective issuer to repurchase all or any part of the senior notes at par, plus any accrued and unpaid interest (the “Special Put Option”) (1) upon the occurrence of any event after which none of Melco Resorts Finance Limited, a subsidiary of Melco Resorts, or any of its subsidiaries has such licenses, concessions, subconcessions or other permits or authorizations as are necessary to own or manage casino or gaming areas or operate casino games of fortune and chance in Macau in substantially the same manner and scope as such relevant issuers and its subsidiaries were entitled, permitted or authorized to as of the issue date of the respective senior notes or, in the case of Studio City Finance Limited, a subsidiary of Melco Resorts, in which Melco Resorts Macau’s subconcession or other permits or authorizations as are necessary for the operation of the casino at Studio City in substantially the same manner and scope as operations were conducted at the issue date of the respective senior notes issued by Studio City Finance Limited, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties or results of operations of the respective issuers and its subsidiaries, taken as a whole; or (2) if the termination, rescission, revocation or modification of Melco Resorts Macau’s subconcession has had a material adverse effect on the financial condition, business, properties, or results of operations of the respective issuer and its subsidiaries.

1. ORGANIZATION AND BUSINESS (continued)

(c) Macau gaming subconcession contract (continued)

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

The Group believes it is in a position to satisfy the requirements related to the grant of new concession or subconcession or the extension or renewal of Melco Resorts Macau's subconcession as they may be set out by the Macau government and, accordingly, this unaudited condensed consolidated interim financial information is prepared on a going concern basis.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties, certain assets classified as held for sale 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 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 2021 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 2020.

The financial information relating to the year ended 31 December 2020 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.

2.1 BASIS OF PREPARATION (continued)

The Company has delivered the consolidated financial statements for the year ended 31 December 2020 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 2020. The auditor’s report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2021 are consistent with those of the Group as set out in the Group’s audited consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s unaudited condensed consolidated interim financial information.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)</i>

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

In addition, the Group has early adopted the Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* on 1 January 2021 but did not apply the practical expedient. Accordingly, the adoption of the amendment did not have any impact on the Group’s unaudited condensed consolidated interim financial information.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

Except for the early adoption of Amendment to HKFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021*, 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 2021.

3. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3. SEGMENT INFORMATION (continued)

Segment net revenues and results (continued)

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)

3. SEGMENT INFORMATION (continued)**30 June 2021 (Unaudited)**

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	94,454,745	626,834	95,081,579
Corporate and other unallocated assets			688,033
Total assets			95,769,612
Segment liabilities	61,752,017	63,527	61,815,544
Corporate and other unallocated liabilities			6,818,450
Total liabilities			68,633,994

31 December 2020 (Audited)

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	94,641,475	437,357	95,078,832
Corporate and other unallocated assets			455,901
Total assets			95,534,733
Segment liabilities	57,902,919	100,787	58,003,706
Corporate and other unallocated liabilities			6,753,731
Total liabilities			64,757,437

3. SEGMENT INFORMATION (continued)

Geographical information

The Group's operations are mainly located in Macau, the Philippines, Cyprus, Hong Kong, Japan and the PRC. 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					
	2021			2020		
	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Macau	7,296,938	–	7,296,938	6,559,531	–	6,559,531
The Philippines	1,026,762	–	1,026,762	916,185	–	916,185
Cyprus	77,707	–	77,707	172,874	–	172,874
Hong Kong	–	2,591	2,591	–	5,574	5,574
Japan	21,277	–	21,277	28,315	–	28,315
Total	8,422,684	2,591	8,425,275	7,676,905	5,574	7,682,479

Non-current segment assets

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Macau	71,643,752	72,785,605
The Philippines	3,568,421	3,316,051
Cyprus	2,585,508	2,062,468
Hong Kong	447,416	839,767
Japan	343,521	363,211
The PRC	180,150	–
Total	78,768,768	79,367,102

4. NET REVENUES**Six months ended 30 June 2021 (Unaudited)**

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

Six months ended 30 June 2020 (Unaudited)

Segments	Casino and Hospitality HK\$'000	Others HK\$'000	Total 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

For the six months ended 30 June 2021, entertainment, retail and other include rental income of HK\$215,970,000 (six months ended 30 June 2020: HK\$159,283,000).

For the six months ended 30 June 2021, the revenue from contracts with customers was HK\$8,206,714,000 (six months ended 30 June 2020: HK\$7,520,651,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5. INTEREST EXPENSES, NET OF AMOUNTS CAPITALIZED

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest on:		
Interest-bearing borrowings	1,343,316	1,149,209
Lease liabilities	157,888	181,257
Amortization of deferred financing costs	68,775	37,057
	1,569,979	1,367,523
Less: capitalized in construction in progress	(92,208)	(31,457)
	1,477,771	1,336,066

6. LOSS BEFORE TAX

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	1,870,550	2,108,413
Amortization of gaming license and subconcession	544,502	544,502
Depreciation of right-of-use assets	257,986	251,258
Amortization of other intangible assets	44,150	11,140
Less: capitalized in construction in progress	(14,390)	(14,346)
	2,702,798	2,900,967
Included in other operating expenses, gains and losses, net:		
Repairs and maintenance	272,830	302,260
Utilities and fuel	218,298	204,996
Costs of inventories	192,303	157,823
Other gaming operations expenses	161,603	115,935
Advertising and promotions	132,668	167,330
Allowances for credit losses, net	118,014	623,076
Legal and professional fees	67,959	126,834
Impairment losses on property, plant and equipment (note 10)	9,196	57,619
Loss on disposal of property, plant and equipment	7,085	378
Gain on disposal of other assets	(5,952)	–
Bad debt recoveries	(15,567)	(6,154)
Impairment loss on goodwill	–	73,819

7. INCOME TAX EXPENSE/(CREDIT)

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current tax:		
Macau Complementary Tax	–	5,187
Lump sum in lieu of Macau Complementary Tax on dividends	9,175	9,175
Japan Corporate Tax	959	9,854
Cyprus Corporate Income Tax	1,452	–
Other jurisdictions	104	1,553
Sub-total	11,690	25,769
(Over)/under provision in prior periods:		
Macau Complementary Tax	(3,391)	(1,213)
Philippine Corporate Income Tax	(1,648)	(41)
Japan Corporate Tax	154	3,285
Cyprus Corporate Income Tax	–	453
Other jurisdictions	199	467
Sub-total	(4,686)	2,951
Deferred tax	16,871	(91,827)
Total	23,875	(63,107)

On 26 March 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was signed by President Duterte of the Philippines as Republic Act (RA) No. 11534. This was published in the Official Gazette of the Philippines on 27 March 2021 and was set to take effect 15 days after such publication date in the Official Gazette. Management identified that the main change of CREATE is the reduction of minimum corporate income tax in the Philippines from 2% to 1% starting 1 July 2020 until 30 June 2023 and the corporate income tax rate in the Philippines from 30% to 25% starting 1 July 2020.

Other than the aforesaid CREATE, for the six months ended 30 June 2021, 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 2020.

8. DIVIDENDS

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

During the six months ended 30 June 2020, a final dividend of HK\$3.01 cents per share, totalling approximately HK\$45,591,000, in respect of the year ended 31 December 2019 was declared to the shareholders of the Company.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss attributable to owners of the Company for the purpose of basic and diluted loss per share	(1,647,621)	(3,665,207)

	Six months ended 30 June	
	2021 '000 (Unaudited)	2020 '000 (Unaudited)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	1,514,766	1,510,212

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding and assumed conversion of all dilutive potential ordinary shares, and the earnings as adjusted to reflect the dilution effect of the share options and awarded shares issued by the subsidiaries of the Company. For the six months ended 30 June 2021 and 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.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group's additions to property, plant and equipment of approximately HK\$2,405,511,000 (six months ended 30 June 2020: HK\$1,404,101,000) were mainly incurred on construction in progress, leasehold improvements, transportation, gaming equipment and furniture, fixtures and equipment for the Group's gaming premises. There were disposals of property, plant and equipment of HK\$9,365,000 during the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$3,952,000).

During the six months ended 30 June 2021, total impairment losses of HK\$9,196,000 (six months ended 30 June 2020: 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 of and renovations to the Group's operating properties.

11. TRADE RECEIVABLES

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	516,950	827,455
More than 1 month but within 3 months	50,421	38,499
More than 3 months but within 6 months	121,713	30,331
More than 6 months	1,511,800	1,661,909
Allowances for credit losses	2,200,884 (1,604,146)	2,558,194 (1,553,121)
	596,738	1,005,073

12. OTHER FINANCIAL ASSETS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Financial assets at fair value through profit or loss	19,836	130,929

12. OTHER FINANCIAL ASSETS (continued)**Senior Unsecured Convertible Note (the “Convertible Note”)**

As at 30 June 2021, the amount represented an investment in the Convertible Note issued by an independent private limited liability company (the “Issuer”) which was subscribed for at par by the Group on 26 April 2021 in the principal amount of United States dollars (“US\$”) 2,500,000 (equivalent to approximately HK\$19,440,000) (the “Investment”).

In accordance with the relevant purchase agreement, within six months of the occurrence of a specific fundraising exercise to be conducted by the Issuer (the “Conversion Event”), the Group has the right to (a) convert the Convertible Note into shares or other securities of the Issuer; or (b) require the Issuer to redeem the principal amount of the Convertible Note together with redemption interest at a rate of 6.0% per annum on the principal amount.

As at 30 June 2021, the fair value of the Investment was US\$2,555,000 (equivalent to approximately HK\$19,836,000). The Investment is grouped under Level 3 hierarchy and the following table provides information on how the fair value of the Investment is determined by virtue of the valuation technique and input bases used.

Description	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Convertible Note	Discounted cash flow method	(1)Probability for the occurrence of Conversion Event	5% increase/(decrease) in the probability would result in an increase/(decrease) in fair value by approximately 1.5%
		(2)Discount rate	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by approximately 1.7%

For the six months ended 30 June 2021, an increase in fair value of the Investment of HK\$396,000 was recognized in “Other income/(expenses), net” in the condensed consolidated statement of profit or loss and other comprehensive income.

EHang Holdings Limited (“EHang”)

As at 31 December 2020, the amount represented the equity investment in EHang. During the six months ended 30 June 2021, the Company sold all the ADSs of EHang on the open market for an aggregate consideration of US\$71,983,000 (equivalent to approximately HK\$558,106,000). For the six months ended 30 June 2021, an increase in fair value of EHang of HK\$427,177,000 was recognized as a profit (six months ended 30 June 2020: a decrease in fair value of HK\$2,003,000 was recognized as a loss) in “Other income/(expenses), net” in the condensed consolidated statement of profit or loss and other comprehensive income.

13. ASSETS CLASSIFIED AS HELD FOR SALE

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Car parking spaces in Hong Kong	356,000	–
Land and Substation in Cyprus	26,186	–
	382,186	–

In June 2021, the Group initiated a public tender process to invite tenderer bids to purchase the car parking spaces held by a subsidiary. Subsequent to the end of the reporting period, the tender offer was closed on 15 July 2021 and the Group accepted an offer contained in the tenders at an aggregate purchase price of HK\$410,300,000 on 22 July 2021 (the “Tender Acceptance”). The transaction is expected to be completed by the end of September 2021 under the terms and conditions set out in the tender.

The carrying value of the car parking spaces of HK\$356,000,000 had been reclassified from investment properties to assets classified as held for sale as of 30 June 2021.

On 1 February 2021 (the “Agreement Date”), a subsidiary of ICR Group in Cyprus entered into a land sale agreement and an electricity substation construction work agreement (collectively the “EAC Agreements”) with Electricity Authority Cyprus (“EAC”). Pursuant to the EAC Agreements, the subsidiary would sell and EAC would purchase a parcel of freehold land (the “Land”) and be engaged by EAC to be the project manager in the design and construction of the electricity substation building (the “Substation”, together with the Land to be referred to as the “Property”) situated on the Land (the “Transaction”). Total consideration of the Transaction is Euro (“EUR”) 3,426,000 (equivalent to approximately HK\$32,663,000).

As of the Agreement Date, the construction of the Substation had been substantially completed and handed over to EAC. The Transaction is expected to be completed within one year of the Agreement Date subject to the issue of a certificate of final acceptance for the Substation by EAC. As of the Agreement Date, the Property had been reclassified at its carrying value from property, plant and equipment to assets classified as held for sale at an aggregate carrying amount of EUR2,834,000 (equivalent to approximately HK\$26,186,000).

14. INVESTMENT IN A JOINT VENTURE

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Investment in a joint venture, at cost	180,150	–

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

Company name	Particulars of registered capital	Place of registration and business	Percentage of			Principal activities
			Ownership interest	Voting power	Profit sharing	
Zhongshan Melco Yachuang Real Estate Development Co., Ltd.* 中山新濠雅創房地產開發有 限公司	Renminbi ("RMB") 136,986,301	The PRC	51%	50%	Refer below	Property development

Notwithstanding that the above joint venture is held as to 51% by the Group, under a cooperation agreement, the Group is solely entitled to all profits or losses arising from its ownership and operation of a theme park to be developed therein. The other joint venture partner is solely entitled to all profits or losses arising out of its ownership and operation of the remaining portion of the property, except for residential units of 5,000 square meters in aggregate to be constructed on the remaining portion which will be allocated to the Group at nil cost upon completion of construction.

The Company has agreed to provide a guarantee in favour of the joint venture partner to support the Group's obligations under the cooperation agreement. Similarly, the joint venture partner, Agile Group Holdings Limited, has agreed to provide a guarantee in favour of the Group, to support the obligations of the joint venture partner under the cooperation agreement.

Further details of the cooperation agreement are disclosed in the public announcement of the Company dated 23 June 2021.

During the six months ended 30 June 2021, no profits or losses of the joint venture are recognized as the joint venture was only established on 7 June 2021.

* *for identification purposes only*

15. TRADE PAYABLES

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Within 1 month	60,674	46,363
More than 1 month but within 3 months	9,201	12,992
More than 3 months but within 6 months	1,969	4,911
More than 6 months	3,285	9,309
	75,129	73,575

16. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Current liabilities		
Advance customer deposits and ticket sales	2,223,795	2,139,878
Outstanding gaming chips	1,002,341	1,609,730
Interest payable	835,703	753,633
Accrued employee benefits expenses	785,997	770,686
Accrued operating expenses and other liabilities	669,643	682,603
Construction costs payable	625,384	443,456
Gaming tax and license fee payables	565,860	676,980
Payable for acquisition of property, plant and equipment	257,717	378,099
Loyalty program liabilities	221,746	226,189
Amounts due to related companies	180,595	440
Dividends payable	1,236	66,929
	7,370,017	7,748,623
Non-current liabilities		
Other liabilities	205,935	187,302
Accrued employee benefits expenses	50,645	38,513
Deposits received	34,343	32,221
	290,923	258,036

As at 30 June 2021, the amounts due to related companies mainly represented payables in respect of the initial investment cost of the joint venture as set out in note 14 amounting to RMB150,000,000 (equivalent to approximately HK\$180,150,000). The amount is unsecured, non-interest-bearing and was settled in full subsequent to the end of the reporting period in July 2021 in accordance with the cooperation agreement.

17. INTEREST-BEARING BORROWINGS

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Unsecured notes	47,911,383	42,016,516
Secured bank loans	6,561,552	6,680,645
Unsecured bank loans	–	1,937,500
	54,472,935	50,634,661
Non-current portion	(53,097,882)	(46,356,559)
	1,375,053	4,278,102
Current portion	1,375,053	4,278,102
Borrowings are repayable:		
Within one year or on demand	1,375,053	4,303,099
In the second year	427,276	4,342,556
In the third to fifth years, inclusive	20,439,697	16,280,836
After five years	32,605,647	25,971,808
	54,847,673	50,898,299
Less: deferred financing costs and original issue premiums	(374,738)	(263,638)
	54,472,935	50,634,661

The interest rate exposures of the Group's interest-bearing borrowings are as follows:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Fixed-rate borrowings	47,911,383	42,016,516
Variable-rate borrowings	6,561,552	8,618,145
	54,472,935	50,634,661

17. INTEREST-BEARING BORROWINGS (continued)

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
US\$	54,470,935	48,695,161
HK\$	2,000	1,939,500
	54,472,935	50,634,661

On 14 January 2021, the Group issued US\$750,000,000 (equivalent to approximately HK\$5,815,126,000) in aggregate principal amount of 5.00% senior notes due 2029 at an issue price of 100% of the principal amount (the "First 2029 Senior Notes"). The net proceeds from the offering of the First 2029 Senior Notes were used to (i) fund the conditional cash tender offer announced by the Group on 4 January 2021 to purchase any and all of its outstanding US\$600,000,000 (equivalent to approximately HK\$4,652,101,000) 7.25% senior notes due 2024 (the "2024 Senior Notes") plus accrued and unpaid interest, out of which US\$347,056,000 (equivalent to approximately HK\$2,690,899,000) aggregate principal amount of the 2024 Senior Notes were tendered; (ii) fully redeem the remaining 2024 Senior Notes following the completion of the conditional cash tender offer as mentioned above, in aggregate principal amount of US\$252,944,000 (equivalent to approximately HK\$1,961,202,000) plus accrued and unpaid interest on 17 February 2021; and (iii) with the remaining balance to partially fund capital expenditures of the remaining development project of Studio City and for general corporate purposes. As a result of the full redemption of the 2024 Senior Notes, the Group recorded a loss on extinguishment of debt of HK\$177,088,000 in the condensed consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021.

On 20 May 2021, the Group issued an additional US\$350,000,000 (equivalent to approximately HK\$2,716,695,000) in aggregate principal amount of the First 2029 Senior Notes at an issue price of 101.50% of the principal amount (the "Additional First 2029 Senior Notes"). The net proceeds from the offering of the Additional First 2029 Senior Notes will be used to partially fund capital expenditures for the remaining development project of Studio City and for general corporate purposes. The Additional First 2029 Senior Notes were consolidated and form a single series with the First 2029 Senior Notes. Certain subsidiaries of the Group and other future restricted subsidiaries as defined in the First 2029 Senior Notes and the Additional First 2029 Senior Notes are guarantors to guarantee the indebtedness under the First 2029 Senior Notes and the Additional First 2029 Senior Notes. On 26 July 2021, the First 2029 Senior Notes and the Additional First 2029 Senior Notes, which were originally listed on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX"), were also listed on the Chongwa (Macao) Financial Asset Exchange Co., Limited.

17. INTEREST-BEARING BORROWINGS (continued)

On 21 January 2021, the Group issued US\$250,000,000 (equivalent to approximately HK\$1,938,375,000) in aggregate principal amount of 5.375% senior notes due 2029 at an issue price of 103.25% of the principal amount (the “Additional 2029 Senior Notes”) in addition to the original US\$900,000,000 (equivalent to approximately HK\$6,977,501,000) 5.375% senior notes due 2029 issued in December 2019 (the “2029 Senior Notes”). The net proceeds from the offering of the Additional 2029 Senior Notes were used to repay the outstanding principal amount of HK\$1,937,500,000 drawn under a revolving credit facility of the Group, together with accrued interest and associated costs. The Additional 2029 Senior Notes were consolidated and form a single series with the 2029 Senior Notes. On 29 June 2021, the 2029 Senior Notes and the Additional 2029 Senior Notes, which were originally listed on the SGX, were also listed on the Chongwa (Macao) Financial Asset Exchange Co., Limited.

On 15 March 2021, the Group amended the terms of a senior secured credit facilities agreement, including the extension of the maturity date for a term loan facility of HK\$1,000,000 and a revolving credit facility of HK\$233,000,000 from 30 November 2021 to 15 January 2028 (the “Extended Maturity Date”). The term loan facility shall be repaid at the Extended Maturity Date with no interim amortization payments. The revolving credit facility is available up to the date that is one month prior to the Extended Maturity Date. Changes have also been made to the covenants in order to align them with those of certain other financings of the Group, including amending the threshold sizes and measurement dates of the covenants.

On 7 June 2021, the Group entered into a US\$1.0 billion 5-year secured credit facility agreement (the “2021 Credit Facilities”) to fully refinance the existing credit facility (the “2017 Credit Facilities”). The 2021 Credit Facilities consist of a term loan facility of US\$688,000,000 (equivalent to approximately HK\$5,340,952,000) and a revolving credit facility of US\$312,000,000 (equivalent to approximately HK\$2,422,059,000).

On 15 June 2021, the Group drew down US\$688,000,000 (equivalent to approximately HK\$5,340,952,000) from the term loan facility and US\$177,000,000 (equivalent to approximately HK\$1,374,053,000) from the revolving credit facility under the 2021 Credit Facilities, together with cash on hand, to fully prepay the outstanding loan principal amount under the 2017 Credit Facilities of US\$865,000,000 (equivalent to approximately HK\$6,715,005,000) and the accrued interest and associated costs. As a result of such prepayment, the Group recorded a net gain on modification or extinguishment of debts of HK\$74,232,000 in the condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 June 2021.

17. INTEREST-BEARING BORROWINGS (continued)

The borrowings under the 2021 Credit Facilities bear interest at the London Interbank Offered Rate plus a margin of 2.35% per annum. The term loan facility under the 2021 Credit Facilities is repayable in instalments within the period from 2022 to 2026. The revolving credit facility under the 2021 Credit Facilities is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally being one month, or rolled over subject to compliance with certain covenants and satisfaction of conditions precedent.

The indebtedness under the 2021 Credit Facilities is secured by the shares of Melco Resorts owned by the Group and guaranteed by the Company and a subsidiary of the Group.

The availability period of an unsecured credit facility amounting to Philippine Peso (“PHP”) 2,350,000,000 (equivalent to approximately HK\$375,805,000) was extended from 31 January 2021 to 30 June 2021 during the six months ended 30 June 2021, and was further extended to 31 January 2022 in July 2021 on substantially similar terms.

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 2020.

As at 30 June 2021, the Group had a total available and unutilized borrowing capacity of HK\$16,507,811,000 (31 December 2020: HK\$13,704,092,000), subject to satisfaction of certain conditions precedent.

The possible effects on the interest-bearing borrowings in relation to the termination, rescission, revocation or modification of Melco Resorts Macau’s subconcession are disclosed in note 1(c).

18. LEASE LIABILITIES

Melco Resorts Leisure (PHP) Corporation (“Melco Resorts Leisure”), a subsidiary of the Group, and Belle entered into a lease agreement, as amended from time to time (the “MRP Lease Agreement”), under which Belle agreed to lease to Melco Resorts Leisure the land and certain of the building structures for City of Dreams Manila effective 13 March 2013.

As a result of the disruptions and impact caused by the COVID-19 pandemic, on 22 March 2021, Melco Resorts Leisure and Belle entered into a supplemental agreement to the MRP Lease Agreement to make certain adjustments to the rental payments paid and payable by Melco Resorts Leisure for 2020 and 2021. Accordingly, Melco Resorts Leisure became entitled to rent concessions of approximately PHP2,060,000,000 (equivalent to approximately HK\$332,587,000) for 2020 and a maximum rent concession of approximately PHP1,670,000,000 (equivalent to approximately HK\$269,037,000) for 2021 which will be recognized in 2021 and over the remaining terms of the lease until July 2033. The carrying amount of lease liabilities associated with the MRP Lease Agreement was remeasured by discounting the revised lease payments using a revised discount rate as at 22 March 2021. The difference between the carrying amount of the modified liabilities and the lease liabilities immediately before the modification of PHP2,027,392,000 (equivalent to approximately HK\$325,551,000) was recognized as an adjustment to the right-of-use assets on 22 March 2021.

The following table presents the contractual undiscounted cash flows for lease liabilities at the end of the reporting period:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
On demand or less than one year	483,797	863,018
In the second year	475,746	511,697
In the third to fifth years, inclusive	1,391,622	1,412,297
Over five years	3,587,979	3,880,323
	5,939,144	6,667,335

During the six months ended 30 June 2021, the total cash outflow for leases was HK\$173,962,000 (six months ended 30 June 2020: HK\$204,946,000).

19. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2020 (Audited)	1,514,266,755	5,669,692
Exercise of share options	1,497,000	22,388
At 31 December 2020 and 1 January 2021 (Audited)	1,515,763,755	5,692,080
Exercise of share options	379,000	3,525
At 30 June 2021 (Unaudited)	1,516,142,755	5,695,605

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

20. MELCO RESORTS SHARE INCENTIVE PLANS

Melco Resorts adopted a share incentive plan in October 2011 which became effective on 7 December 2011 and was subsequently amended (the “Melco Resorts Amended 2011 Share Incentive Plan”). The Melco Resorts Amended 2011 Share Incentive Plan expires ten years after 7 December 2011. In view of the impending expiry of the Melco Resorts Amended 2011 Share Incentive Plan, Melco Resorts adopted a new 2021 Share Incentive Plan which was approved by the boards of directors of Melco Resorts and the Company in March 2021 and the shareholders of the Company in June 2021. The 2021 Share Incentive Plan will be effective on 6 December 2021 (also the termination date of the Melco Resorts Amended 2011 Share Incentive Plan), the date specified by the Melco Resorts’ compensation committee.

Upon the termination of the Melco Resorts Amended 2011 Share Incentive Plan, no further awards may be granted pursuant to the Melco Resorts Amended 2011 Share Incentive Plan but the provisions of such plan shall remain in full force and effect in all other respects in respect of any awards granted prior to the date of termination of such plan.

A summary of the principal terms of the 2021 Share Incentive Plan was disclosed in the public circular of the Company dated 5 May 2021.

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

During the six months ended 30 June 2021, certain share options and restricted shares under the Melco Resorts share incentive plans were exercised and vested, which decreased the Group’s ownership interest in Melco Resorts from 56.80% as of 1 January 2021 to 56.52% as of 30 June 2021. The Group recognized a decrease of HK\$81,394,000 in the special reserve and an increase by the same amount in non-controlling interests.

21. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES (continued)**Melco Resorts and Entertainment (Philippines) Corporation (“MRP”)**

During the six months ended 30 June 2021, a subsidiary of the Group purchased certain common shares of MRP from its minority stockholders for a total consideration of HK\$57,324,000 which increased the Group’s ownership interest in MRP from 55.61% as of 1 January 2021 to 55.87% as of 30 June 2021. As a result, the Group recognized a decrease of HK\$26,445,000 in the special reserve and a decrease of HK\$30,879,000 in non-controlling interests.

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

During the six months ended 30 June 2021, property, plant and equipment amounting to HK\$792,158,000 (six months ended 30 June 2020: HK\$497,765,000) were purchased from external parties and these related payables remained unsettled as at 30 June 2021.

During the six months ended 30 June 2021, as set out in note 14 an investment in a joint venture amounting to HK\$180,150,000 remained unpaid and was carried in other payables, accruals and deposits received at the end of the reporting period. This amount due to a related company was settled in July 2021.

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Capital expenditures in respect of the acquisition of property, plant and equipment contracted for but not provided	5,546,851	5,977,481

(b) Other commitments

The availability period of a trade credit facility amounting to HK\$200,000,000 was extended from 31 August 2021 to 31 August 2023 in August 2021, with no material changes in the underlying terms and conditions.

Save for the aforesaid extension of availability period of the trade credit facility, the extension of the development period under the Studio City land concession contract as set out in note 1(b) and the investment commitment disclosed below, as at 30 June 2021, there were no significant changes to other commitments as disclosed in the Group’s audited consolidated financial statements for the year ended 31 December 2020.

23. COMMITMENTS AND CONTINGENCIES (continued)**(b) Other commitments (continued)**

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Investment commitment to the joint venture	300,250	–

(c) Litigation

As at 30 June 2021, the Group was a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcome of such proceedings has no material impact on the Group's unaudited condensed consolidated interim financial information as a whole.

24. RELATED PARTY TRANSACTIONS**(a) Key management personnel compensation**

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term benefits	44,645	56,405
Post-employment benefits	38	311
Share-based compensation	135,032	209,171
	179,715	265,887

(b) Other related party transaction

As of 30 June 2021, Mr. Ho, Lawrence Yau Lung ("Mr. Ho"), a Director, Chairman and Chief Executive Officer of the Company, and his controlled entity held an aggregate principal amount of US\$90,000,000 (equivalent to approximately HK\$697,620,000) senior notes issued by a subsidiary of the Group, which is unsecured, not convertible or exchangeable (the "Senior Notes"). Mr. Ho and his controlled entity purchased the Senior Notes at its face value. During the six months ended 30 June 2021, an aggregate principal amount of US\$30,000,000 (equivalent to approximately HK\$232,605,000) was purchased by Mr. Ho's controlled entity.

During the six months ended 30 June 2021, total interest expenses of US\$2,496,000 (equivalent to approximately HK\$19,374,000) (six months ended 30 June 2020: nil) in relation to the aforesaid senior notes were paid or accrued to Mr. Ho and his controlled entity.

25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

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

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

Fair value hierarchy

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Financial assets at fair value through profit or loss		
Level 1		
Equity securities	–	130,929
Level 3		
Convertible Note	19,836	–
	19,836	130,929

The fair value of the Convertible Note as at 30 June 2021 was determined based on the discounted cash flow method as detailed in note 12 and was classified as Level 3 in the fair value hierarchy.

The fair values of the equity securities as at 31 December 2020 were determined based on the quoted market prices in active markets and were classified as Level 1 of the fair value hierarchy.

(b) Fair values of the Group's financial assets and liabilities that are not measured at fair values on a recurring basis

The fair values of the financial assets and liabilities that are not measured at fair values on a recurring basis have been assessed by management of the Group based on discounted cash flow analysis.

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

26. SUBSEQUENT EVENTS

Save as the Tender Acceptance as set out in note 13 and other subsequent events disclosed elsewhere in this unaudited condensed consolidated interim financial information, the Group also has other significant subsequent events as described below.

- (a) On 7 July 2021, Melco Resorts adopted a Share Purchase and Award Program (the “SPAP”) to recognize the dedication and commitment of certain employees and provide such eligible employees the opportunity to benefit from the long-term growth of the Group. The SPAP applies to eligible employees who had agreed in 2020, at the height of the COVID-19 pandemic, to participate in the voluntary leave program, one of a series of measures taken by the Group to pro-actively manage costs in the face of the unprecedented challenges of the pandemic.

Under the SPAP, an eligible employee is invited to use a portion of his or her base salary during the term of the program, which runs from July 2021 to June 2022, to purchase and receive grants of restricted shares under the Melco Resorts Amended 2011 Share Incentive Plan, with an aggregate value equal to 200% of the amount of base salary so applied as at the grant date. The share-based compensation expenses of US\$32,551,000 (equivalent to approximately HK\$252,693,000) is expected to be recognized over the term of the program in accordance with HKFRSs.

- (b) On 17 August 2021, the Group acquired the preferred stocks newly issued by CleanRobotics Technologies, Inc (“CleanRobotics”), a private company principally engaged in the waste management business, for an aggregate consideration of US\$4,000,000 (equivalent to approximately HK\$31,084,000), representing 22.66% of the total voting power and ownership interest of CleanRobotics. The preferred stocks shall vote together with the common stocks of CleanRobotics on an as-converted basis and the Group is entitled to appoint one director to the board of CleanRobotics in accordance with the terms of the respective agreement. CleanRobotics became an associate of the Group on 17 August 2021.

27. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorized for issue by the Board on 31 August 2021.

OTHER INFORMATION

INTERIM DIVIDEND

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

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of each Director and Chief Executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director and Chief Executive of the Company were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") to be notified to the Company and the Hong Kong Stock Exchange were as follows:

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

(a) Ordinary shares of the Company

Name of Director	Number of ordinary shares held				Total	Approximate % of total issued shares ⁽¹⁾
	Personal interests ⁽²⁾	Family interests ⁽³⁾	Corporate interests ⁽⁴⁾	Other interests ⁽⁵⁾		
Mr. Ho, Lawrence Yau Lung	87,216,132	4,212,102	478,668,975 ⁽⁶⁾	312,666,187 ⁽⁷⁾	882,763,396	58.22%
Mr. Evan Andrew Winkler	5,275,913	-	-	-	5,275,913	0.35%
Mr. Chung Yuk Man, Clarence	3,093,440	-	-	-	3,093,440	0.20%
Mr. Ng Ching Wo	697,000	-	-	-	697,000	0.05%
Mr. John William Crawford	14,000	-	-	-	14,000	0.00%
Mr. Tsui Che Yin, Frank	7,180,660	-	-	-	7,180,660	0.47%
Ms. Karuna Evelyne Shinsho	15,934	-	-	-	15,934	0.00%

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

Name of Director	Number of underlying shares held pursuant to share options ^(2 & 8)	Number of awarded shares held ^(2 & 9)	Total	Approximate % of total issued shares ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	4,500,000	9,530,000	14,030,000	0.93%
Mr. Evan Andrew Winkler	20,921,000	1,696,000	22,617,000	1.49%
Mr. Chung Yuk Man, Clarence	3,551,000	109,000	3,660,000	0.24%
Mr. Ng Ching Wo	821,000	23,000	844,000	0.06%
Mr. John William Crawford	99,000	19,000	118,000	0.01%
Mr. Tsui Che Yin, Frank	1,158,000	17,000	1,175,000	0.08%
Ms. Karuna Evelyne Shinsho	106,000	19,000	125,000	0.01%

Notes:

- As at 30 June 2021, the total number of issued shares of the Company was 1,516,142,755.
- This represents the interests held by the relevant Director as beneficial owner.
- This represents the interests held by the spouse of the relevant Director.
- This represents the interests held by the relevant Director through his controlled corporations.
- This represents the interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 478,668,975 shares relate to the 301,368,606 shares, 122,243,024 shares, 53,491,345 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited and Maple Peak Investments Inc., respectively, representing approximately 19.88%, 8.06%, 3.53% and 0.10% of the total issued shares of the Company. All of such companies are owned by Mr. Ho, Lawrence Yau Lung and/or persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies.
- In addition to the deemed interests as stated in note 6 above, Mr. Ho, Lawrence Yau Lung was also taken to have interests in the 312,666,187 shares held by L3G Holdings Inc., representing approximately 20.62% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members.
- Details of share options granted to the Directors pursuant to the share option schemes of the Company are set out in the "Share Option Schemes" section of this report.
- Details of awarded shares granted to the Directors pursuant to the share purchase scheme of the Company are set out in the "Share Award Schemes" section of this report.

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

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

(a) Ordinary shares of Melco Resorts

Name of Director	Number of ordinary shares held			Approximate % of total issued shares ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Total	
Mr. Ho, Lawrence Yau Lung	2,673,366	812,729,781 ⁽⁴⁾	815,403,147	55.98%
Mr. Evan Andrew Winkler	89,883	–	89,883	0.01%
Mr. Chung Yuk Man, Clarence	127,051	–	127,051	0.01%
Mr. John William Crawford	84,276	–	84,276	0.01%

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

Name of Director	Number of underlying shares held pursuant to		Total	Approximate % of total issued shares ⁽¹⁾
	stock options ^(2 & 5)	restricted shares held ^(2 & 6)		
Mr. Ho, Lawrence Yau Lung	6,090,483	6,729,822	12,820,305	0.88%
Mr. Evan Andrew Winkler	–	91,161	91,161	0.01%
Mr. Chung Yuk Man, Clarence	–	202,614	202,614	0.01%
Mr. John William Crawford	–	78,474	78,474	0.01%

Notes:

- As at 30 June 2021, the total number of issued shares of Melco Resorts was 1,456,547,942.
- This represents the interests held by the relevant Director as beneficial owner.
- This represents the interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was taken to be interested in 812,729,781 shares of Melco Resorts which are being held by Melco Leisure and Entertainment Group Limited (“Melco Leisure”), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 58.22% of the total issued shares of the Company.
- Details of stock options granted to the Directors by Melco Resorts are set out in the “Share Option Schemes” section of this report.
- Details of restricted shares granted to the Directors by Melco Resorts are set out in the “Share Award Schemes” section of this report.

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

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

Notes:

- As at 30 June 2021, the total number of issued shares of SCIHL was 442,864,460 (including 370,352,700 Class A ordinary shares and 72,511,760 Class B ordinary shares).
- This represents the interest held by Mr. Chung Yuk Man, Clarence as beneficial owner.

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

Name of Director	Amount of debentures held (US\$)		
	Personal interest ⁽¹⁾	Corporate interest ⁽²⁾	Total
Mr. Ho, Lawrence Yau Lung	50,000,000	10,000,000 ⁽²⁾	60,000,000 ⁽³⁾
	–	30,000,000 ⁽²⁾	30,000,000 ⁽⁴⁾

Notes:

- This represents the interest held by Mr. Ho, Lawrence Yau Lung as beneficial owner.
- This represents the interests held by Mr. Ho, Lawrence Yau Lung through his controlled corporations, King Dragon Ventures Limited and Black Spade Capital Limited (both companies are wholly-owned by Mr. Ho, Lawrence Yau Lung). The debentures were directly held by Black Spade Capital Limited, a wholly-owned subsidiary of King Dragon Ventures Limited. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the debentures held by these companies.
- This represents the principal amount of the 6.00% senior notes due 2025 issued by Studio City Finance held by Mr. Ho, Lawrence Yau Lung.
- This represents the principal amount of the 5.00% senior notes due 2029 issued by Studio City Finance held by Mr. Ho, Lawrence Yau Lung.

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Save as disclosed above, as at 30 June 2021, none of the Directors or the Chief Executive of the Company and their respective associates had or deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations which were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

(I) The Company

On 8 March 2002, the shareholders of the Company adopted a share option scheme (the “2002 Share Option Scheme”). The 2002 Share Option Scheme expired on 7 March 2012 and no further options could thereafter be granted. Notwithstanding the expiry of the 2002 Share Option Scheme, the share options which had been granted during the life of the scheme shall continue to be valid and exercisable in accordance with their terms of issue and in all other respects its provisions shall remain in full force and effect.

Following the expiry of the 2002 Share Option Scheme, the shareholders of the Company adopted a new share option scheme on 30 May 2012, with certain rules of such scheme amended on 5 June 2020 (the “2012 Share Option Scheme”), under which the Directors may, at their discretion, grant to any eligible participants share options to subscribe for the Company’s shares, subject to the terms and conditions as stipulated therein.

Movements of share options granted under the 2002 Share Option Scheme and 2012 Share Option Scheme during the six months ended 30 June 2021 were as follows:

Under the 2002 Share Option Scheme

Category of participants	Number of share options					As at 30 June 2021	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
Mr. Chung Yuk Man, Clarence	330,000	-	-	-	-	330,000	27.01.2012	7.10	4
Mr. Ng Ching Wo	350,000	-	(350,000)	-	-	-	08.04.2011	5.75	3
	210,000	-	-	-	-	210,000	27.01.2012	7.10	4
Sub-total	890,000	-	(350,000)	-	-	540,000			
Employees									
	48,000	-	-	-	-	48,000	27.01.2012	7.10	4
Sub-total	48,000	-	-	-	-	48,000			
Others⁽¹⁶⁾									
	250,000	-	-	(250,000)	-	-	08.04.2011	5.75	3
	287,000	-	-	-	-	287,000	27.01.2012	7.10	4
Sub-total	537,000	-	-	(250,000)	-	287,000			
Total	1,475,000	-	(350,000)	(250,000)	-	875,000			

Under the 2012 Share Option Scheme

Category of participants	Number of share options					As at 30 June 2021	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Directors									
Mr. Ho, Lawrence Yau Lung	1,500,000	-	-	-	-	1,500,000	10.04.2018	23.15	7
	1,500,000	-	-	-	-	1,500,000	10.04.2019	19.90	10
	1,500,000	-	-	-	-	1,500,000	14.04.2020	12.70	13
Mr. Evan Andrew Winkler	5,946,000	-	-	-	-	5,946,000	10.04.2018	23.15	9
	775,000	-	-	-	-	775,000	10.04.2019	19.90	11
	14,200,000	-	-	-	-	14,200,000	06.09.2019	18.96	12
Mr. Chung Yuk Man, Clarence	2,219,000	-	-	-	-	2,219,000	08.04.2016	10.24	5
	237,000	-	-	-	-	237,000	10.04.2017	15.00	6
	144,000	-	-	-	-	144,000	10.04.2018	23.15	8
	153,000	-	-	-	-	153,000	10.04.2019	19.90	11
	264,000	-	-	-	-	264,000	14.04.2020	12.70	14
-	204,000	-	-	-	204,000	07.04.2021	16.38	15	
Mr. Ng Ching Wo	395,000	-	-	-	-	395,000	08.04.2016	10.24	5
	48,000	-	-	-	-	48,000	10.04.2017	15.00	6
	36,000	-	-	-	-	36,000	10.04.2018	23.15	8
	36,000	-	-	-	-	36,000	10.04.2019	19.90	11
	48,000	-	-	-	-	48,000	14.04.2020	12.70	14
-	48,000	-	-	-	48,000	07.04.2021	16.38	15	
Mr. John William Crawford	57,000	-	-	-	-	57,000	14.04.2020	12.70	14
	-	42,000	-	-	-	42,000	07.04.2021	16.38	15
Mr. Tsui Che Yin, Frank	1,040,000	-	-	-	-	1,040,000	08.04.2016	10.24	5
	18,000	-	-	-	-	18,000	10.04.2018	23.15	8
	16,000	-	-	-	-	16,000	10.04.2019	19.90	11
	45,000	-	-	-	-	45,000	14.04.2020	12.70	14
-	39,000	-	-	-	39,000	07.04.2021	16.38	15	
Ms. Karuna Evelyne Shinsho	22,000	-	-	-	-	22,000	10.04.2019	19.90	11
	48,000	-	-	-	-	48,000	14.04.2020	12.70	14
	-	36,000	-	-	-	36,000	07.04.2021	16.38	15
Sub-total	30,247,000	369,000	-	-	-	30,616,000			
Employees									
	484,000	-	-	-	-	484,000	08.04.2016	10.24	5
	129,000	-	-	-	-	129,000	10.04.2017	15.00	6
	429,000	-	-	-	-	429,000	10.04.2018	23.15	8
	468,000	-	-	-	-	468,000	10.04.2019	19.90	11
	786,000	-	-	-	-	786,000	14.04.2020	12.70	14
-	633,000	-	-	-	633,000	07.04.2021	16.38	15	
Sub-total	2,296,000	633,000	-	-	-	2,929,000			
Others⁽¹⁶⁾									
	1,867,000	-	(14,000)	-	-	1,853,000	08.04.2016	10.24	5
	202,000	-	-	-	-	202,000	10.04.2017	15.00	6
	141,000	-	-	-	-	141,000	10.04.2018	23.15	8
	107,000	-	-	-	-	107,000	10.04.2019	19.90	11
	89,000	-	(15,000)	-	-	74,000	14.04.2020	12.70	14
Sub-total	2,406,000	-	(29,000)	-	-	2,377,000			
Total	34,949,000	1,002,000	(29,000)	-	-	35,922,000			

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Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$16.04.
3. The share options granted on 8 April 2011 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014, respectively, to 7 April 2021.
4. The share options granted on 27 January 2012 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015, respectively, to 26 January 2022.
5. The share options granted on 8 April 2016 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019, respectively, to 7 April 2026.
6. The share options granted on 10 April 2017 are divided into 4 tranches exercisable from 10 April 2017, 10 April 2018, 10 April 2019 and 10 April 2020, respectively, to 9 April 2027.
7. The share options granted on 10 April 2018 are divided into 2 tranches exercisable from 10 April 2018 and 10 April 2019, respectively, to 9 April 2028.
8. The share options granted on 10 April 2018 are divided into 4 tranches exercisable from 10 April 2018, 10 April 2019, 10 April 2020 and 10 April 2021, respectively, to 9 April 2028.
9. The share options granted on 10 April 2018 are exercisable from 10 April 2020 to 9 April 2028.
10. The share options granted on 10 April 2019 are divided into 2 tranches exercisable from 10 April 2019 and 10 April 2020, respectively, to 9 April 2029.
11. The share options granted on 10 April 2019 are divided into 4 tranches exercisable from 10 April 2019, 10 April 2020, 10 April 2021 and 10 April 2022, respectively, to 9 April 2029.
12. The share options granted on 6 September 2019 are divided into 3 tranches exercisable from 30 June 2020, 30 June 2021 and 30 June 2022, respectively, to 5 September 2029.
13. The share options granted on 14 April 2020 are divided into 2 tranches exercisable from 14 April 2020 and 14 April 2021, respectively, to 13 April 2030.
14. The share options granted on 14 April 2020 are divided into 4 tranches exercisable from 14 April 2020, 14 April 2021, 14 April 2022 and 14 April 2023, respectively, to 13 April 2030.
15. The share options granted on 7 April 2021 are divided into 4 tranches exercisable from 7 April 2021, 7 April 2022, 7 April 2023 and 7 April 2024, respectively, to 6 April 2031.
16. The category “Others” represents former directors/employees or consultants of the Group.

On 7 April 2021, the Company granted a total of 1,002,000 share options to the Directors and certain employees of the Company under the 2012 Share Option Scheme. The validity period of the options granted is ten years, from 7 April 2021 to 6 April 2031. The options entitle the grantees to subscribe for a total of 1,002,000 shares of the Company at an exercise price of HK\$16.38 per share. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$16.02. The estimated fair value of the 1,002,000 share options granted was approximately HK\$6,078,880. The weighted average fair value per option granted was HK\$6.07.

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

Grant date of the share options	7 April 2021
Valuation model	Black-Scholes
Exercise price	HK\$16.38
Expected volatility	43% – 45%
Expected life	3.1 – 6.1 years
Risk-free rate	0.27% – 0.88%
Expected dividend yield	0%
Suboptimal exercise factor	N/A

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

(II) Melco Resorts

Melco Resorts adopted a share incentive plan in 2006 (the "Melco Resorts 2006 Share Incentive Plan"), a share incentive plan in 2011 (as amended) (the "Melco Resorts Amended 2011 Share Incentive Plan") and a share incentive plan in 2021 (the "Melco Resorts 2021 Share Incentive Plan"). Under the plans, Melco Resorts may grant either options to purchase Melco Resorts' ordinary shares or restricted shares. The Melco Resorts 2006 Share Incentive Plan has been succeeded by the Melco Resorts Amended 2011 Share Incentive Plan. In view of the impending expiry of the Melco Resorts Amended 2011 Share Incentive Plan, the boards of directors of Melco Resorts and the Company approved the Melco Resorts 2021 Share Incentive Plan in March 2021 to enable Melco Resorts to continue to grant awards to eligible participants as incentive for their contributions to the success of Melco Resorts after the Melco Resorts 2021 Share Incentive Plan has become effective.

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As Melco Resorts is a subsidiary of the Company, the Melco Resorts 2021 Share Incentive Plan constitutes a share option scheme governed by Chapter 17 of the Listing Rules and its implementation is subject to the approval of the Company's shareholders. The Melco Resorts 2021 Share Incentive Plan has been approved by the shareholders of the Company on 4 June 2021, and shall be effective on 6 December 2021 (also the termination date of the Melco Resorts Amended 2011 Share Incentive Plan), the date specified by Melco Resorts' compensation committee. No further awards may be granted under the Melco Resorts 2006 Share Incentive Plan after 7 December 2011 and upon the Melco Resorts 2021 Share Incentive Plan becoming effective, no further awards may be granted under the Melco Resorts Amended 2011 Share Incentive Plan and all subsequent awards will be granted under the Melco Resorts 2021 Share Incentive Plan. All awards previously granted under the Melco Resorts 2006 Share Incentive Plan and the Melco Resorts Amended 2011 Share Incentive Plan shall remain valid subject to the terms and conditions of the respective plan.

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

Movements of stock options granted under the plans during the six months ended 30 June 2021 were as follows:

- (i) Stock options granted to the Directors

Name of Director	Number of stock options					As at 30 June 2021	Exercise Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under the Melco Resorts 2006 Share Incentive Plan									
Mr. Ho, Lawrence Yau Lung	1,446,498	-	(1,446,498)	-	-	-	23.03.2011	1.75	3
Total	1,446,498	-	(1,446,498)	-	-	-			
Under the Melco Resorts Amended 2011 Share Incentive Plan									
Mr. Ho, Lawrence Yau Lung	474,399	-	-	-	-	474,399	29.03.2012	3.93	4
	362,610	-	-	-	-	362,610	10.05.2013	5.32	5
	320,343	-	-	-	-	320,343	28.03.2014	5.32	6
	690,291	-	-	-	-	690,291	30.03.2015	5.32	7
	1,302,840	-	-	-	-	1,302,840	18.03.2016	5.32	8
	1,470,000	-	-	-	-	1,470,000	31.03.2017	6.18	10
	1,470,000	-	-	-	-	1,470,000	02.04.2018	9.40	14
Total	6,090,483	-	-	-	-	6,090,483			

(ii) Stock options granted to other eligible participants

	Number of stock options					As at 30 June 2021	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2021	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under the Melco Resorts 2006 Share Incentive Plan									
Other eligible participants ⁽²⁾	437,793	-	(421,245)	(16,548)	-	-	23.03.2011	1.75	3
Total	437,793	-	(421,245)	(16,548)	-	-			
Under the Melco Resorts Amended 2011 Share Incentive Plan									
Other eligible participants ⁽²⁾	303,402	-	(52,848)	-	-	250,554	29.03.2012	3.93	4
	312,105	-	(56,535)	-	-	255,570	10.05.2013	5.32	5
	351,750	-	(70,572)	-	-	281,178	28.03.2014	5.32	6
	683,106	-	(110,247)	-	-	572,859	30.03.2015	5.32	7
	1,426,350	-	(225,066)	-	-	1,201,284	18.03.2016	5.32	8
	191,328	-	-	-	-	191,328	23.12.2016	4.79	9
	2,484,381	-	(271,806)	(177,198)	-	2,035,377	31.03.2017	6.18	10
	34,518	-	-	-	-	34,518	08.09.2017	7.61	11
	36,225	-	-	-	-	36,225	16.03.2018	9.15	12
	2,744,088	-	-	(102,839)	(19,023)	2,622,226	29.03.2018	9.66	13
	453,894	-	-	-	-	453,894	23.11.2018	5.66	15
	3,338,166	-	-	-	(89,292)	3,248,874	01.04.2019	8.14	16
	10,396,431	-	-	-	(345,870)	10,050,561	31.03.2020	4.13	17
	-	4,355,496	-	-	(59,916)	4,295,580	07.04.2021	6.89	18
	-	251,388	-	-	-	251,388	11.06.2021	5.83	19
Total	22,755,744	4,606,884	(787,074)	(280,037)	(514,101)	25,781,416			

Notes:

- The vesting period of the stock options is from the date of grant until the commencement of the exercise period.
- In respect of the stock options exercised during the period, the weighted average closing price of the Melco Resorts Shares immediately before the date on which the stock options were exercised was US\$6.25.
- The stock options granted on 23 March 2011 are divided into 3 tranches exercisable from 23 March 2012, 23 March 2013 and 23 March 2014, respectively, to 22 March 2021.
- The stock options granted on 29 March 2012 are divided into 3 tranches exercisable from 29 March 2013, 29 March 2014 and 29 March 2015, respectively, to 28 March 2022.
- The stock options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 9 May 2023.
- The stock options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 27 March 2024.
- The stock options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 29 March 2025.
- The stock options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019, respectively, to 17 March 2026.

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9. The stock options granted on 23 December 2016 are exercisable from 26 September 2019 to 22 December 2026.
10. The stock options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.
11. The stock options granted on 8 September 2017 are exercisable from 8 September 2019 to 7 September 2027.
12. The stock options granted on 16 March 2018 are exercisable from 16 March 2020 to 15 March 2028.
13. The stock options granted on 29 March 2018 are divided into 2 tranches exercisable from 29 March 2020 and 29 March 2021, respectively, to 28 March 2028.
14. The stock options granted on 2 April 2018 are divided into 2 tranches exercisable from 2 April 2020 and 2 April 2021, respectively, to 1 April 2028.
15. The stock options granted on 23 November 2018 are exercisable from 23 November 2020 to 22 November 2028.
16. The stock options granted on 1 April 2019 are divided into 2 tranches exercisable from 1 April 2021 and 1 April 2022, respectively, to 31 March 2029.
17. The stock options granted on 31 March 2020 are divided into 2 tranches exercisable from 31 March 2022 and 31 March 2023, respectively, to 30 March 2030.
18. The stock options granted on 7 April 2021 are divided into 2 tranches exercisable from 7 April 2023 and 7 April 2024, respectively, to 6 April 2031.
19. The stock options granted on 11 June 2021 are divided into 2 tranches exercisable from 11 June 2023 and 11 June 2024, respectively, to 10 June 2031.
20. The category “Other eligible participants” represents the directors (other than the Directors), employees or consultants of Melco Resorts.

On 7 April 2021, Melco Resorts granted a total of 4,355,496 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 7 April 2021 to 6 April 2031. The stock options entitle the grantees to subscribe for a total of 4,355,496 shares of Melco Resorts at an exercise price of US\$6.89 per share. The closing price of the shares of Melco Resorts immediately before the date on which the stock options were granted was US\$7.07 per share. The estimated fair value of the 4,355,496 stock options granted was approximately US\$10,039,418. The fair value per stock option granted was US\$2.305.

On 11 June 2021, Melco Resorts granted a total of 251,388 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 11 June 2021 to 10 June 2031. The stock options entitle the grantees to subscribe for a total of 251,388 shares of Melco Resorts at an exercise price of US\$5.83 per share. The closing price of the shares of Melco Resorts immediately before the date on which the stock options were granted was US\$5.75. The estimated fair value of the 251,388 stock options granted was approximately US\$480,151. The fair value per stock option granted was US\$1.91.

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

Grant date of the stock options	7 April 2021	11 June 2021
Valuation model	Black-Scholes	Black-Scholes
Exercise price	US\$6.89	US\$5.83
Expected volatility	45.50%	44.85%
Expected life	5.6 years	5.6 years
Risk-free rate	1.01%	0.88%
Expected dividend yield	2.50%	2.50%

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

OTHER INFORMATION

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

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

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

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

No awards were granted or outstanding under the MRP Amended Share Incentive Plan during the six months ended 30 June 2021.

SHARE AWARD SCHEMES

(I) The Company

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

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

(a) Share Purchase Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the six months ended 30 June 2021 were as follows:

Category of participants	Number of awarded shares				As at 30 June 2021	Date of award	Vesting date
	As at 1 January 2021	Awarded during the period	Vested during the period	Lapsed during the period			
Directors							
Mr. Ho, Lawrence Yau Lung	3,584,000	-	-	-	3,584,000	14.04.2020	14.04.2022*
	-	5,946,000	-	-	5,946,000	07.04.2021	07.04.2022
	3,584,000	5,946,000	-	-	9,530,000		
Mr. Evan Andrew Winkler	71,000	-	(71,000)	-	-	10.04.2019	10.04.2021
	70,000	-	-	-	70,000	10.04.2019	10.04.2022
	1,626,000	-	(1,626,000)	-	-	06.09.2019	30.06.2021
	1,626,000	-	-	-	1,626,000	06.09.2019	30.06.2022
	3,393,000	-	(1,697,000)	-	1,696,000		
Mr. Chung Yuk Man, Clarence	12,000	-	(12,000)	-	-	10.04.2018	10.04.2021
	14,000	-	(14,000)	-	-	10.04.2019	10.04.2021
	14,000	-	-	-	14,000	10.04.2019	10.04.2022
	22,000	-	(22,000)	-	-	14.04.2020	14.04.2021
	22,000	-	-	-	22,000	14.04.2020	14.04.2022
	22,000	-	-	-	22,000	14.04.2020	14.04.2023
	-	64,000	(64,000)	-	-	07.04.2021	07.04.2021
	-	17,000	-	-	17,000	07.04.2021	07.04.2022
	-	17,000	-	-	17,000	07.04.2021	07.04.2023
	-	17,000	-	-	17,000	07.04.2021	07.04.2024
		106,000	115,000	(112,000)	-	109,000	
Mr. Ng Ching Wo	3,000	-	(3,000)	-	-	10.04.2018	10.04.2021
	3,000	-	(3,000)	-	-	10.04.2019	10.04.2021
	3,000	-	-	-	3,000	10.04.2019	10.04.2022
	4,000	-	(4,000)	-	-	14.04.2020	14.04.2021
	4,000	-	-	-	4,000	14.04.2020	14.04.2022
	4,000	-	-	-	4,000	14.04.2020	14.04.2023
	-	4,000	(4,000)	-	-	07.04.2021	07.04.2021
	-	4,000	-	-	4,000	07.04.2021	07.04.2022
	-	4,000	-	-	4,000	07.04.2021	07.04.2023
	-	4,000	-	-	4,000	07.04.2021	07.04.2024
	21,000	16,000	(14,000)	-	23,000		

OTHER INFORMATION

Category of participants	Number of awarded shares					Date of award	Vesting date
	As at 1 January 2021	Awarded during the period	Vested during the period	Lapsed during the period	As at 30 June 2021		
Mr. John William Crawford	5,000	-	(5,000)	-	-	14.04.2020	14.04.2021
	5,000	-	-	-	5,000	14.04.2020	14.04.2022
	4,000	-	-	-	4,000	14.04.2020	14.04.2023
	-	4,000	(4,000)	-	-	07.04.2021	07.04.2021
	-	4,000	-	-	4,000	07.04.2021	07.04.2022
	-	3,000	-	-	3,000	07.04.2021	07.04.2023
	-	3,000	-	-	3,000	07.04.2021	07.04.2024
	14,000	14,000	(9,000)	-	19,000		
Mr. Tsui Che Yin, Frank	1,000	-	(1,000)	-	-	10.04.2018	10.04.2021
	1,000	-	(1,000)	-	-	10.04.2019	10.04.2021
	1,000	-	-	-	1,000	10.04.2019	10.04.2022
	4,000	-	(4,000)	-	-	14.04.2020	14.04.2021
	4,000	-	-	-	4,000	14.04.2020	14.04.2022
	3,000	-	-	-	3,000	14.04.2020	14.04.2023
	-	4,000	(4,000)	-	-	07.04.2021	07.04.2021
	-	3,000	-	-	3,000	07.04.2021	07.04.2022
	-	3,000	-	-	3,000	07.04.2021	07.04.2023
	-	3,000	-	-	3,000	07.04.2021	07.04.2024
14,000	13,000	(10,000)	-	17,000			
Ms. Karuna Evelyne Shinsho	2,000	-	(2,000)	-	-	10.04.2019	10.04.2021
	2,000	-	-	-	2,000	10.04.2019	10.04.2022
	4,000	-	(4,000)	-	-	14.04.2020	14.04.2021
	4,000	-	-	-	4,000	14.04.2020	14.04.2022
	4,000	-	-	-	4,000	14.04.2020	14.04.2023
	-	3,000	(3,000)	-	-	07.04.2021	07.04.2021
	-	3,000	-	-	3,000	07.04.2021	07.04.2022
	-	3,000	-	-	3,000	07.04.2021	07.04.2023
-	3,000	-	-	3,000	07.04.2021	07.04.2024	
16,000	12,000	(9,000)	-	19,000			
Sub-total	7,148,000	6,116,000	(1,851,000)	-	11,413,000		

Category of participants	Number of awarded shares				As at 30 June 2021	Date of award	Vesting date
	As at 1 January 2021	Awarded during the period	Vested during the period	Lapsed during the period			
Employees	33,000	-	(33,000)	-	-	10.04.2018	10.04.2021
	42,000	-	(42,000)	-	-	10.04.2019	10.04.2021
	41,000	-	-	-	41,000	10.04.2019	10.04.2022
	66,000	-	(66,000)	-	-	14.04.2020	14.04.2021
	65,000	-	-	-	65,000	14.04.2020	14.04.2022
	65,000	-	-	-	65,000	14.04.2020	14.04.2023
	-	106,000	(106,000)	-	-	07.04.2021	07.04.2021
	-	53,000	-	-	53,000	07.04.2021	07.04.2022
	-	51,000	-	-	51,000	07.04.2021	07.04.2023
	-	51,000	-	-	51,000	07.04.2021	07.04.2024
Sub-total	312,000	261,000	(247,000)	-	326,000		
Others**	13,000	-	(13,000)	-	-	10.04.2018	10.04.2021
	13,000	-	(13,000)	-	-	10.04.2019	10.04.2021
	12,000	-	-	-	12,000	10.04.2019	10.04.2022
	16,000	-	(16,000)	-	-	14.04.2020	14.04.2021
	15,000	-	-	-	15,000	14.04.2020	14.04.2022
	14,000	-	-	-	14,000	14.04.2020	14.04.2023
Sub-total	83,000	-	(42,000)	-	41,000		
Total	7,543,000	6,377,000	(2,140,000)	-	11,780,000		

* The vesting date of the awarded shares has been changed from 14 April 2021 to 14 April 2022.

** The category "Others" represents former directors/employees of the Group.

(b) Share Subscription Scheme

No share award was granted or outstanding under the Share Subscription Scheme during the six months ended 30 June 2021.

(II) Melco Resorts

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

OTHER INFORMATION

(i) Restricted shares granted to Directors

Name of Director	Number of restricted shares					Date of award	Vesting date	
	As at 1 January 2021	Awarded during the period	Vested during the period	Cancelled during the period	As at 30 June 2021			
Mr. Ho, Lawrence Yau Lung	265,692	-	(265,692)	-	-	29.03.2018	29.03.2021	
	613,614	-	(613,614)	-	-	01.04.2019	01.04.2021	
	613,614	-	-	-	613,614	01.04.2019	01.04.2022	
	2,330,670	-	-	-	2,330,670	31.03.2020	31.03.2022	
	2,330,670	-	-	-	2,330,670	31.03.2020	31.03.2023	
	-	347,562	(347,562)	-	-	31.03.2021	31.03.2021	
	-	727,434	-	-	727,434	07.04.2021	07.04.2023	
	-	727,434	-	-	727,434	07.04.2021	07.04.2024	
		6,154,260	1,802,430	(1,226,868)	-	6,729,822		
	Mr. Evan Andrew Winkler	5,178	-	(5,178)	-	-	29.03.2018	29.03.2021
10,746		-	(10,746)	-	-	01.04.2019	01.04.2021	
10,746		-	-	-	10,746	01.04.2019	01.04.2022	
21,168		-	(21,168)	-	-	31.03.2020	31.03.2021	
21,168		-	-	-	21,168	31.03.2020	31.03.2022	
21,168		-	-	-	21,168	31.03.2020	31.03.2023	
-		58,122	(58,122)	-	-	31.03.2021	31.03.2021	
-		12,693	-	-	12,693	07.04.2021	07.04.2022	
-		12,693	-	-	12,693	07.04.2021	07.04.2023	
-		12,693	-	-	12,693	07.04.2021	07.04.2024	
	90,174	96,201	(95,214)	-	91,161			
Mr. Chung Yuk Man, Clarence	5,178	-	(5,178)	-	-	29.03.2018	29.03.2021	
	23,025	-	(23,025)	-	-	01.04.2019	01.04.2021	
	23,025	-	-	-	23,025	01.04.2019	01.04.2022	
	48,993	-	(48,993)	-	-	31.03.2020	31.03.2021	
	48,993	-	-	-	48,993	31.03.2020	31.03.2022	
	48,993	-	-	-	48,993	31.03.2020	31.03.2023	
	-	13,560	(13,560)	-	-	31.03.2021	31.03.2021	
	-	27,201	-	-	27,201	07.04.2021	07.04.2022	
	-	27,201	-	-	27,201	07.04.2021	07.04.2023	
	-	27,201	-	-	27,201	07.04.2021	07.04.2024	
	198,207	95,163	(90,756)	-	202,614			
Mr. John William Crawford	5,178	-	(5,178)	-	-	29.03.2018	29.03.2021	
	10,746	-	(10,746)	-	-	01.04.2019	01.04.2021	
	10,746	-	-	-	10,746	01.04.2019	01.04.2022	
	22,983	-	(22,983)	-	-	31.03.2020	31.03.2021	
	22,983	-	-	-	22,983	31.03.2020	31.03.2022	
	22,983	-	-	-	22,983	31.03.2020	31.03.2023	
	-	7,254	-	-	7,254	07.04.2021	07.04.2022	
	-	7,254	-	-	7,254	07.04.2021	07.04.2023	
	-	7,254	-	-	7,254	07.04.2021	07.04.2024	
		95,619	21,762	(38,907)	-	78,474		
Total	6,538,260	2,015,556	(1,451,745)	-	7,102,071			

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares					As at 30 June 2021	Date of award	Vesting date
	As at 1 January 2021	Awarded during the period	Modified during the period	Vested during the period	Cancelled during the period			
Other eligible participants ^(a)	2,586	-	-	-	(2,586)	-	29.03.2018	29.03.2020
	454,599	-	-	(442,929)	(9,315)	2,355	29.03.2018	29.03.2021 ^(b)
	12,483	-	-	(10,689)	(1,794)	-	29.03.2018	27.04.2021
	12,489	-	-	-	(1,797)	10,692	29.03.2018	27.04.2022
	944,217	-	-	(922,173)	(18,072)	3,972	01.04.2019	01.04.2021 ^(b)
	36,246	-	-	(31,920)	(4,326)	-	01.04.2019	27.04.2021
	944,217	-	(23,358)	-	(26,193)	894,666	01.04.2019	01.04.2022
	-	-	23,358	(23,358)	-	-	01.04.2019	30.04.2021 ^(b)
	36,246	-	-	-	(4,326)	31,920	01.04.2019	27.04.2022
	50,805	-	-	(50,805)	-	-	31.03.2020	31.03.2021
	1,974,906	-	(52,818)	-	(51,552)	1,870,536	31.03.2020	31.03.2022
	1,974,906	-	(52,818)	-	(51,552)	1,870,536	31.03.2020	31.03.2023
	108,759	-	-	(100,179)	(8,580)	-	31.03.2020	27.04.2021
	-	-	105,636	(105,636)	-	-	31.03.2020	30.04.2021 ^(b)
	108,759	-	-	-	(8,580)	100,179	31.03.2020	27.04.2022
	78,576	-	-	-	-	78,576	24.11.2020	24.11.2021
	78,576	-	-	-	-	78,576	24.11.2020	24.11.2022
	-	1,480,653	-	(1,480,653)	-	-	31.03.2021	31.03.2021
	-	55,380	-	(55,380)	-	-	07.04.2021	30.04.2021
	-	21,762	-	-	-	21,762	07.04.2021	07.04.2022
	-	1,160,346	-	-	(16,308)	1,144,038	07.04.2021	07.04.2023
	-	1,160,346	-	-	(16,308)	1,144,038	07.04.2021	07.04.2024
	-	48,534	-	(48,534)	-	-	11.06.2021	11.06.2021
	-	35,910	-	-	-	35,910	11.06.2021	11.06.2023
	-	35,910	-	-	-	35,910	11.06.2021	11.06.2024
Total	6,818,370	3,998,841	-	(3,272,256)	(221,289)	7,323,666		

Notes:

- The contractual right to the vesting of 2,355 and 3,972 restricted shares have been terminated when the relevant employee notified of his resignation before the vesting date of 29 March 2021 and 1 April 2021 respectively. Such 2,355 and 3,972 unvested restricted shares were cancelled when the termination date of his employment became effective.
- The vesting date of these restricted shares were modified from 31 March 2022, 1 April 2022 and 31 March 2023 to 30 April 2021, with effect from 22 April 2021.
- The category "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the following persons/corporations had interests in five per cent or more of the issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares and underlying shares of the Company as notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name	Capacity	No. of shares held	No. of underlying shares held	Approximate % of total issued shares ⁽¹⁾	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	301,368,606	–	19.88%	2
Lasting Legend Ltd.	Beneficial owner	122,243,024	–	8.06%	2
	Interest of controlled corporation	301,368,606	–	19.88%	2
Trident Trust Company (Cayman) Limited	Trustee	423,611,630	–	27.94%	3
L3G Holdings Inc.	Beneficial owner	312,666,187	–	20.62%	5
Zedra Trust Company (Cayman) Limited	Trustee	312,666,187	–	20.62%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	87,216,132	14,030,000	6.68%	8
	Interest of controlled corporations	478,668,975	–	31.57%	4
	Interest of spouse	4,212,102	–	0.28%	6
	Others	312,666,187	–	20.62%	5
Ms. Lo Sau Yan, Sharen	Beneficial owner	4,212,102	–	0.28%	–
	Interest of spouse	878,551,294	14,030,000	58.87%	7, 8
Southeastern Asset Management, Inc.	Investment manager	197,667,681	–	13.04%	–

Notes:

1. As at 30 June 2021, the total number of issued shares of the Company was 1,516,142,755.
2. Better Joy Overseas Ltd. is a company controlled by Lasting Legend Ltd. and, therefore, Lasting Legend Ltd. was deemed to be interested in the 301,368,606 shares held by Better Joy Overseas Ltd. The shares held by Better Joy Overseas Ltd. and the shares held by Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
3. The 423,611,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.
4. The 478,668,975 shares relate to the 301,368,606 shares, 122,243,024 shares, 53,491,345 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited and Maple Peak Investments Inc., respectively, representing approximately 19.88%, 8.06%, 3.53% and 0.10% of the total issued shares of the Company. All of such companies are owned by Mr. Ho, Lawrence Yau Lung and/or persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies.
5. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members. Zedra Trust Company (Cayman) Limited is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung is taken to have interests in the shares held by L3G Holdings Inc. by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.
6. Mr. Ho, Lawrence Yau Lung is the spouse of Ms. Lo Sau Yan, Sharen and was deemed to be interested in the shares of the Company through the interest of his spouse, Ms. Lo Sau Yan, Sharen, under the SFO.
7. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.
8. The interests of Mr. Ho, Lawrence Yau Lung in the underlying shares of the Company (in respect of the share options and awarded shares granted by the Company) are set out in the "Directors' interests in shares, underlying shares and debentures" section of this report.

Save as disclosed above, as at 30 June 2021, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

OTHER INFORMATION

CORPORATE GOVERNANCE

The Company has in place its code on corporate governance (the “Company Code”), which sets out the corporate standards and practices used in directing and managing its business affairs, and is revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules. The Company Code not only formalizes the Company’s existing corporate governance principles and practices, it also serves to assimilate practices with benchmarks prescribed by the Hong Kong Stock Exchange, ultimately ensuring that the Company runs a highly transparent operation and is accountable to its shareholders.

Apart from the deviation mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six months ended 30 June 2021.

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.

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

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

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

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has a code for dealing in the Company's securities by the Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings"), on terms no less exacting than the required standards set out in the Model Code. We have received confirmation from all Directors that they have complied with the required standards as set out in the Code of Securities Dealings throughout the six months ended 30 June 2021.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's 2020 Annual Report are set out below.

Mr. Ho, Lawrence Yau Lung, Chairman and Chief Executive Officer of the Company, entered into a new employment agreement on 1 April 2021 with Melco Services Limited, a wholly-owned subsidiary of the Company, with respect of his service as Chief Executive Officer of the Group (such agreement superseded the previous employment agreement entered into between the two parties in 2013) (the "New Employment Agreement"). Mr. Ho is entitled to a monthly salary of HK\$100,000 per month on a twelve-month basis and other fringe benefits under the New Employment Agreement, which were determined by reference to Mr. Ho's duties and responsibilities with the Company, the Company's financial performance and the prevailing market conditions. The New Employment Agreement may be terminated by either party giving not less than three months' written notice.

Mr. Ho also entered into a new director agreement with Melco Services (Macau) Limited ("MSML"), a wholly-owned subsidiary of the Company, with respect of his service as a director of MSML (such agreement superseded the previous director agreement entered into between the two parties in 2013) (the "New Director Agreement"). Mr. Ho is entitled to a director's fee, which may include, cash payment, equity awards (whether in the form of shares, share options or otherwise, to be granted by either the Company or any of its subsidiaries, or any other benefits in kind) which will be determined by MSML's shareholders from time to time under the New Director Agreement. The New Director Agreement may be terminated at any time by either party by written notice.

AUDIT COMMITTEE

The Company's Audit Committee is currently composed of a Non-executive Director and two Independent Non-executive Directors. The primary duties of the Audit Committee are (i) to review the annual reports, interim reports and financial statements of the Group and to provide advice and comments thereon to the Board; (ii) to review and supervise the Group's financial reporting process; and (iii) to oversee the Group's risk management and internal control systems. The Audit Committee has reviewed the unaudited interim results and the interim report of the Company for the six months ended 30 June 2021.

OTHER INFORMATION

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

During the six months ended 30 June 2021, 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 Share Purchase Scheme purchased on the Hong Kong Stock Exchange a total of 1,110,000 shares of the Company for a total consideration of approximately HK\$15,696,000 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 2021 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants by Ernst & Young, the Company's auditor, whose independent review report is included in this report.

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

Hong Kong, 31 August 2021

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Mr. Evan Andrew Winkler
(*President and Managing Director*)

Mr. Chung Yuk Man, Clarence

Non-executive Director

Mr. Ng Ching Wo

Independent Non-executive Directors

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

EXECUTIVE COMMITTEE

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

AUDIT COMMITTEE

Mr. John William Crawford (*Chairman*)
Mr. Tsui Che Yin, Frank
Mr. Ng Ching Wo

REMUNERATION COMMITTEE

Mr. Tsui Che Yin, Frank (*Chairman*)
Mr. Ng Ching Wo
Ms. Karuna Evelyne Shinsho

NOMINATION COMMITTEE

Mr. John William Crawford (*Chairman*)
Mr. Ng Ching Wo
Ms. Karuna Evelyne Shinsho

CORPORATE GOVERNANCE COMMITTEE

Mr. Ng Ching Wo (*Chairman*)
Mr. John William Crawford
Ms. Karuna Evelyne Shinsho
Mr. Leung Hoi Wai, Vincent*

REGULATORY COMPLIANCE COMMITTEE

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

FINANCE COMMITTEE

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

COMPANY SECRETARY

Mr. Leung Hoi Wai, Vincent

REGISTERED OFFICE

38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

* non-voting co-opted member

CORPORATE INFORMATION

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Gibson, Dunn & Crutcher LLP
King & Wood Mallesons

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

200 (Listed on the Hong Kong Stock Exchange)

WEBSITE

www.melco-group.com

Election of Language or Means of Receipt of Corporate Communications

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

Shareholders are encouraged to access the Company’s corporate communications (including but not limited to annual reports, interim reports, notices of meeting, listing documents, circulars and proxy forms) electronically via the Company’s website to help protect the environment. Shareholders may at any time change their choice of language or means of receiving the Company’s corporate communications free of charge by giving not less than 7 days’ notice in writing to the Company’s share registrar, Tricor Standard Limited, Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong or by email to melco200-ecom@hk.tricorglobal.com.

www.melco-group.com

HONG KONG 香港

PENTHOUSE 38/F., THE CENTRIUM, 60 WYNDHAM STREET, CENTRAL, HONG KONG
香港中環雲咸街60號中央廣場38樓
TEL 電話：+852 3151 3777

MACAU 澳門

15/F. A, 594 AVENIDA DA PRAIA GRANDE, MACAU
澳門南灣大馬路594號15樓A
TEL 電話：+853 8296 1777

