

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website: [www.melco-group.com](http://www.melco-group.com)

(Stock Code: 200)

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022**

The board of directors (the “Board”) of Melco International Development Limited (the “Company” or “Melco International”) herein announces the audited consolidated annual results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31 December 2022 as set out below.

#### **FINANCIAL HIGHLIGHTS**

1. Net revenues were HK\$10.57 billion, which represented a decrease of HK\$5.07 billion or 32.4%, compared to HK\$15.64 billion for the year ended 31 December 2021. The decrease in net revenues was primarily attributable to travel restrictions in Macau and mainland China related to COVID-19 during the year as well as the government mandated temporary closure of our casinos in Macau in July which led to softer performance in our casino and hospitality operations in the year ended 31 December 2022.
2. The Group generated negative Adjusted EBITDA of HK\$362.0 million for the year ended 31 December 2022, compared to Adjusted EBITDA of HK\$1.54 billion for the year ended 31 December 2021.
3. Loss after tax was HK\$9.99 billion for the year ended 31 December 2022, compared to loss after tax of HK\$7.94 billion for the year ended 31 December 2021.
4. Basic loss per share attributable to owners of the Company was HK\$3.40 for the year ended 31 December 2022, compared to basic loss per share attributable to owners of the Company of HK\$2.52 for the year ended 31 December 2021.
5. Net asset value per share attributable to owners of the Company was HK\$1.2 as of 31 December 2022, compared to HK\$4.5 as of 31 December 2021.
6. The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE YEAR ENDED 31 DECEMBER 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
NET REVENUES	4	<b>10,565,657</b>	15,638,846
<b>OPERATING COSTS AND EXPENSES</b>			
Gaming tax and license fees		<b>(3,833,337)</b>	(6,554,174)
Employee benefits expenses		<b>(5,186,974)</b>	(5,562,700)
Depreciation and amortization		<b>(4,586,000)</b>	(5,437,161)
Other operating expenses, gains and losses, net	5	<b>(3,760,037)</b>	(3,359,860)
Total operating costs and expenses, net		<b>(17,366,348)</b>	(20,913,895)
OPERATING LOSS		<b>(6,800,691)</b>	(5,275,049)
<b>NON-OPERATING INCOME/(EXPENSES)</b>			
Interest income		<b>108,024</b>	51,858
Interest expenses, net of amounts capitalized		<b>(3,262,133)</b>	(2,926,666)
Other financing costs		<b>(53,885)</b>	(88,684)
Losses on modification or extinguishment of debts, net		–	(102,856)
Foreign exchange gains/(losses), net		<b>179</b>	(10,275)
Other income, net	6	<b>33,416</b>	455,273
Share of losses of a joint venture	14	<b>(543)</b>	(1,789)
Share of losses of associates	15	<b>(6,050)</b>	(1,791)
Total non-operating expenses, net		<b>(3,180,992)</b>	(2,624,930)
LOSS BEFORE TAX		<b>(9,981,683)</b>	(7,899,979)
Income tax expense	7	<b>(5,634)</b>	(43,282)
LOSS FOR THE YEAR		<b>(9,987,317)</b>	(7,943,261)

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 HK\$'000
<b>OTHER COMPREHENSIVE LOSS</b>			
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences:			
Exchange differences on translation of foreign operations		<b>(270,760)</b>	(541,086)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Actuarial gain arising from defined benefit obligations		<b>1,686</b>	3,028
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>		<b>(269,074)</b>	(538,058)
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(10,256,391)</b>	(8,481,319)
Loss for the year attributable to:			
Owners of the Company		<b>(5,113,127)</b>	(3,808,968)
Non-controlling interests		<b>(4,874,190)</b>	(4,134,293)
		<b>(9,987,317)</b>	(7,943,261)
Total comprehensive loss for the year attributable to:			
Owners of the Company		<b>(5,227,636)</b>	(4,064,742)
Non-controlling interests		<b>(5,028,755)</b>	(4,416,577)
		<b>(10,256,391)</b>	(8,481,319)
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
	9		
Basic		<b>HK\$(3.40)</b>	HK\$(2.52)
Diluted		<b>HK\$(3.40)</b>	HK\$(2.52)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AT 31 DECEMBER 2022*

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	<b>47,347,230</b>	46,988,366
Right-of-use assets		<b>5,581,446</b>	7,069,510
Gaming license and subconcession		<b>13,335</b>	546,877
Goodwill		<b>5,299,451</b>	5,299,451
Trademarks		<b>16,992,458</b>	16,992,458
Other intangible assets		<b>313,321</b>	374,740
Investment in a joint venture	14	<b>167,033</b>	181,674
Investments in associates	15	<b>44,581</b>	29,278
Prepayments, deposits and other receivables		<b>1,271,584</b>	1,394,832
Other financial assets		–	20,320
Restricted cash	12	<b>2,752,241</b>	50,693
Deferred tax assets		<b>4,986</b>	31,423
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>79,787,666</b>	78,979,622
<b>CURRENT ASSETS</b>			
Inventories		<b>206,292</b>	230,824
Trade receivables	10	<b>437,273</b>	425,098
Prepayments, deposits and other receivables		<b>999,938</b>	931,860
Other financial assets		<b>21,168</b>	–
Tax recoverable		<b>112</b>	758
Restricted cash	12	<b>1,254,390</b>	3,170
Cash and bank balances		<b>14,317,506</b>	13,452,432
		<hr/>	<hr/>
		<b>17,236,679</b>	15,044,142
Assets classified as held for sale	11	<b>67,273</b>	169,513
		<hr/>	<hr/>
<b>Total current assets</b>		<b>17,303,952</b>	15,213,655

	<i>Notes</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>CURRENT LIABILITIES</b>			
Trade payables	16	<b>52,557</b>	46,779
Other payables, accruals and deposits received	17	<b>6,338,282</b>	7,345,052
Tax payable		<b>91,562</b>	105,123
Interest-bearing borrowings	18	<b>1,803,077</b>	4,712,947
Lease liabilities		<b>373,589</b>	509,977
		<b>8,659,067</b>	12,719,878
Liabilities directly associated with assets classified as held for sale	11	–	11,674
<b>Total current liabilities</b>		<b>8,659,067</b>	12,731,552
<b>NET CURRENT ASSETS</b>		<b>8,644,885</b>	2,482,103
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>88,432,551</b>	81,461,725
<b>NON-CURRENT LIABILITIES</b>			
Other payables, accruals and deposits received	17	<b>267,586</b>	239,858
Interest-bearing borrowings	18	<b>70,407,930</b>	53,163,654
Lease liabilities		<b>1,985,986</b>	3,201,416
Deferred tax liabilities		<b>2,384,984</b>	2,388,789
<b>Total non-current liabilities</b>		<b>75,046,486</b>	58,993,717
<b>Net assets</b>		<b>13,386,065</b>	22,468,008
<b>EQUITY</b>			
Share capital		<b>5,701,853</b>	5,696,445
(Deficit)/reserves		<b>(3,910,548)</b>	1,166,222
Equity attributable to owners of the Company		<b>1,791,305</b>	6,862,667
Non-controlling interests		<b>11,594,760</b>	15,605,341
<b>Total equity</b>		<b>13,386,065</b>	22,468,008

## NOTES

### 1. ORGANIZATION AND BUSINESS

#### (a) Corporate and group information

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

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

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

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

The disruptions to the Group's business caused by the COVID-19 outbreak continued to have a material effect on its financial position and operations during 2022.

In Macau, the Group's operations were significantly impacted by travel restrictions and quarantine requirements as imposed by the governments of Macau, Hong Kong and the People's Republic of China (the "PRC") during 2022. A stream of COVID-19 outbreaks in the PRC in the first half of 2022 led to a tightening of border controls for entry from Guangdong province. In June 2022, the resurgence of COVID-19 cases in Macau led to citywide mandatory testing and strict travel restrictions and requirements implemented to enter and exit Macau. On 23 June 2022, the Macau government issued a mandatory closure order for entertainment and leisure venues, with casinos and gaming areas excluded. During the period from 11 July 2022 to 22 July 2022, such mandatory closure order was further extended to almost all entities including gaming. The Group's casinos in Macau were closed for 12 days and resumed operations on 23 July 2022. From 2 August 2022, all closure orders were lifted but health-related precautionary measures remained in place. The validity of nucleic acid tests to enter Macau varied from time to time. Since 1 September 2022, certain non-Macau resident individuals who are not residents of Taiwan, Hong Kong and the PRC became eligible to enter Macau without prior approval provided they comply with certain conditions imposed by the Macau government, subject to valid nucleic acid tests, and, from 12 November 2022, a five-day quarantine at a government designated facility and a three-day home quarantine period. On 1 November 2022, China's National Immigration Administration commenced electronic processing of visa applications for individual or group travel to Macau. Since 8 January 2023, travellers arriving in Macau from Taiwan, Hong Kong and the PRC were no longer required to present negative nucleic acid tests. From 27 February 2023, masks were not required in outdoor places. However, masks are still required on public transportation (except taxis) and in certain indoor areas. The requirement to wear masks was waived in most private indoor areas by their operators or supervisory entities.

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

In Cyprus, with a surge in COVID-19 cases, authorities increased COVID-19 restrictions from the end of December 2021 by reducing the capacity at certain venues and increasing restrictions for unvaccinated people. However, the casinos of the Cyprus Operations remained open and such restrictions were eased from 21 February 2022. Travel restrictions into Cyprus were eased on 18 April 2022 and as of 1 June 2022, passengers travelling to Cyprus were not required to present any vaccination or recovery certificates nor negative COVID-19 test results. Furthermore, the requirement to wear masks was no longer mandatory other than in healthcare facilities, pharmacies and public transport.

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

As announced by SCiHL in May 2022, the Macau government granted a further extension of the development period under the Studio City land concession to 30 June 2023. The first stage opening of Studio City Phase 2 is expected to be in the second quarter of 2023, with the second stage opening expected in the third quarter of 2023.

The Group was informed that the Council of Ministers of the Cyprus government has approved an extension of the deadline to open City of Dreams Mediterranean under the terms of the gaming license to 30 June 2023 and the Group currently expects to open City of Dreams Mediterranean within that timeline.

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

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

As at 31 December 2022, the Group had total cash and bank balances of HK\$14,317,506,000 and available unused borrowing capacity of HK\$561,019,000, subject to the satisfaction of certain conditions precedent.

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

The Group believes it will be able to support continuing operations and capital expenditures for at least 12 months after the reporting period end date of these consolidated financial statements. Accordingly, these consolidated financial statements are prepared on a going concern basis.

**(c) Macau gaming subconcession or concession contract**

On 8 September 2006, Melco Resorts (Macau) Limited (“Melco Resorts Macau”), a subsidiary of the Company, entered into a subconcession contract to operate its gaming business in Macau, which expired on 26 June 2022. This subconcession contract was extended to 31 December 2022 by order of the Macau Chief Executive under the Macau gaming law pursuant to an amendment agreement entered into by Melco Resorts Macau on 23 June 2022. Such extension coincided with the extended expiration date of all the other concessions and subconcessions in Macau. Melco Resorts Macau paid a premium of MOP47,000,000 (equivalent to approximately HK\$45,631,000) to the Macau government in June 2022 for the extension. Melco Resorts Macau also submitted a bank guarantee in an amount of MOP820,000,000 (equivalent to approximately HK\$796,117,000) to the Macau government on 20 September 2022 to guarantee the satisfaction of any labour liabilities upon expiry of the subconcession. After the award of the Concession as described below, the bank guarantee of MOP820,000,000 (equivalent to approximately HK\$796,117,000) as described above, together with another bank guarantee of MOP300,000,000 (equivalent to approximately HK\$291,262,000) provided to the Macau government under its subconcession, and along with any related cash collateral were released in January 2023.

On 16 December 2022, the Macau government awarded a ten-year concession to operate games of fortune and chance in casinos in Macau (the “Concession”) to Melco Resorts Macau. The term of the Concession commenced on 1 January 2023 and ends on 31 December 2032. Under the Concession, Melco Resorts Macau is authorized to operate the Altira Casino, the City of Dreams Casino and the Studio City Casino as well as the Grand Dragon Casino and the Mocha Clubs.

On 30 December 2022, in accordance with the obligations under letter of undertakings dated 23 June 2022, Melco Resorts Macau and each of Altira Resorts Limited, COD Resorts Limited and Studio City Developments Limited, subsidiaries of the Company, which holds the land lease rights for the properties on which the Altira Casino, City of Dreams Casino and Studio City Casino are located, respectively, executed a public deed pursuant to which the gaming and gaming support areas comprising the Altira Casino, City of Dreams Casino and Studio City Casino with an area of 17,128.8 square meters, 31,227.3 square meters and 28,784.3 square meters, respectively, and related gaming equipment and utensils (collectively as referred to the “Reversion Assets”), reverted to the Macau government, without compensation and free and clear from any charges or encumbrances, at the expiration of the subconcession in accordance with the Macau gaming law. Under the terms of the Macau gaming law and the Concession, effective as at 1 January 2023, the Reversion Assets have been transferred by the Macau government to Melco Resorts Macau for use in its operations during the Concession for a fee of MOP750 (equivalent to approximately HK\$730) per square meter of the casino for years 1 to 3 of the Concession, subject to a consumer price index increase in years 2 and 3 of the Concession. The fee will increase to MOP2,500 (equivalent to approximately HK\$2,400) per square meter of the casino for years 4 to 10 of the Concession, subject to a consumer price index increase in years 5 to 10 of the Concession.

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

## **2.1 BASIS OF PREPARATION**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. Assets classified as held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) except when otherwise indicated.

The financial information relating to the years ended 31 December 2022 and 2021 that are included in this announcement of annual results of 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those consolidated 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 set out below.

The Company delivered the consolidated financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements in its annual report for the year ended 31 December 2022 in due course.

The Company’s auditors have reported on the consolidated financial statements of the Group for both years. The auditor’s reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its report, and did not contain statements under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

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

The adoption of these revised HKFRSs had no material impact on the consolidated financial statements.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied any new or revised HKFRSs that have been issued but are not yet effective in these consolidated financial statements for the year ended 31 December 2022.

### 3. SEGMENT INFORMATION

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

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

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

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

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

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

## Segment net revenues and results

Year ended 31 December 2022

	Casino and Hospitality <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment net revenues</b>			
Sales to external customers (note 4)	10,565,657	–	10,565,657
Intersegment sales	17,140	–	17,140
	<u>10,582,797</u>	<u>–</u>	<u>10,582,797</u>
Elimination of intersegment sales			<u>(17,140)</u>
Total net revenues			<u>10,565,657</u>
<b>Adjusted EBITDA</b>	<u>(356,846)</u>	<u>(5,133)</u>	<u>(361,979)</u>
Operating costs and expenses			
Depreciation and amortization			(4,586,000)
Share-based compensation expenses			(604,028)
Pre-opening costs			(121,399)
Property charges and other			(866,111)
Payments to the Philippine Parties			(226,535)
Corporate expenses			<u>(34,639)</u>
Operating loss			<u>(6,800,691)</u>
Non-operating income/(expenses)			
Interest income			108,024
Interest expenses, net of amounts capitalized			(3,262,133)
Other financing costs			(53,885)
Foreign exchange gains, net			179
Other income, net			33,416
Share of losses of a joint venture			(543)
Share of losses of associates			<u>(6,050)</u>
Total non-operating expenses, net			<u>(3,180,992)</u>
Loss before tax			(9,981,683)
Income tax expense			<u>(5,634)</u>
<b>LOSS FOR THE YEAR</b>			<u><u>(9,987,317)</u></u>

**Year ended 31 December 2021**

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
<b>Segment net revenues</b>			
Sales to external customers (note 4)	15,633,143	5,703	15,638,846
Intersegment sales	<u>10,446</u>	<u>98</u>	<u>10,544</u>
	<u>15,643,589</u>	<u>5,801</u>	15,649,390
Elimination of intersegment sales			<u>(10,544)</u>
Total net revenues			<u>15,638,846</u>
<b>Adjusted EBITDA</b>	<u>1,552,521</u>	<u>(8,035)</u>	1,544,486
Operating costs and expenses			
Depreciation and amortization			(5,437,161)
Share-based compensation expenses			(690,531)
Pre-opening costs			(31,903)
Development costs			(243,388)
Property charges and other			(177,671)
Payments to the Philippine Parties			(204,929)
Corporate expenses			<u>(33,952)</u>
Operating loss			<u>(5,275,049)</u>
Non-operating income/(expenses)			
Interest income			51,858
Interest expenses, net of amounts capitalized			(2,926,666)
Losses on modification or extinguishment of debts, net			(102,856)
Other financing costs			(88,684)
Foreign exchange losses, net			(10,275)
Other income, net			455,273
Share of losses of a joint venture			(1,789)
Share of losses of associates			<u>(1,791)</u>
Total non-operating expenses, net			<u>(2,624,930)</u>
Loss before tax			(7,899,979)
Income tax expense			<u>(43,282)</u>
<b>LOSS FOR THE YEAR</b>			<u><u>(7,943,261)</u></u>

**31 December 2022**

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

**31 December 2021**

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

## Other segment information

	<b>Casino and Hospitality</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Year ended 31 December 2022</b>			
Capital expenditures	4,667,449	–	4,667,449
Share of losses of a joint venture	–	(543)	(543)
Share of losses of associates	–	(6,050)	(6,050)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>31 December 2022</b>			
Investment in a joint venture	–	167,033	167,033
Investments in associates	–	44,581	44,581
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<b>Casino and Hospitality</b>	<b>Others</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Year ended 31 December 2021</b>			
Capital expenditures	6,073,032	–	6,073,032
Share of losses of a joint venture	–	(1,789)	(1,789)
Share of losses of associates	–	(1,791)	(1,791)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>31 December 2021</b>			
Investment in a joint venture	–	181,674	181,674
Investments in associates	–	29,278	29,278
	<u>                    </u>	<u>                    </u>	<u>                    </u>

## Geographical information

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

## Net revenues from external customers

	2022			2021		
	Casino and Hospitality <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>	Casino and Hospitality <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
Macau	6,710,105	–	6,710,105	13,107,623	–	13,107,623
The Philippines	3,104,302	–	3,104,302	2,086,762	–	2,086,762
Cyprus	714,958	–	714,958	409,593	–	409,593
Japan	36,292	–	36,292	29,165	–	29,165
Hong Kong	–	–	–	–	5,703	5,703
Total	<u>10,565,657</u>	<u>–</u>	<u>10,565,657</u>	<u>15,633,143</u>	<u>5,703</u>	<u>15,638,846</u>

## Non-current segment assets

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Macau	71,881,648	71,083,086
The Philippines	1,325,559	3,157,927
Cyprus	4,097,745	3,136,894
Hong Kong	447,477	1,245,711
The PRC	167,033	181,677
Others	<u>55,006</u>	<u>39,431</u>
Total	<u>77,974,468</u>	<u>78,844,726</u>

## Net revenues from major products and services

The Group's net revenues from major products and services are disclosed in note 4.

## Information about major customers

During the years ended 31 December 2022 and 2021, no individual customer contributed over 10% of the total net revenues of the Group.

#### 4. NET REVENUES

*For the year ended 31 December 2022*

<b>Segments</b>	<b>Casino and Hospitality HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
Casino revenue	8,425,961	–	8,425,961
Entertainment and resort facilities:			
Rooms	912,720	–	912,720
Food and beverage	669,673	–	669,673
Entertainment, retail and other	557,303	–	557,303
Sales to external customers (note 3)	<u>10,565,657</u>	<u>–</u>	<u>10,565,657</u>

*For the year ended 31 December 2021*

<b>Segments</b>	<b>Casino and Hospitality HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
Casino revenue	13,030,429	–	13,030,429
Entertainment and resort facilities:			
Rooms	1,224,589	–	1,224,589
Food and beverage	759,277	–	759,277
Entertainment, retail and other	618,848	–	618,848
Property rental income	–	5,703	5,703
Sales to external customers (note 3)	<u>15,633,143</u>	<u>5,703</u>	<u>15,638,846</u>

For the year ended 31 December 2022, entertainment, retail and other include rental income of HK\$342,479,000 (2021: HK\$389,585,000).

For the year ended 31 December 2022, the revenue from contracts with customers was HK\$10,223,178,000 (2021: HK\$15,243,558,000).

## 5. OTHER OPERATING EXPENSES, GAINS AND LOSSES, NET

	2022 HK\$'000	2021 HK\$'000
Repairs and maintenance	609,157	573,727
Utilities and fuel	474,048	449,442
Impairment losses on property, plant and equipment (note)	400,716	28,376
Costs of inventories	271,010	369,297
Other gaming operations expenses	252,177	310,212
Advertising and promotions	243,298	323,188
Payments to the Philippine Parties	226,535	204,929
Insurance	169,863	147,625
Impairment loss on right-of-use assets (note)	167,533	–
Other taxes and licenses	140,451	111,312
Transportation expenses	128,265	175,544
Legal and professional fees	116,272	266,499
Operating supplies	70,670	68,402
Rental and other expenses	62,637	43,939
Impairment losses on assets classified as held for sale	53,267	–
Auditor's remuneration		
– Audit services to the Company	3,651	1,550
– Audit services to the subsidiaries	24,328	14,581
Loss on disposal of property, plant and equipment	3,728	6,278
Loss on disposal of assets classified as held for sale, net	3,248	–
(Gain)/loss on lease modifications	(4)	847
Bad debt recovery	(883)	(39,521)
Adjustment of lease liabilities	(2,850)	(29,702)
(Reversal of allowances)/allowances for credit losses, net	(5,628)	95,727
Gain on disposal of investment properties	–	(54,300)
Others	348,548	291,908
	<b>3,760,037</b>	<b>3,359,860</b>

### Note:

During the year ended 31 December 2022, impairment losses of HK\$372,503,000 and HK\$167,533,000 were recognized for certain property, plant and equipment and right-of-use assets, respectively in relation to Altira Macau, as a cash-generating unit (“Altira CGU”). See note 13 for more details in determining the recoverable amount of the Altira CGU.

**6. OTHER INCOME, NET**

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gain on fair value changes of financial assets at fair value through profit or loss	<b>848</b>	428,057
Reversal of impairment loss on investment in an associate	<b>871</b>	–
Others	<b>31,697</b>	27,216
	<u><b>33,416</b></u>	<u>455,273</u>

**7. INCOME TAX EXPENSE**

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

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Macau Complementary Tax	<b>74</b>	1,342
Lump sum in lieu of Macau Complementary Tax on dividends	<b>18,350</b>	18,350
Hong Kong Profits Tax	<b>4,126</b>	431
Philippine Corporate Income Tax	<b>925</b>	3
Philippine withholding tax on dividends	–	22,906
Cyprus Corporate Income Tax	–	1,463
Other jurisdictions	<b>1,713</b>	2,517
Sub-total	<u><b>25,188</b></u>	<u>47,012</u>
(Over)/under provision in prior years:		
Macau Complementary Tax	<b>(16,241)</b>	(6,800)
Hong Kong Profits Tax	<b>(31)</b>	137
Philippine Corporate Income Tax	<b>3,323</b>	(1,120)
PRC Capital Gains Tax	<b>(31,980)</b>	–
Other jurisdictions	<b>762</b>	112
Sub-total	<u><b>(44,167)</b></u>	<u>(7,671)</u>
Deferred tax	<u><b>24,613</b></u>	<u>3,941</u>
Total	<u><b>5,634</b></u>	<u>43,282</u>

Pursuant to the approval notice issued by the Macau government in September 2016, Melco Resorts Macau was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations for an additional five years from 2017 to 2021. Studio City Entertainment was also exempted from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau for an additional five years from 2017 to 2021, to the extent that such income was derived from Studio City gaming operations and had been subject to gaming tax pursuant to a notice issued by the Macau government in January 2017. The exemption coincided with Melco Resorts Macau's exemption from Macau Complementary Tax. Pursuant to Dispatch of the Macau Chief Executive dated 17 February 2022 and 1 September 2022, Melco Resorts Macau was granted extensions of the Macau Complementary Tax exemption on profits generated from gaming operations for the period from 1 January 2022 to 26 June 2022 and from 27 June 2022 to 31 December 2022, respectively. Melco Resorts Macau applied for the Macau Complementary Tax exemption on profits generated from gaming operations for the period from 1 January 2023 to 31 December 2027 and Studio City Entertainment applied for an extension of the Macau Complementary Tax exemption for 2022 and for the period from 1 January 2023 to 31 December 2027. Both applications are currently pending approval by the Macau government. The non-gaming profits and dividend distributions of Studio City Entertainment to its shareholders continue to be subject to Macau Complementary Tax. Melco Resorts Macau's non-gaming profits also remain subject to the Macau Complementary Tax and Melco Resorts Macau casino revenues remain subject to the Macau special gaming tax and other levies in accordance with its gaming concession agreement.

In August 2017, Melco Resorts Macau received an extension of the agreement with the Macau government for an additional five years applicable to tax years from 2017 through 2021, in which the extension agreement provided for an annual payment of MOP18,900,000 (equivalent to approximately HK\$18,350,000) as payments in lieu of Macau Complementary Tax otherwise due by the shareholders of Melco Resorts Macau on dividend distributions from gaming profits. Such annual payment is required regardless of whether dividends are actually distributed or whether Melco Resorts Macau had distributable profits in the relevant year. An amount of MOP4,000,000 (equivalent to approximately HK\$3,883,000) as payment for such arrangement for the period from 1 January 2022 to 26 June 2022 was paid by the shareholders of Melco Resorts Macau as of 31 December 2022. In March 2023, Melco Resorts Macau received an extension of the agreement with the Macau government for an amount of MOP4,167,000 (equivalent to approximately HK\$4,046,000) as payment for such arrangement for the period from 27 June 2022 to 31 December 2022. Melco Resorts Macau applied for an extension of such arrangement for the period from 1 January 2023 to 31 December 2027 at an amount to be set by the Macau government.

## **8. DIVIDENDS**

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the Board does not recommend the payment of any dividend for the years ended 31 December 2022 and 2021.

## 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss</b>		
Loss attributable to owners of the Company for the purpose of basic loss per share	(5,113,127)	(3,808,968)
Effect of dilutive potential ordinary shares:		
Parent's proportionate adjustment in relation to participation interest in a subsidiary of the Company	<u>(2,754)</u>	<u>–</u>
Loss attributable to owners of the Company for the purpose of diluted loss per share	<u><u>(5,115,881)</u></u>	<u><u>(3,808,968)</u></u>
	2022 <i>'000</i>	2021 <i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><u>1,505,575</u></u>	<u><u>1,511,925</u></u>

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 year ended 31 December 2021, no adjustment was 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. TRADE RECEIVABLES

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 1 month	143,444	167,894
More than 1 month but within 3 months	71,011	208,513
More than 3 months but within 6 months	1,476	222,600
More than 6 months	<u>1,650,029</u>	<u>1,387,949</u>
	1,865,960	1,986,956
Allowances for credit losses	<u>(1,428,687)</u>	<u>(1,561,858)</u>
	<u><u>437,273</u></u>	<u><u>425,098</u></u>

## 11. ASSETS CLASSIFIED AS HELD FOR SALE

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Assets classified as held for sale</b>			
Japan Ski Resort	<i>a</i>	–	31,440
Hakone Assets	<i>a</i>	66,402	138,073
Investment in MCR	<i>b</i>	<u>871</u>	<u>–</u>
		<u><u>67,273</u></u>	<u><u>169,513</u></u>
<b>Liabilities directly associated with assets classified as held for sale</b>			
Japan Ski Resort	<i>a</i>	<u>–</u>	<u>11,674</u>

**(a) Japan Ski Resort and Hakone Assets**

In September 2021, the Group announced discontinuing its pursuit of a Yokohama integrated resort development in Japan. In December 2021, an external advisor was engaged to locate potential buyers and prepare marketing materials for the disposal of the Group's assets in Japan, including Kabushiki Kaisha Okushiga Kogen Resort (the "Japan Ski Resort") and a parcel of freehold land together with the accompanying building structures in Hakone, Japan (the "Hakone Assets"). After consideration of the relevant facts, the Group concluded the assets and liabilities of the Japan Ski Resort and Hakone Assets met the criteria for classification as held for sale which is reported under the Casino and Hospitality segment as at 31 December 2021.

The major classes of assets of the Japan Ski Resort classified as held for sale as at 31 December 2021 were mainly comprised of:

	<b>2021</b>
	<i>HK\$'000</i>
Property, plant and equipment	17,285
Right-of-use assets	4,924
Cash and bank balances	1,822
Others	7,409
	<hr/>
	31,440
	<hr/> <hr/>

Liabilities directly associated with the Japan Ski Resort of HK\$11,674,000 as at 31 December 2021 mainly represented trade and other payables, lease liabilities and other current liabilities.

On 8 December 2022, the Group entered into an agreement with an independent third party (the "Buyer") to dispose of its entire interest in the Japan Ski Resort with net liabilities of HK\$107,010,000 (including a loan payable to the Group of Japanese Yen ("JPY") 2,215,180,000 (equivalent to approximately HK\$131,797,000)) for a consideration of JPY1 and to transfer the loan receivable from the Japan Ski Resort as mentioned above of JPY2,215,180,000 (equivalent to approximately HK\$131,797,000) to the Buyer for a consideration of JPY1. The disposal was completed on 30 December 2022 and the Group recorded a loss on disposal of assets held for sale of HK\$23,886,000 in profit or loss during the year ended 31 December 2022.

As at 31 December 2022 and 2021, the Hakone Assets classified as assets held for sale were comprised of property, plant and equipment, with carrying values of HK\$66,402,000 and HK\$138,073,000, respectively. Due to a significant decrease in the market value of the freehold land included in Hakone Assets as of 31 December 2022 and 2021, an impairment loss on assets held for sale of HK\$53,267,000 and an impairment loss on property, plant and equipment of HK\$8,947,000 was provided during the years ended 31 December 2022 and 2021, respectively. The recoverable amount of JPY917,000,000 (equivalent to approximately HK\$54,559,000) (2021: JPY1,838,000,000 (equivalent to approximately HK\$124,586,000)) was its fair value less costs to sell. The fair value was determined by the direct comparison approach which was considered as a level 3 fair value measurement. A key input under this approach is the sale rate, which was adjusted by certain factors including location and size of the comparable lands, of JPY176,000 (equivalent to approximately HK\$10,000) (2021: JPY312,000 (equivalent to approximately HK\$21,000)) per square meter. As at 31 December 2022, the disposal of the Hakone Assets was in progress and was anticipated to be completed within one year. After consideration of the relevant facts, the Group concluded to continue classifying the Hakone Assets as assets held for sale.

**(b) Investment in MCR**

The investment in MCR (as defined in note 15) was reclassified from investment in an associate to asset held for sale during the year ended 31 December 2022. Details of the investment are disclosed in note 15.

**(c) Aircraft**

In June and August 2022, the Group signed the sale and purchase agreements with buyers to sell two aircraft (the “Aircraft”) for an aggregate selling price of United States dollars (“US\$”) 15,800,000 (equivalent to approximately HK\$124,022,000). Before the completion of the disposals of the Aircraft in September 2022, the Group concluded the Aircraft met the criteria for classification as assets held for sale which was reported under the Casino and Hospitality segment, and an impairment loss of HK\$28,213,000 was provided for one of the aircraft due to a decrease in its market value. The recoverable amount of US\$7,302,000 (equivalent to approximately HK\$57,317,000) was its fair value less costs to sell. The fair value was estimated based on the buyer indicative purchase price which was considered as a level 2 input under the fair value hierarchy. The Group recorded a gain on disposal of assets held for sale of HK\$20,638,000 on the Aircraft during the year ended 31 December 2022.

As at 31 December 2022, total other comprehensive losses of HK\$17,462,000 (2021: HK\$6,804,000) relating to the assets held for sale has been accumulated in equity.

## 12. RESTRICTED CASH

Restricted cash mainly consists of cash deposited in (i) collateral bank accounts for bank guarantees (as disclosed below); and (ii) collateral bank accounts associated with borrowings under credit facilities.

On 20 September 2022, Melco Resorts Macau provided a bank guarantee in an amount of MOP820,000,000 (equivalent to approximately HK\$796,117,000) to the Macau government to guarantee the satisfaction of any labour liabilities upon expiry of the subconcession. As stipulated in the bank guarantee contract, MOP410,000,000 (equivalent to approximately HK\$398,058,000) was required to be held in a cash deposit account as collateral to secure the bank guarantee. In January 2023, such bank guarantee and the cash deposited in the collateral bank account were released. The cash of MOP410,000,000 (equivalent to approximately HK\$398,058,000) deposited in the collateral account was included in the current portion of restricted cash in the consolidated statement of financial position as at 31 December 2022.

On 9 December 2022, as required by the Concession, Melco Resorts Macau provided a bank guarantee in favour of the Macau government of MOP1,000,000,000 (equivalent to approximately HK\$970,874,000) to secure the fulfilment of performance of certain of its legal and contractual obligations, including labour obligations. As stipulated in the bank guarantee contract, MOP1,000,000,000, or an equivalent amount in other currencies, is required to be held in a cash deposit account as collateral in order to secure the bank guarantee. The bank guarantee will remain in effect until 180 days after the earlier of the expiration and termination of the Concession. The cash of HK\$970,874,000 (equivalent to MOP1,000,000,000) deposited in the collateral bank account was included in the non-current portion of restricted cash in the consolidated statement of financial position as at 31 December 2022.

## 13. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2022, the Group's additions to property, plant and equipment of approximately HK\$4,667,679,000 (2021: HK\$6,073,068,000) were mainly incurred on construction in progress, leasehold improvements, gaming equipment and furniture, fixtures and equipment for the Group's gaming premises. There were disposals of property, plant and equipment of HK\$7,036,000 during the year ended 31 December 2022 (2021: HK\$43,551,000).

During the year ended 31 December 2022, impairment losses of HK\$372,503,000 were recognized for certain property, plant and equipment in relation to Altira CGU under the Casino and Hospitality segment as a result of the significant decline in cash flows due in large part to the COVID-19 outbreak and the earlier cessation of gaming promoter arrangements in Macau by Melco Resorts Macau. The recoverable amount of Altira CGU was HK\$875,115,000 as at 31 December 2022 based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. The discount rate used to discount the forecast cash flows from Altira CGU is 14.11% which is on a pre-tax basis and reflects specific risks relating to Altira CGU.

During the year ended 31 December 2022, an impairment loss of HK\$28,213,000 on an aircraft (2021: HK\$8,947,000 on the freehold land included in Hakone Assets) was recognized before classification as assets held for sale (note 11).

During the year ended 31 December 2021, total impairment losses of HK\$19,429,000 were recognized in full against 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.

The Reversion Assets that reverted to the Macau government at the expiration of the subconcession are owned by the Macau government. Effective as at 1 January 2023, the Reversion Assets were transferred to Melco Resorts Macau for the duration of the Concession, in return for annual payments for the right to operate the Reversion Assets as part of the Concession as disclosed in note 1(c).

The Reversion Assets that reverted to the Macau government on 31 December 2022 consisted of the following:

	<b>2022</b> <b>HK\$'000</b>
Buildings	3,853,281
Furniture, fixtures and equipment	222,196
Gaming equipment	<u>707,536</u>
	<b>3,783,013</b>
Less: accumulated depreciation and impairment	<u>(2,027,188)</u>
	<b><u>1,755,825</u></b>

As the Group will continue to operate the Reversion Assets in the same manner as under the previous subconcession, obtain substantially all of the economic benefits and bear all of the risks arising from the use of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Group will continue to recognize these Reversion Assets as property, plant and equipment over their remaining estimated useful lives.

#### 14. INVESTMENT IN A JOINT VENTURE

	<b>2022</b> <b>HK\$'000</b>	2021 <b>HK\$'000</b>
Cost of investment in a joint venture	<b>180,150</b>	180,150
Share of loss	<b>(2,332)</b>	(1,789)
Share of changes in exchange reserve	<b>(10,785)</b>	3,313
	<u><b>167,033</b></u>	<u>181,674</u>

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

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

\* *for identification purposes only*

Notwithstanding that the above joint venture is held as to 51% by the Group, under a cooperation agreement and its supplemental agreements (collectively, the "Joint Venture 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 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 agreed to provide a guarantee in favour of the joint venture partner to support the Group's obligations under the Joint Venture Cooperation Agreement. Similarly, the joint venture partner, Agile Group Holdings Limited, agreed to provide a guarantee in favour of the Group, to support the obligations of the joint venture partner under the Joint Venture Cooperation Agreement.

A notice dated 13 July 2022 from the Group was served to the joint venture partner to terminate the Joint Venture Cooperation Agreement in accordance with the Civil Code of the PRC (the "JV Termination") because certain provisions in the Joint Venture Cooperation Agreement were not met by the joint venture partner. As at the date of approval of these consolidated financial statements, the Group is in discussion with the joint venture partner on the separation plan regarding the JV Termination and management expects that the Group will be able to recover the carrying amount of its investment in the joint venture.

## 15. INVESTMENTS IN ASSOCIATES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of investments in associates		
Unlisted in the U.S.	52,517	31,084
Listed in Canada	–	339,601
Net changes in investments in associates	(317)	54,355
Share of changes in net assets and exchange reserve	222	7,616
Share of post-acquisition results, net of dividends received	(7,841)	(82,683)
Impairment losses recognized	–	(320,695)
	<u>44,581</u>	<u>29,278</u>

Particulars of the associates at the end of the reporting period are as follows:

Name	Place of incorporation/ operation	Proportion of ownership interest and voting rights held by the Group		Principal activities
		2022	2021	
CleanRobotics Technologies, Inc (“CleanRobotics”) (note a)	The U.S.	28.85%	29.03%	Waste management
Metalmark Innovations, PBC (“Metalmark”) (note b)	The U.S.	15.49%	–	Air purification solutions
Mountain China Resorts (Holding) Limited (“MCR”) (note c)	Canada/ the PRC	18.85%	18.85%	Operation of ski resorts

*Notes:*

- (a) On 17 August 2021, the Group acquired preferred stocks issued by CleanRobotics, a private company, for an aggregate consideration of US\$4,000,000 (equivalent to approximately HK\$31,084,000). 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 agreements. CleanRobotics became an associate of the Group on 17 August 2021. As at 31 December 2022, goodwill on acquisition of US\$2,337,000 (equivalent to approximately HK\$18,251,000) was included in the cost of investment (2021: US\$2,337,000 (equivalent to approximately HK\$18,199,000)).

- (b) On 17 February 2022, the Group acquired shares of preferred stock issued by Metalmark, a private company, for an aggregate consideration of approximately US\$2,750,000 (equivalent to approximately HK\$21,433,000). The shares of preferred stock shall vote together with the shares of common stock of Metalmark on an as-converted basis and the Group is entitled to appoint one director to the board of Metalmark in accordance with the terms of the agreements. Metalmark became an associate of the Group on 17 February 2022. As at 31 December 2022, goodwill on acquisition of US\$1,308,000 (equivalent to approximately HK\$10,215,000) was included in the cost of investment.
- (c) The shares of MCR were listed on TSX Venture Exchange of Canada (the “Canada Stock Exchange”) until they were delisted on 20 January 2023. As at 31 December 2021, the fair value of the investment was HK\$3,563,000 which was determined at the market price of listed shares on the Canada Stock Exchange (Level 1 fair value measurement). The Group was entitled to appoint one director to the board of MCR provided that any part of the loans to the associate remains outstanding in accordance with the terms of the agreement signed with MCR in April 2010 until the completion of the amalgamation disclosed below. MCR was an associate of the Group as at 31 December 2021.

On 16 December 2022, the shareholders of MCR approved an amalgamation proposal of MCR. The amalgamation was completed on 18 January 2023 (the “Amalgamation”) and MCR’s shares were delisted from the Canada Stock Exchange on 20 January 2023. Under the Amalgamation, all shares in MCR held by the Group were exchanged into shares of the amalgamated company, and deemed to have redeemed by the amalgamated company immediately upon the effectiveness of the Amalgamation by the amalgamated company, for an aggregate consideration of approximately Canadian dollars 151,000 (equivalent to approximately HK\$871,000). After consideration of relevant facts, the Group concluded the investment would be partially recovered by the share redemption and an impairment provision of HK\$871,000 was reversed to profit or loss during the year ended 31 December 2022. In addition, the investment met the criteria for classification as asset held for sale which is reported under Others segment as at 31 December 2022 and the Group ceased to equity pick up the results of MCR at the time when it was reclassified as an asset held for sale. The carrying amount of the investment, net of impairment, was HK\$871,000 as at 31 December 2022, being the fair value less costs to sell.

## 16. TRADE PAYABLES

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

	2022 <i>HK\$’000</i>	2021 <i>HK\$’000</i>
Within 1 month	32,532	36,096
More than 1 month but within 3 months	7,301	8,206
More than 3 months but within 6 months	642	1,288
More than 6 months	<u>12,082</u>	<u>1,189</u>
	<u><u>52,557</u></u>	<u><u>46,779</u></u>

**17. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED**

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Current liabilities</b>		
Advance customer deposits and ticket sales	2,175,653	2,415,338
Interest payable	978,349	829,123
Accrued operating expenses and other liabilities	853,394	793,492
Accrued employee benefits expenses	659,525	599,990
Construction cost payable	594,871	1,001,198
Gaming tax and license fee payables	380,231	666,520
Outstanding gaming chips	291,713	562,637
Payable for acquisition of property, plant and equipment	279,162	283,837
Loyalty program liabilities	121,575	189,891
Dividends payable	3,809	3,026
	<u>6,338,282</u>	<u>7,345,052</u>
<b>Non-current liabilities</b>		
Other liabilities	189,996	175,334
Accrued employee benefits expenses	39,061	39,146
Deposits received	38,529	25,378
	<u>267,586</u>	<u>239,858</u>

## 18. INTEREST-BEARING BORROWINGS

		2022	2021
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Unsecured notes	<i>a</i>	<b>48,252,118</b>	48,151,277
Unsecured bank loans	<i>b</i>	<b>14,831,845</b>	3,117,000
Secured bank loans	<i>c</i>	<b>6,433,806</b>	6,608,324
Secured notes	<i>d</i>	<b>2,693,238</b>	–
		<u>72,211,007</u>	<u>57,876,601</u>
Non-current portion		<b>(70,407,930)</b>	<b>(53,163,654)</b>
Current portion		<b>1,803,077</b>	4,712,947
		<u>1,803,077</u>	<u>4,712,947</u>
Analysed into borrowings repayable:			
Within one year or on demand		<b>1,812,120</b>	4,712,947
In the second year		<b>15,262,680</b>	429,228
In the third to fifth years, inclusive		<b>27,336,409</b>	20,318,490
After five years		<b>28,115,235</b>	32,754,645
		<u>72,526,444</u>	<u>58,215,310</u>
Less: deferred financing costs and original issue premiums		<b>(315,437)</b>	<b>(338,709)</b>
		<u>72,211,007</u>	<u>57,876,601</u>
		<u>72,211,007</u>	<u>57,876,601</u>
The interest rate exposure of the Group's interest-bearing borrowings is as follows:			
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
Fixed-rate borrowings		<b>50,945,355</b>	48,151,277
Variable-rate borrowings		<b>21,265,652</b>	9,725,324
		<u>72,211,007</u>	<u>57,876,601</u>
		<u>72,211,007</u>	<u>57,876,601</u>

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

	<b>2022</b>	2021
	<i>HK\$’000</i>	<i>HK\$’000</i>
US\$	<b>63,780,960</b>	54,757,601
HK\$	<b>8,430,047</b>	3,119,000
	<b><u>72,211,007</u></b>	<b><u>57,876,601</u></b>

During the year ended 31 December 2022, the Group obtained new interest-bearing borrowings of HK\$14,466,499,000 (2021: HK\$20,405,948,000) and repaid interest-bearing borrowings of HK\$215,474,000 (2021: HK\$13,305,487,000).

*Notes:*

- (a) The unsecured notes bear interest rates ranging from 4.875% to 6.50% per annum and are repayable at maturities from 2025 to 2029. The unsecured notes are denominated in US\$. Certain unsecured notes are guaranteed by certain subsidiaries of the Company.

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 consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

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 2020 Credit Facilities (as defined in note b), 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 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 were 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 Company 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.

The indenture governing the unsecured notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of the issuer and its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the ability of the restricted subsidiaries of relevant borrowing groups to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. The indenture governing the unsecured notes also contains conditions and events of default customary for such financings. In the events that relate to a change of control or a termination of the Concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the unsecured notes, each holder of the unsecured notes will have the right to require the Group to repurchase all or any part of such holder’s unsecured notes at a fixed redemption price.

- (b) On 29 April 2020, the Group entered into a senior credit facilities agreement with a syndicate of banks (the “2020 Credit Facilities”) for a HK\$14,850,000,000 revolving credit facility with a term of five years. The maturity date of the 2020 Credit Facilities is 29 April 2025. Each loan made under the 2020 Credit Facilities is repayable in full on the last day of an agreed upon interest period in respect of the loan, generally ranging from one to six months, or rolling over subject to compliance with certain covenants and satisfaction of conditions precedent. The Group is also subject to mandatory prepayment requirements in respect of various amounts as specified in the 2020 Credit Facilities. In the event of a change of control or if Melco Resorts Macau’s concession contract or land concessions are terminated or otherwise expire on its terms, the Group may be required, at the election of any lender under the 2020 Credit Facilities, to repay such lender in full.

The indebtedness under the 2020 Credit Facilities is guaranteed by certain subsidiaries of the Company. The 2020 Credit Facilities are unsecured.

The 2020 Credit Facilities contain certain covenants customary for such financings including, but not limited to, limitations on, except as permitted (i) incurring additional liens; (ii) incurring additional indebtedness (including guarantees); (iii) the disposal of certain key assets; and (iv) carrying on businesses which are not the permitted business activities of certain subsidiaries. The 2020 Credit Facilities also contain conditions and events of default customary for such financings and the financial covenants including a leverage ratio, total leverage ratio and interest cover ratio.

Borrowings under the 2020 Credit Facilities bear interest at Hong Kong Interbank Offered Rate (“HIBOR”) plus applicable margins ranging from 1.00% to 2.00% per annum.

On 5 November 2021, the Group received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to waive certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities, in each case in respect of the relevant periods ended or ending on the following applicable test dates: (a) 31 March 2022; (b) 30 June 2022; (c) 30 September 2022; and (d) 31 December 2022. Such consent become effective on 9 November 2021.

On 16 August 2022, the Group further received confirmation that the majority of lenders of the 2020 Credit Facilities consented and agreed to a waiver extension of certain financial condition covenants contained in the facility agreement under the 2020 Credit Facilities. The waiver effective on 9 November 2021 remained valid in respect of the relevant periods ended on the 31 December 2022 test date, and the waiver extension granted extends the waiver for the relevant periods ended or ending on the following applicable test dates: (a) 31 March 2023; (b) 30 June 2023; (c) 30 September 2023; (d) 31 December 2023; and (e) 31 March 2024. Such consent became effective on 17 August 2022. As at 31 December 2022, the outstanding principal amount of the 2020 Credit Facilities was HK\$14,831,845,000 (2021: HK\$3,117,000,000).

- (c) The secured bank loans bear interest at HIBOR or London Interbank Offered Rate (“LIBOR”) plus applicable margins ranging from 1.00% to 4.00% per annum. The secured bank loans are denominated in HK\$ or US\$ and are repayable in instalments or at maturity within the period from 2023 to 2028. The secured bank loans consisted of term loan facilities and revolving credit facilities. The secured bank loans are guaranteed by certain subsidiaries of the Company.

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. In the event of a change of control, the Group may be required, at the election of any lender under the senior secured credit facilities, to repay such lender in full (other than the principal amount of the term loan facility). In addition, modification, expiry or termination of the Concession of Melco Resorts Macau in circumstances that have a material adverse effect on the borrowing group under the facility agreement (as a whole) will allow lenders to elect for the mandatory prepayment of all outstanding loan amounts.

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 a senior secured term loan and revolving credit facilities agreement (“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 consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021.

The borrowings under the 2021 Credit Facilities bear interest at LIBOR 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 2023 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 guaranteed by the Company and a subsidiary. In the event of a change of control, the Group may be required, at the election of any lender under the 2021 Credit Facilities, to repay such lender in full. In addition, the Group may be required to repay the loan in full if Melco Resorts Macau's concession contract is terminated or otherwise expires on its terms.

In March 2022, the Group obtained confirmation from the facility agent that certain provisions contained in the 2021 Credit Facilities were waived subject to certain conditions, including placing a cash collateral of US\$220,000,000 (equivalent to approximately HK\$1,721,696,000). As of 8 April 2022, the cash collateral was placed in a pledged account. The cash collateral (including interest earned) of US\$222,761,000 (equivalent to approximately HK\$1,739,656,000) was released on 13 January 2023.

On 16 August 2022, the Group further obtained confirmation from the facility agent that certain provisions contained in the 2021 Credit Facilities were waived and amended, subject to certain conditions. The net proceeds from the 2022 Share Repurchase (as defined in note 20) was deposited into a designated bank account on 30 August 2022 for the future repayment of principal and payment of interest under the 2021 Credit Facilities. As at 31 December 2022, the outstanding principal amount, net of deferred financing costs of the 2021 Credit Facilities, was US\$823,586,000 (equivalent to approximately HK\$6,431,806,000) (2021: US\$847,129,000 (equivalent to approximately HK\$6,606,324,000)).

In May 2022, the maturity date of a secured credit facility of HK\$2,000,000 was extended from 24 June 2022 to 31 December 2022 and was further extended to 24 June 2024 in December 2022.

Certain agreements governing the secured bank loans, as the case may be, contain covenants that, subject to certain exceptions and conditions, limit the ability of respective borrowing groups to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) issue or sell capital stock; (iv) transfer, lease or sell assets; (v) create or incur certain liens; (vi) impair the security interests in the collateral; (vii) enter into agreements that restrict the ability of the restricted subsidiaries of relevant borrowing groups to pay dividends, transfer assets or make intercompany loans; (viii) change the nature of the business of the relevant group; (ix) enter into transactions with shareholders or affiliates; and (x) effect a consolidation or merger. The agreements governing the secured bank loans also contain conditions and events of default customary for such financings. Certain secured bank loans also contain financial covenants including leverage ratios, gearing ratios, interest cover ratio and minimum net assets requirements.

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

The indenture governing the 2027 Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Company, Studio City Investments and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments and investments; (iii) prepay or redeem subordinated debt or equity; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the collateral; (viii) enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with shareholders or affiliates; and (xi) effect a consolidation or merger. The indenture governing the 2027 Senior Notes also contains conditions and events of default customary for such financings.

In the events that relate to a change of control or a termination of the Concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the secured notes, each holder of the secured notes will have the right to require the Group to repurchase all or any part of such holder’s secured notes at a fixed redemption price.

- (e) As at 31 December 2022, an unsecured credit facility amounting to Philippine Peso (“PHP”) 2,350,000,000 (equivalent to approximately HK\$327,019,000 (2021: PHP2,350,000,000 (equivalent to approximately HK\$360,941,000)) was available for future drawdown, subject to satisfaction of certain conditions precedent. As at 31 December 2021, the available drawdown currency under the credit facility is PHP and the credit facility availability period was up to 31 January 2022, and the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 180 days from the date of drawdown, and (ii) the date which is 180 days after the end of the availability period. In January 2022, the credit facility availability period was extended to 1 May 2022, with other terms and conditions unchanged. In April 2022, the credit facility availability period was extended to 31 January 2023, and was further extended to 1 May 2023 in February 2023, with other terms and conditions unchanged, except (1) the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period; and (2) the available drawdown currencies are PHP and US\$.

- (f) As at 31 December 2022, the Group had a total available and unutilized borrowing capacity of HK\$561,019,000 (2021: HK\$13,380,737,000), subject to satisfaction of certain conditions precedent.
- (g) As at 31 December 2022, borrowings in aggregate principal amount of HK\$9,275,637,000 (2021: HK\$6,747,691,000) are secured by the following assets of the Group:
  - (i) certain property, plant and equipment;
  - (ii) certain land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);
  - (iii) certain bank deposits;
  - (iv) receivables and other assets including certain inter-group loans; and
  - (v) issued shares of certain subsidiaries of the Company.

## **19. LONG TERM INCENTIVE SCHEMES**

### **(a) New share option scheme of the Company**

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

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

**(b) The Company’s option exchange program**

On 6 April 2022, the Board announced an option exchange program, to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new awarded shares to be granted, subject to the eligible participants’ consent (the “Melco Option Exchange Program”). The share options eligible for exchange under the Melco Option Exchange Program were those that were granted during the years from 2016 to 2021 under the 2012 Share Option Scheme, including those unvested, or vested but not exercised. The Melco Option Exchange Program became effective on 6 April 2022 (the “Melco Modification Date”), with a total of 33,590,000 eligible share options were accepted and surrendered by eligible participants (the “Melco Cancelled Share Options”) and the Company granted an aggregate of 453,000 new share options under the 2012 Share Option Scheme (the “Melco Replacement Share Options”) and 11,032,000 new awarded shares under the Share Purchase Scheme adopted by the Company on 18 October 2007 (the “Melco Replacement Share Awards”). The Melco Replacement Share Options and the Melco Replacement Share Awards have vesting periods of one to two years. The Melco Replacement Share Options expire 10 years from 6 April 2022. A total incremental share-based compensation expense resulting from the Melco Option Exchange Program was approximately HK\$326,000, representing the excess of (i) the fair value of the Melco Replacement Share Options measured using the Black-Scholes valuation model on the Melco Modification Date; and (ii) the fair value of the Melco Replacement Share Awards determined with reference to the closing price of the Company’s ordinary share as stated in the daily quotation sheet issued by the Hong Kong Stock Exchange on the Melco Modification Date, over the fair value of the Melco Cancelled Share Options immediately before the exchange. The incremental share-based compensation expenses are being recognized over the new vesting periods of the Melco Replacement Share Options and Melco Replacement Share Awards, and the unrecognized compensation costs remaining from the Melco Cancelled Share Options are being recognized over the remainder of their original vesting periods.

(c) **Melco Resorts’ option exchange program**

On 28 March 2022, the compensation committee of Melco Resorts approved a proposal to allow for an option exchange program, designed to provide the eligible participants an opportunity to exchange certain outstanding underwater share options for new share options and new restricted shares to be granted, subject to the eligible participants’ consent (the “Melco Resorts Option Exchange Program”). The share options eligible for exchange under the Melco Resorts Option Exchange Program were those that were granted during the years from 2012 to 2021 under the share incentive plan in 2011 (as amended) adopted by Melco Resorts, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Melco Resorts Option Exchange Program became unconditional and effective on 15 April 2022, the date Melco Resorts accepted the eligible participants’ consent (the “Melco Resorts Modification Date”), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the “Melco Resorts Cancelled Share Options”) and Melco Resorts granted an aggregate of 2,486,241 new share options (the “Melco Resorts Replacement Share Options”) and 5,912,547 new restricted shares (the “Melco Resorts Replacement Restricted Shares”) under the share incentive plan in 2021 adopted by Melco Resorts. The Melco Resorts Replacement Share Options and Melco Resorts Replacement Restricted Shares have vesting periods of one to two years. The Melco Resorts Replacement Share Options expire 10 years from 6 April 2022. A total incremental share-based compensation expense resulting from the Melco Resorts Option Exchange program was approximately US\$3,306,000 (equivalent to approximately HK\$25,947,000), representing the excess of (i) the fair value of certain Melco Resorts Replacement Share Options measured using the Black-Scholes valuation model on the Melco Resorts Modification Date; and (ii) the fair value of certain Melco Resorts Replacement Restricted Shares determined with reference to the market closing price of Melco Resorts’ ADS trading on the Nasdaq Global Select Market on the Melco Resorts Modification Date, over the fair value of the Melco Resorts Cancelled Share Options that were granted during 2013 to 2021 immediately before the exchange. The incremental share-based compensation expenses are being recognized over the new vesting periods of the Melco Resorts Replacement Share Options and Melco Resorts Replacement Restricted Shares, and the unrecognized compensation costs remaining from the Melco Resorts Cancelled Share Options are being recognized over the remainder of their original vesting periods.

## 20. CHANGE IN OWNERSHIP INTERESTS OF CERTAIN SUBSIDIARIES

### Melco Resorts

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

Other than the 2022 Share Repurchase as described above, Melco Resorts repurchased 5,929,076 ADSs (equivalent to 17,787,228 ordinary shares) (2021: 5,372,045 ADSs (equivalent to 16,116,135 ordinary shares)) from the open market for an aggregate consideration of approximately US\$36,452,000 (equivalent to approximately HK\$285,037,000) (2021: US\$52,026,000 (equivalent to approximately HK\$405,387,000)), of which 1,500,000 (2021: nil) ordinary shares repurchased were cancelled during the year ended 31 December 2022. The Group’s ownership interest in Melco Resorts increased as a result.

During the years ended 31 December 2022 and 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.

As a net result of the above transactions, the Group’s ownership interest in Melco Resorts increased from 56.80% on 1 January 2021 to 57.10% on 31 December 2021 and decreased to 54.50% on 31 December 2022. The Group recognized a decrease of HK\$130,129,000 (2021: HK\$165,182,000) in special reserve and a decrease of HK\$177,457,000 (2021: HK\$240,205,000) in non-controlling interests.

### SCIHL

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

As a net result of the above transaction and aforesaid change in the Group’s ownership interest in Melco Resorts, the Group’s ownership interest in SCIHL decreased from 31.41% on 1 January 2022 to 29.98% on 31 December 2022. The Group recognized a decrease of HK\$964,000 in special reserve and an increase of HK\$1,046,253,000 in non-controlling interests.

### **The Philippine subsidiaries**

During the year ended 31 December 2022, the Group, through the subsidiaries, purchased 50,906 (2021: 123,103) common shares of Melco Resorts and Entertainment (Philippines) Corporation (“MRP”), a subsidiary of the Company, at a total consideration of PHP175,173,000 (equivalent to approximately HK\$25,890,000) (2021: PHP440,032,000 (equivalent to approximately HK\$67,347,000)) from the non-controlling interests, which increased Group’s ownership interest in MRP.

As a net result of the above transaction and aforesaid change in the Group’s ownership interest in Melco Resorts, the Group’s ownership interest in MRP increased from 55.61% on 1 January 2021 to 56.52% on 31 December 2021 and decreased to 54.19% on 31 December 2022. The Group recognized a decrease of HK\$13,004,000 (2021: HK\$30,410,000) in special reserve and a decrease of HK\$12,886,000 (2021: HK\$36,937,000) in the non-controlling interests.

## **21. OTHER COMMITMENTS**

### **Concession – Macau**

Under the Concession awarded by the Macau government to Melco Resorts Macau on 16 December 2022, Melco Resorts Macau is obligated to pay the Macau government the following:

- (i) A fixed annual premium of MOP30,000,000 (equivalent to approximately HK\$29,126,000);
- (ii) A variable annual premium depending on the number and type of gaming tables (subject to a minimum of 500 tables) and electronic gaming machines (subject to a minimum of 1,000) that Melco Resorts Macau operates. The variable annual premium is calculated as follows:
  - MOP300,000 (equivalent to approximately HK\$291,000) per year for each gaming table reserved exclusively to certain kinds of games or players;
  - MOP150,000 (equivalent to approximately HK\$146,000) per year for each gaming table not reserved exclusively to certain kinds of games or players; and
  - MOP1,000 (equivalent to approximately HK\$971) per year for each electronic gaming machine.
- (iii) Under the terms of the Macau gaming law and the Concession, the gaming and gaming support areas and equipment and utensils have been transferred by the Macau government to Melco Resorts Macau for use in its operations during the Concession for a fee of MOP750 (equivalent to approximately HK\$730) per square meter of the casino for years 1 to 3 of the Concession, subject to a consumer price index increase in years 2 and 3 of the Concession. The fee will increase to MOP2,500 (equivalent to approximately HK\$2,400) per square meter of the casino for years 4 to 10 of the Concession, subject to a consumer price index increase in years 5 to 10 of the Concession;
- (iv) A special gaming tax of an amount equal to 35% of gross gaming revenue on a monthly basis;

- (v) Contributions of 2% and 3% of gross gaming revenue to a public fund, and to urban development, touristic promotion and social security, respectively on a monthly basis. These contributions may be waived or reduced with respect to gross gaming revenue generated by foreign patrons under certain circumstances;
- (vi) A special premium in the event the average gross gaming revenue of Melco Resorts Macau's gaming tables does not reach the annual minimum of MOP7,000,000 (equivalent to approximately HK\$6,796,000) and the average gross gaming revenue of the electronic gaming machines does not reach the annual minimum of MOP300,000 (equivalent to approximately HK\$291,000). The amount of the special premium is equivalent to the difference between the amount of the special gaming tax paid by Melco Resorts Macau and the amount that would be paid under the annual minimum set average gross gaming revenue for gaming tables and electronic gaming machines; and
- (vii) Melco Resorts Macau must maintain a guarantee issued by a Macau bank in favour of the Macau government in the amount of MOP1,000,000,000 (equivalent to approximately HK\$970,874,000) until 180 days after the earlier of the expiration and termination of the Concession to guarantee its performance of certain of its legal and contractual obligations, including labour obligations.

As a result of the bank guarantee issued by the bank to the Macau government as disclosed above, a sum of 0.03% per annum of the guarantee amount is payable by Melco Resorts Macau yearly to the bank.

In addition, under the Concession, it requires i) the registered share capital and net asset value of Melco Resorts Macau cannot be less than MOP5,000,000,000 (equivalent to approximately HK\$4,854,369,000); and ii) the managing director of Melco Resorts Macau must be a permanent resident of Macau and must hold at least 15% of the registered share capital of Melco Resorts Macau. Melco Resorts Macau is compliant with these requirements.

#### ***Committed investment***

In connection with the Concession, Melco Resorts Macau has undertaken to carry out investment in the overall amount of MOP11,823,700,000 (equivalent to approximately HK\$11,479,320,000). The investment plan includes gaming and non-gaming related projects in the expansion of foreign market patrons, conventions and exhibitions, entertainment shows, sports events, art and culture, health and well-being, thematic entertainment, gastronomy, community and maritime tourism and others. Out of the total investment amount referred to above, MOP10,008,000,000 (equivalent to approximately HK\$9,716,505,000) will be applied to non-gaming related projects, with the balance applied to gaming related projects.

Melco Resorts Macau has undertaken to carry out incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003,000,000 (equivalent to approximately HK\$1,944,660,000), in the event the Macau government annual gross gaming revenue reaches MOP180,000,000,000 (equivalent to approximately HK\$174,757,282,000) (the “Incremental Investment Trigger”). This incremental investment amount is reduced to 16%, 12%, 8%, 4% of the initial non-gaming investment amount or nil, if the Incremental Investment Trigger occurs in year 6, year 7, year 8, year 9 or year 10 of the Concession, respectively.

## **22. SUBSEQUENT EVENTS**

- (a) On 5 January 2023, the Group repaid the outstanding principal amount of HK\$5,311,047,000 along with accrued interest under the 2020 Credit Facilities. On 10 January 2023, the Group drew down US\$300,000,000 (equivalent to approximately HK\$2,342,853,000) under the 2020 Credit Facilities for working capital purposes. On 30 January 2023, the Group repaid the outstanding principal amount of US\$170,000,000 (equivalent to approximately HK\$1,327,617,000) along with accrued interest under the 2020 Credit Facilities.
  
- (b) On 8 March 2023, the Company, Melco Resorts and Melco Leisure entered into a share repurchase agreement, pursuant to which Melco Resorts agreed to repurchase 40,373,076 ordinary shares of Melco Resorts from Melco Leisure (the “2023 Share Repurchase”). On 10 March 2023, the 2023 Share Repurchase was completed for an aggregate consideration of US\$169,836,000 (equivalent to approximately HK\$1,332,319,000), which represents an average price of US\$4.2067 per share or US\$12.62 per ADS and 40,373,076 ordinary shares of Melco Resorts repurchased from Melco Leisure were cancelled on the same date. An US\$250,000,000 facility agreement between the Company, as borrower, and Melco Resorts, as lender, (the “Facility Agreement”) was terminated on 10 March 2023 following the settlement of the related accrued loan interest under the Facility Agreement due by the Company to Melco Resorts on the same date. The outstanding principal amount of US\$200,000,000 (equivalent to approximately HK\$1,561,902,000) under the Facility Agreement was fully repaid by the Company on 18 January 2023. After the completion of the 2023 Share Repurchase and cancellation of the repurchased shares by Melco Resorts, the Group’s ownership interest in Melco Resorts has decreased and Melco Resorts continues to be a subsidiary of the Company.

## CHAIRMAN & CEO'S STATEMENT

Dear Shareholders,

The shadow of COVID-19 is finally receding after three long years. Anti-epidemic measures are being lifted in our core market, bringing normality to society.

Though our business continued to be impacted by the pandemic in 2022, in Macau, the relaxation of social-distancing measures since 8 January 2023 has resulted in an upsurge in visitors, creating optimism for the city's immediate future. With regard to the Group, we have witnessed a healthy rise in foot traffic at our properties during the Chinese New Year holiday in 2023, and the post-Chinese New Year period has been encouraging as well, with both volume and revenue remaining at respectable levels. This strong performance supports our assertion that Macau is satisfying the pent-up demand, which in turn will further drive its development as a premier international destination for entertainment and leisure. Even though it is still premature to conclude that the worst is behind us, we are nonetheless optimistic about the prospects for our properties based on their performance thus far.

As we move forward, I would like to extend my appreciation to the Macau government for awarding a gaming concession to the Group, and thus allowing us to operate in Macau in the coming decade. We regard the concession as a vote of confidence in our investment propositions, which will add to the Group's existing strengths in entertainment and non-gaming attractions, and ultimately, reinforce the Group's market position in the years ahead.

Given the exhilarating array of projects in the pipeline, our excitement for the future is well founded. We will be directly addressing the pent-up demand through superior entertainment offerings and quality properties. With respect to the former, our first residency concert series featuring an incredible line up of superstars will kick off in April this year. As for the latter, the construction of Studio City Phase 2 is complete, with the first stage of opening projected to be in the second quarter of this year. Visitors will be able to both marvel and unwind at our newest hotel tower as well as take a splash in Macau's all new, all-weather, all-year-round water park. The second stage of opening will subsequently be unveiled in the third quarter of this year. We trust that the new non-gaming facilities and attractions will entice visitors to extend their stay in Macau, perfectly aligning with the government's objective of developing the city into the preeminent tourism destination of the world.

Outside Macau, our Cyprus operation has achieved greater profitability on a quarter-to-quarter basis, following the easing of COVID-19 related restrictions. We will continue to work closely with our vendors, especially as we approach the opening of City of Dreams Mediterranean in the second quarter of 2023. Upon its debut, we will look forward to welcoming the world to Europe's first integrated resort.

Looking ahead, we are bullish about Macau’s prospects now that an open border and the lifting of COVID-19 related restrictions have become a reality. We believe that as the premium-mass market segment continues its resurgence, this will provide added impetus to the area’s recovery. The Group will be taking a leading role by leveraging its clear competitive advantages in this segment, underpinned by an exceptional array of attractions, both existing and set for launch in the near future. We trust that these properties will enthrall and captivate visitors while at the same time setting new industry benchmarks in leisure and entertainment. Besides achieving progress in the business area, the Group will also continue to make strides on the sustainability front through our “Above & Beyond” sustainability strategy, contributing to the environment and the communities we serve.

Before we enter a new financial year, I would like to take this opportunity to extend my sincere gratitude to the Board, shareholders, business partners, customers and all of our colleagues for their unwavering support. Going forward, I have confidence in the Group’s ability to overcome obstacles that may arise, and continue to forge ahead as befits a preeminent developer, owner and operator of integrated resort facilities.

With best wishes,

**Ho, Lawrence Yau Lung**

*Chairman and Chief Executive Officer*

## **MANAGEMENT DISCUSSION & ANALYSIS**

### **SIGNIFICANT EVENTS AND DEVELOPMENTS**

The year 2022 marks an important milestone for the Group. In December 2022, it was granted a ten-year concession by the Macau government to continue to operate games of fortune and chance in casinos in Macau. The Group is thankful to the Macau government for its consideration given to the proposal and investment propositions that the Group believes will continue to build on its existing strengths in entertainment and non-gaming attractions. The Group pledges its full support to the sustainable and diversified development of the tourism and leisure industry in Macau, furthering the city's development as a leading global tourism destination.

Yet, it has been another challenging year for both the global economy and the travel industry as sporadic COVID-19 outbreaks and resultant restrictions created profound disruptions. While the unfavourable macro environment had a material impact on the operations and financial position of the Group in Macau during the period, the Group was nonetheless encouraged by the rise in visitations to Macau since the resumption of the granting of e-visas and group visas which commenced in November 2022 and subsequently the relaxation of travel restrictions between mainland China and the city in early January 2023.

In the Philippines, our casinos have been operating at 100% capacity since 1 March 2022 when the COVID alert level was reduced to alert level 1. As travel restrictions around Asia continued to be lifted and travel returned to more normal levels, the gaming volume of City of Dreams Manila continued to track towards pre-pandemic levels. Conversely, gaming volume of our property in Cyprus exceeded pre-pandemic levels and profitability has increased driven by the further easing of COVID-19 related restrictions in the third quarter of 2022.

In respect to the Group's development projects, construction of Studio City Phase 2 is complete and is expected to open in the second quarter of 2023. In Cyprus, the Council of Ministers of the Cyprus government provided the Group an extension on the deadline for opening City of Dreams Mediterranean to 30 June 2023, under the terms of its gaming license.

## **BUSINESS REVIEW**

### **Integrated Gaming and Entertainment Resorts**

Melco International operates its gaming business primarily through its subsidiary, Melco Resorts & Entertainment Limited ("Melco Resorts"), a developer, owner and operator of integrated resort facilities in Asia and Europe. As at 31 December 2022, Melco International, through its subsidiary, holds approximately 53.12% 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, through its subsidiaries, is currently developing the City of Dreams Mediterranean integrated resort project. It is also operating a temporary casino in Limassol, the first authorized casino in Cyprus, and is licensed to operate four satellite casinos. Upon the opening of City of Dreams Mediterranean, Melco Resorts will continue to operate the satellite casinos while operation of the temporary casino will cease.

The Group’s net revenues totalled HK\$10.57 billion for the year ended 31 December 2022, a decrease of 32.4% compared with HK\$15.64 billion recorded in the corresponding period of 2021. The decline was mainly attributable to the travel restrictions in Macau and mainland China related to COVID-19 during the year as well as the government mandated temporary closure of the Group’s casinos in Macau in July 2022, which led to softer performance in the Group’s casino and hospitality operations in 2022. Loss for the year was HK\$9.99 billion, compared with a loss for the year of HK\$7.94 billion in 2021.

### *City of Dreams*

City of Dreams in Macau is Melco Resorts’ flagship integrated resort, a premium-focused property that targets high-end customers and rolling chip players from regional markets across Asia. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, the property operated an average of approximately 447 gaming tables and 677 gaming machines in 2022.

As part of the Group’s unrelenting efforts to create world-leading hospitality and entertainment in Macau to attract new and quality tourism to the city, facility upgrade work at City of Dreams is ongoing. The Countdown is currently under redevelopment as part of its rebranding, while the property’s signature spectacle, The House of Dancing Water remains temporarily closed and anticipates a re-imagined return to bring an unprecedented and enhanced entertainment experience to the market.

To further expand the boundary of its kaleidoscope collection of experiences, City of Dreams collaborated with Forward Fashion (International) Holdings Company Limited to present the pioneering multi-dimensional premium art space Artelli in the newfound sensational art space The Showroom in October 2022. Spanning over 17,000 square feet of art and retail space on two levels, The Showroom introduces a brand new experience composed of sensational multi-dimensional art and retail elements to the city.

### ***Studio City***

The Hollywood-inspired and cinematically themed integrated resort, Studio City, is designed to be the most diverse entertainment offering in Macau. Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, the property operated an average of approximately 277 gaming tables and 700 gaming machines in 2022.

With commitment to diversification in Macau through world-class entertainment, the Group launched Super Fun Zone at Studio City in June 2022, introducing a four-level indoor entertainment experience that features 29,600 square feet of family-friendly adventurous fun. The property will also soon be home to Asia's first series of residency shows featuring an incredible line up of superstars, including Aaron Kwok, Joey Yung and Leon Lai who will be performing a collective 90 shows between 2023 and 2025.

Meanwhile, Studio City Phase 2 is expected to open in the second quarter of 2023. The first stage of opening will include one of the hotel towers along with the indoor water park. The remainder of Phase 2 is currently expected to open in the third quarter of this year.

This Phase 2 complex has been designed by leading international architecture firm, Zaha Hadid Architects, and is in harmony with the style of the integrated resort's existing Phase 1. The project will complement the Group's current offering of next-generation world-class entertainment and further enhance the distinctive Studio City experience.

### ***Altira Macau***

Altira Macau is an integrated resort designed to provide a casino and hotel experience that caters to the premium market segment. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. By delivering services customised for each guest, both Altira Macau and Altira Spa attained a Five-Star rating from Forbes Travel Guide ("FTG") for the 14th consecutive year in 2023.

Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, Altira Macau operated an average of approximately 93 gaming tables and 146 gaming machines operated under the brand Mocha Club at Altira Macau.

### ***Mocha Clubs and Other***

Mocha Clubs comprises the largest non-casino-based operator of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has invested in a series of innovative and top-quality electronic gaming machines from around the world to offer a contemporary entertainment mix to a broader range of visitors.

Excluding gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, Mocha Clubs operated an average of approximately 935 gaming machines (excluding approximately 146 gaming machines at Altira Macau).

In addition to the Mocha Clubs, the Group also operates the Grand Dragon Casino, which focuses on mass market table games, under a right-to-use agreement. Excluding gaming tables that were not in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, Grand Dragon Casino had an average of approximately 25 gaming tables in 2022.

### ***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 in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, the property operated an average of approximately 274 gaming tables and 2,266 gaming machines in 2022.

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

ICR Cyprus, a joint venture company which is 75% held by Melco Resorts, is developing the City of Dreams Mediterranean integrated resort 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.

The Council of Ministers in Cyprus provided an extension of the deadline to open City of Dreams Mediterranean to 30 June 2023. Once completed, City of Dreams Mediterranean will be the largest integrated resort in Europe, boasting approximately 500 luxury hotel rooms, around 100,000 square feet of cutting-edge MICE space, a family adventure park, an outdoor amphitheatre, and a variety of fine dining and luxury retail outlets.

Ahead of the opening of City of Dreams Mediterranean, the temporary casino C2 Limassol opened its doors in June 2018. Four C2 satellite casinos are located at Nicosia, Larnaca, Ayia Napa and Paphos, while the C2 satellite casino in Larnaca, previously located within the premises of the Larnaca International Airport, is currently closed for relocation. Upon the opening of City of Dreams Mediterranean, we will continue to operate the satellite casinos while operation of the temporary casino will cease.

Excluding gaming tables and gaming machines that were not in operation due to government-mandated closures or social distancing measures in relation to COVID-19 outbreaks, C2 operated an average of approximately 35 gaming tables and 454 gaming machines in 2022.

## OUTLOOK

In spite of the difficult operating environment created by anti-pandemic measures throughout most of 2022, the worldwide travel and tourism industry shows signs of a strong rebound as travel restrictions in most parts of the world have been relaxed.

Quarantine-free travel is now a reality in Greater China, and since 8 January 2023, visitors hailing from mainland China, Hong Kong and Taiwan are no longer required to present any proof of COVID-19 testing prior to entering Macau. As a consequence, visitor arrivals to the city skyrocketed by approximately 300% during the Chinese New Year Golden Week in 2023 over the same period in 2022. The relaxation of travel restrictions also contributed to a 55.3% year-over-year increase in Macau's accumulated gross gaming revenue in January and February 2023, according to data from the Gaming Inspection and Coordination Bureau. Though still well below pre-COVID levels, this is nonetheless an auspicious start to the year. The Group is optimistic about Macau's prospects in the medium to long term. Despite the difficulty in predicting the pace of economic recovery, the Group anticipates an upswing driven by pent-up demand, and firmly believes that Macau will continue to develop as a leading international destination for entertainment and leisure.

With its new ten-year gaming concession from the Macau government, the Group is committed to providing full support for the sustainable and diversified development of the tourism and leisure industry in Macau. The Group is excited to execute on its investment commitments to continue to bring best-in-class unique attractions and facilities to the Macau market. One of its most anticipated offerings, Studio City Phase 2, is set to open in the second quarter of 2023. This new addition to its portfolio will further enhance the Group's competitive edge in the non-gaming area, while demonstrating its unwavering commitment to driving long-term growth and contributing to the development of Macau as a key global tourism destination.

In regard to the Philippines, City of Dreams Manila has been operating at full capacity and its gaming volumes have reached close to pre-pandemic levels. Its prospects should remain favourable as the local tourism industry continues its rebound. With the Department of Tourism setting a baseline of 4.8 million international visitors for 2023, and having already breached the 2.6 million mark in 2022, City of Dreams Manila is in an ideal position to capitalise on the upturn in foreign arrivals in the coming year.

With respect to the Group's business in Cyprus, there has not only been an uptick in gaming volume but an appreciable resurgence, with volume exceeding pre-pandemic levels as anti-pandemic measures further eased last year. Despite the uncertainty arising from the Russia-Ukraine war, according to data compiled by Statistical Service of the Republic of Cyprus, the country welcomed over 3.2 million tourists in 2022, a year-over-year increase of over 65%. The Group anticipates an overall recovery in global tourism in 2023, which in turn will be advantageous for its Cyprus operation, and in particular, City of Dreams Mediterranean when it is unveiled in the second quarter of the year.

2023 will be a year in which the Group leverages its distinguished portfolio of properties, including projects in the pipeline, to introduce innovative leisure and entertainment experiences that captivate audiences and set new standards for the industry as travel rebounds. We will continue to place the utmost importance on the safety and security of guests and colleagues around the world and remain alert and agile in navigating the uncertain and challenging operating environment.

## **ACHIEVEMENTS AND AWARDS**

Melco International has strived to employ the highest corporate governance and corporate social responsibility standards over the years, and to be a leading global leisure and entertainment integrated resort operator is its ultimate goal. In 2022, its persistent efforts in this regard were widely acknowledged.

### **Corporate Governance**

For its good corporate governance practices, the Group received prestigious leadership awards from the business and investment communities. In 2022, Melco International was selected as a recipient of the “Best Investor Relations Company” at the Asian Excellence Awards by Corporate Governance Asia magazine for the 11th year, while Group Chairman and Chief Executive Officer, Mr. Ho, Lawrence Yau Lung, was hailed as “Asia’s Best CEO” also for the 11th year. These awards serve as emblems of the Group’s determination to adopt the best corporate governance practices in its business operations, as well as its unwavering commitment to ensuring accountability, fairness and transparency in its relationship with all stakeholders.

### **People**

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

The Group’s training program “Morpheus Moments – Whatever It Takes, Whenever, However” received the 2022 Excellence in Practice Award in the “Customer Service Training” category from the Association for Talent Development, recognizing its exceptional practices in workplace learning and development. In addition, the Group was honoured with four hotelier awards, namely “Corporate Social Responsibility Hotelier of the Year”, “Chef Hotelier of the Year”, “Green Hotelier of the Year” and “Sommelier Hotelier of the Year” at Stelliers Greater China 2022, putting the Group again in the lead in Macau with the most accolades earned. These awards affirm the Group’s dedication to service excellence, providing guests with the most memorable hospitality experiences.

Moreover, with its dedicated efforts in culture-building, employee recognition, inventive recruitment campaigns, meaningful compensation and work-life balance programs, City of Dreams Manila won the “Work Here, Work Happy” accolade in the 2022 Best of the Year Awards of Forbes Travel Guide.

Honoring its continuous efforts in human resources management, Melco Resorts was presented three accolades at the Cyprus HR Awards 2021, including the Silver Award in two categories, namely “Most Effective Recruitment Strategy” for its “Resourcing & Diversity” strategy, and “Best CSR Initiative with Employees’ Involvement”, and a Bronze Award for “HR Corporate Event of the Year” for its “C2Vision Talent Show” program.

These awards stand for acknowledgement of the Group’s people strategy, which is designed to foster positive colleague development and enable colleagues worldwide to realize their full potential.

### **Corporate Social Responsibility**

As a responsible partner to colleagues and the society, the Group strives to fulfill its responsibility to contribute and give back to the community.

The Group aspires to be the industry leader in carrying out corporate social responsibility and promoting responsible gaming. During the year, the Group continued to bring warmth and care to the Macau community through its Simple Acts of Kindness 2.0 volunteering initiative. Over 20,000 participants participated in more than 2,200 volunteer activities in 2022.

To assist local small and medium enterprises (“SMEs”) amid the pandemic, the Group continued the Heart of House roadshows series to allow SMEs to promote their brands and businesses to colleagues working at its properties including City of Dreams, Studio City and Altira Macau. In 2022, the Group’s efforts benefited around 180 SMEs and social organizations, generating revenue of over MOP8 million.

The Group’s continued contribution towards the community once again earned it the “15 Years Plus Caring Company Logo” from the Hong Kong Council of Social Service. In honour of its proactive contribution and innovative corporate social responsibility initiatives in giving back to the community it serves, Melco Resorts received the “Outstanding Contribution in Corporate Social Responsibility” at the Asia Gaming Awards 2023, the “Corporate Social Responsibility Award of the Year” honour at the Global Gaming Awards Asia 2022 and the “Asia’s Best CSR” award from Corporate Governance Asia magazine. It was also once again named the “Outstanding Corporate for Volunteerism” by the Association of Volunteers Social Service Macao in 2022.

In the aspect of responsible gaming promotion, City of Dreams, Studio City and Mocha Golden Dragon were recognized by the Macau government as Responsible Gambling Model Units under the Responsible Gambling Indicators project. Melco Resorts was honoured by Asia Gaming Awards 2023 for achievement in “Best Responsible Gaming Program”. The accolades recognize the efficacy of the Group’s responsible gaming initiatives and commitment to developing and maintaining a culture of responsible gaming in every jurisdiction of operation.

## **Business Operations**

The Group endeavours to transform the hospitality industry through groundbreaking yet practical ideas, strengthen its leadership among global integrated resort operators, whilst offering guests the most memorable and superior culinary, hospitality and entertainment experiences.

Melco Resorts was once again honoured by FTG in 2023 with a collective total of 97 Stars, including 17 Five-Star awards. The Group’s entire integrated resort portfolio, including City of Dreams, Studio City, Altira Macau and City of Dreams Manila, has prided prestigious recognition. Notably, Altira Macau, for the 14th consecutive year, received an FTG Five-Star in both the Hotel and Spa categories. These much-coveted wins speak volumes to the Group’s ceaseless effort to offer nothing but the best of services to guests.

The Group’s exquisite culinary delights were also recognized by Michelin Guide Hong Kong Macau 2022, with seven Michelin stars awarded to four signature restaurants in City of Dreams, Studio City and Altira Macau. That put the Group among Macau integrated resort operators with the most Michelin stars. Cantonese fine dining restaurant Jade Dragon, for the fourth consecutive year, commanded three Michelin stars, while Alain Ducasse at Morpheus, which offers gastronomic experiences that pay homage to the great traditions and savoir-faire of French cuisine, was given two Michelin stars also for the fourth consecutive year. Cantonese restaurants Pearl Dragon at Studio City and Ying at Altira Macau have each been awarded one Michelin stars. Other than Michelin Guide, Pearl Dragon also garnered the “Best Chinese Cuisine in Asia - Excellence Award” at the 2022 Haute Grandeur Global Restaurant Award.

In addition to recognitions from western society, Jade Dragon and Yí earned collectively four diamond accolades from Black Pearl Restaurant Guide 2023. It is the fourth consecutive year Jade Dragon received Three Diamonds and contemporary Chinese restaurant Yí One Diamond from the Black Pearl Restaurant Guide. Furthermore, for the second consecutive year, Jade Dragon continued to be Macau’s one and only Black Diamond restaurant on the Trip.com Gourmet 2022 Global Elite Restaurant List, making it the only restaurant in Macau to have achieved the highest honours on all three aforementioned prestigious culinary ranking platforms.

## **Environmental Sustainability**

As an industry leader who pledges to restore, inspire, sustain and empower the planet, people and communities, the Group has continued to go above and beyond the industry standard and accelerate its sustainability efforts to achieve the ambitious goals of realizing carbon neutrality and zero waste across its resorts by 2030. It will continue to set out specific actions for enhancing mitigation and adaptation measures, as well as seeking innovative technology-based solutions to the aim of achieving decarbonization.

To tackle one of the industry's biggest challenges – food waste, the Group has installed Winnow AI technology in employee kitchens and dining areas to monitor food waste and accordingly adjust menus. Food waste at the employee dining room of City of Dreams Manila had reduced by 50% thanks to the continuous internal engagement initiatives. Food waste composted on site in both Macau and Manila increased by 30% overall in 2022 compared with 2021 and, as a result of ongoing adjustments the landscaping teams made, usage of the compost at the green areas in the Group's properties has continued to improve.

A testament to its strong commitment to creating a sustainable future and forward-thinking sustainability strategies, Melco Resorts received the “Sustainability Award” at the International Gaming Awards 2022. Nüwa and Morpheus each earned a Gold Award at the 2021 Macao Green Hotel Award organized by the Environmental Protection Bureau in collaboration with the Macau Government Tourism Office, applauding the proactive environmental measures of the Group in its daily operations and its close cooperation with the Macau government on aiding implementation of environmental protection policies.

## FINANCIAL REVIEW

### RESULTS

<i>HK\$' million</i>	<b>2022</b>	2021	YoY%
Net revenues	<b>10,565.7</b>	15,638.8	-32.4%
Adjusted EBITDA	<b>(362.0)</b>	1,544.5	-123.4%
Loss attributable to owners of the Company	<b>(5,113.1)</b>	(3,809.0)	-34.2%
Basic loss per share attributable to owners of the Company (HK\$)	<b>(3.40)</b>	(2.52)	-34.8%

### FINANCIAL POSITION

<i>HK\$' million</i>	<b>2022</b>	2021	YoY%
Total assets	<b>97,091.6</b>	94,193.3	3.1%
Total liabilities	<b>83,705.6</b>	71,725.3	16.7%
Equity attributable to owners of the Company	<b>1,791.3</b>	6,862.7	-73.9%
Net assets value per share attributable to owners of the Company (HK\$)	<b>1.2</b>	4.5	-73.9%
Gearing ratio (%)	<b>74.4%</b>	61.4%	N/A

### Net Revenues

Net revenues of the Group decreased by 32.4% from HK\$15.64 billion for the year ended 31 December 2021 to HK\$10.57 billion for the year ended 31 December 2022. The decrease in net revenues was primarily attributable to travel restrictions in Macau and mainland China related to COVID-19 during the year as well as the government mandated temporary closure of our casinos in Macau in July which led to softer performance in our casino and hospitality operations in the year ended 31 December 2022.

<i>HK\$' million</i>	<b>2022</b>	2021	YoY%
Casino revenue	<b>8,426.0</b>	13,030.4	-35.3%
Entertainment and resort facilities:			
Rooms	<b>912.7</b>	1,224.6	-25.5%
Food and beverage	<b>669.7</b>	759.3	-11.8%
Entertainment, retail and other	<b>557.3</b>	618.8	-9.9%
Property rental income	-	5.7	-100.0%
	<b>10,565.7</b>	15,638.8	-32.4%

### **Adjusted EBITDA <sup>(1)</sup>**

The Company generated negative Adjusted EBITDA of HK\$362.0 million for the year ended 31 December 2022, compared to Adjusted EBITDA of HK\$1.54 billion for the year ended 31 December 2021. The change in Adjusted EBITDA was mainly attributable to softer performance in our casino and hospitality operations as a result of travel restrictions in Macau and mainland China related to COVID-19 during the year ended 31 December 2022 as well as the government mandated temporary closure of our casinos in Macau in July 2022.

### **Loss Attributable to Owners of the Company**

Loss attributable to owners of the Company was HK\$5.11 billion for the year ended 31 December 2022, compared to loss attributable to owners of the Company of HK\$3.81 billion for the year ended 31 December 2021. The change was mainly attributable to softer performance in our casino and hospitality operations as a result of travel restrictions in Macau and mainland China related to COVID-19 during the year ended 31 December 2022 as well as the government mandated temporary closure of our casinos in Macau in July 2022.

### **Basic Loss Per Share Attributable to Owners of the Company**

Basic loss per share attributable to owners of the Company was HK\$3.40 per share for the year ended 31 December 2022, compared to basic loss per share attributable to owners of the Company of HK\$2.52 per share for the year ended 31 December 2021.

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

## **Financial and Operational Performance**

Melco Resorts, a majority-owned subsidiary of the Group as at 31 December 2022, contributed the most majority of the financial results of the Group.

The performance of Melco Resorts during the year is described below.

According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, it recorded total operating revenues of US\$1.35 billion for the year ended 31 December 2022 versus US\$2.01 billion for the year ended 31 December 2021. The decrease in total operating revenues was primarily attributable to travel restrictions in Macau and mainland China related to COVID-19 during the year as well as the government mandated temporary closure of our casinos in Macau in July which led to softer performance in the rolling chip and mass market table games segments as well as lower non-gaming revenues.

The operating loss for 2022 was US\$743.1 million, compared with operating loss of US\$577.5 million for 2021.

Melco Resorts generated Adjusted Property EBITDA<sup>(2)</sup> of US\$0.6 million for the year ended 31 December 2022, compared with Adjusted Property EBITDA of US\$235.1 million in 2021.

Net loss attributable to the financial performance of Melco Resorts for 2022 was US\$930.5 million, compared with net loss attributable to the financial performance of Melco Resorts of US\$811.8 million for 2021.

### ***City of Dreams***

For the year ended 31 December 2022, total operating revenues at City of Dreams were US\$559.7 million, compared with US\$1,146.9 million in 2021. City of Dreams generated negative Adjusted Property EBITDA of US\$32.2 million for the year ended 31 December 2022, compared with Adjusted Property EBITDA of US\$202.0 million in 2021.

---

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

### *Gaming Performance*

<i>US\$'million</i>	<b>2022</b>	2021	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>4,379.8</b>	14,596.8	-70.0%
Win rate	<b>3.85%</b>	2.54%	N/A
<b>Mass Market</b>			
Table drop	<b>1,187.4</b>	2,846.3	-58.3%
Hold percentage	<b>30.5%</b>	30.8%	N/A
<b>Gaming Machine</b>			
Handle	<b>929.2</b>	1,803.6	-48.5%
Win rate	<b>3.6%</b>	3.3%	N/A

### *Non-Gaming Performance*

Total non-gaming revenue at City of Dreams in 2022 was US\$112.0 million, compared with US\$180.4 million in 2021.

### *Altira Macau*

Starting in the third quarter of 2021, Altira Macau has strategically repositioned to cater to the premium mass segment and has shut down VIP operations. For the year ended 31 December 2022, total operating revenues at Altira Macau were US\$32.6 million, compared with US\$56.2 million in 2021. Altira Macau generated negative Adjusted Property EBITDA of US\$43.0 million in 2022, compared with negative Adjusted Property EBITDA of US\$54.0 million in 2021.

### *Gaming Performance*

<i>US\$'million</i>	<b>2022</b>	2021	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	-	1,962.3	-100.0%
Win rate	N/A	1.61%	N/A
<b>Mass Market</b>			
Table drop	<b>124.0</b>	159.2	-22.1%
Hold percentage	<b>19.6%</b>	24.5%	N/A
<b>Gaming Machine</b>			
Handle	<b>166.0</b>	235.3	-29.4%
Win rate	<b>3.6%</b>	3.8%	N/A

### *Non-Gaming Performance*

Total non-gaming revenue at Altira Macau in 2022 was US\$7.8 million, compared with US\$10.4 million in 2021.

### *Mocha and Other*

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

Total operating revenues from Mocha and Other were US\$76.4 million in 2022, compared to US\$85.0 million in 2021. Mocha and Other generated Adjusted Property EBITDA of US\$10.3 million in 2022, compared with Adjusted Property EBITDA of US\$17.1 million in 2021.

### *Gaming Performance*

<i>US\$'million</i>	<b>2022</b>	2021	YoY%
<b>Mass Market</b>			
Table drop	<b>39.2</b>	–	N/A
Hold percentage	<b>20.1%</b>	N/A	N/A
<b>Gaming Machine</b>			
Handle	<b>1,585.2</b>	1,932.9	–18.0%
Win rate	<b>4.4%</b>	4.4%	N/A

### *Studio City*

For the year ended 31 December 2022, total operating revenues at Studio City were US\$176.0 million, compared to US\$372.3 million in 2021. Studio City generated negative Adjusted Property EBITDA of US\$105.2 million in 2022, compared with negative Adjusted Property EBITDA of US\$20.5 million in 2021.

### *Gaming Performance*

<i>US\$'million</i>	<b>2022</b>	2021	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>836.9</b>	1,837.9	-54.5%
Win rate	<b>2.56%</b>	2.00%	N/A
<b>Mass Market</b>			
Table drop	<b>460.4</b>	1,132.9	-59.4%
Hold percentage	<b>28.5%</b>	27.7%	N/A
<b>Gaming Machine</b>			
Handle	<b>657.4</b>	1,111.6	-40.9%
Win rate	<b>2.8%</b>	2.7%	N/A

### *Non-Gaming Performance*

Total non-gaming revenue at Studio City in 2022 was US\$40.2 million, compared with US\$78.6 million in 2021.

### *City of Dreams Manila*

For the year ended 31 December 2022, total operating revenues at City of Dreams Manila were US\$396.4 million, compared with US\$268.6 million in 2021. City of Dreams Manila generated Adjusted Property EBITDA of US\$146.9 million in 2022, compared with Adjusted Property EBITDA of US\$89.0 million in 2021.

### *Gaming Performance*

<i>US\$'million</i>	<b>2022</b>	2021	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>2,873.1</b>	775.7	270.4%
Win rate	<b>2.17%</b>	4.83%	N/A
<b>Mass Market</b>			
Table drop	<b>607.1</b>	364.6	66.5%
Hold percentage	<b>30.9%</b>	32.4%	N/A
<b>Gaming Machine</b>			
Handle	<b>3,653.6</b>	2,312.8	58.0%
Win rate	<b>5.2%</b>	5.5%	N/A

### *Non-Gaming Performance*

Total non-gaming revenue at City of Dreams Manila in 2022 was US\$102.5 million, compared with US\$57.3 million in 2021.

### *Cyprus Operations*

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

For the year ended 31 December 2022, total operating revenues at Cyprus Casinos were US\$91.3 million, compared with US\$52.6 million in 2021. Cyprus Casinos generated Adjusted Property EBITDA of US\$23.7 million in 2022, compared with Adjusted Property EBITDA of US\$1.6 million in 2021.

### *Gaming Performance*

<i>US\$'million</i>	<b>2022</b>	2021	YoY%
<b>VIP Gaming</b>			
Rolling chip volume	<b>5.2</b>	5.6	-6.1%
Win rate	<b>7.09%</b>	9.09%	N/A
<b>Mass Market</b>			
Table drop	<b>135.3</b>	76.2	77.5%
Hold percentage	<b>20.5%</b>	18.0%	N/A
<b>Gaming Machine</b>			
Handle	<b>1,301.7</b>	782.7	66.3%
Win rate	<b>5.0%</b>	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 31 December 2022, the Group's bank balances and cash amounted to HK\$14,317.5 million (2021: HK\$13,452.4 million) and restricted cash (mainly being cash collateral for concession-related guarantees to the Macau government and security under credit facilities) amounted to HK\$4,006.6 million (2021: HK\$53.9 million). In January 2023, restricted cash of US\$222.8 million (equivalent to approximately HK\$1.74 billion) as security under credit facilities and MOP410.0 million (equivalent to approximately HK\$398.1 million) as cash collateral against a bank guarantee issued in favour of the Macau government were released.

As at 31 December 2022, the Group had available and unutilized borrowing capacity of HK\$0.56 billion (2021: HK\$13.38 billion), subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the year ended and subsequent to 31 December 2022 are summarized below.

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

During the year ended 31 December 2022, the Group drew down US\$820 million (equivalent to approximately HK\$6.40 billion) and HK\$5.31 billion under a HK\$14.85 billion revolving credit facility ("2020 Credit Facilities").

In May 2022, the maturity date of a secured credit facility of HK\$2.0 million was extended from 24 June 2022 to 31 December 2022 and was further extended to 24 June 2024 in December 2022.

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

On 16 August 2022, the Group obtained confirmation from the facility agent that certain provisions contained in a US\$1.0 billion 5-year secured credit facility agreement (the “2021 Credit Facilities”) were waived and amended, subject to certain conditions. The net proceeds from the 2022 Share Repurchase (as defined in note 20 to the Consolidated Financial Information contained herein) was deposited into a designated bank account on 30 August 2022 for the future repayment of principal and payment of interest under the 2021 Credit Facilities.

In January 2023, the Group repaid the outstanding loan principal amount of HK\$5.31 billion and US\$170.0 million (equivalent to approximately HK\$1.33 billion) under the 2020 Credit Facilities, together with accrued interest.

On 10 January 2023, the Group drew down US\$300.0 million (equivalent to approximately HK\$2.34 billion) under the 2020 Credit Facilities.

The availability period of an unsecured credit facility amounting to Philippine Peso2.35 billion (equivalent to approximately HK\$327.0 million) was extended from 31 January 2021 to 31 January 2022 during the year ended 31 December 2021, and was then extended to 1 May 2022 in January 2022. In April 2022, the credit facility availability period was further extended to 31 January 2023, with terms and conditions substantially similar as before, except (1) the maturity date of each individual drawdown is to be the earlier of: (i) the date which is 360 days from the date of drawdown, and (ii) the date which is 360 days after the end of the availability period; and (2) the available drawdown currencies are Philippine Peso and US\$. In February 2023, the availability period was further extended to 1 May 2023.

### **Gearing Ratio**

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was 74.4% as at 31 December 2022 (2021: 61.4%).

### **Pledges of assets**

As at 31 December 2022, borrowings in aggregate principal amount of HK\$9,275.6 million (2021: HK\$6,747.7 million) were secured by the following assets of the Group:

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

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 31 December 2022.

## **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 the operations. The Group holds bank balances, receivables and deposits for its operations which are denominated in foreign currencies, such as Peso, Eur and Renminbi ("RMB"), and consequently, exposure to exchange rate fluctuations may arise and may be affected by, among other things, changes in political and economic conditions.

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

### **Interest rate risk**

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

### **Equity price risk**

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

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

## **HUMAN RESOURCES**

### **Headcount and Employees' Information**

The total number of the Group's employees was 16,911 as of 31 December 2022 (31 December 2021: 17,897). Among these employees, 190 are located in Hong Kong and the remaining 16,721 are mainly located in Macau, the Philippines, Cyprus, the PRC and Singapore. The related staff costs for the year ended 31 December 2022, including directors' emoluments and share-based compensation expenses amounted to HK\$5,187.0 million (year ended 31 December 2021: HK\$5,562.7 million).

### **Human Resources**

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, the Company believes that building a stable workforce and cultivating a harmonious workplace start 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 our business, we will be able to create opportunities and deliver value to our people. Thus, the Group encourages its employees to do their best at work and grow with the Group. The Company builds employees' loyalty through recognition, involvement and participation. The Company's people policy, systems and practices are directly aligned with the Group's mission and values which contribute to our success.

### ***Recruitment***

The Company recruits talented people with the necessary professional competencies, desirable personal qualities and commitments to the Group. The Group hires the right people to shape its future. We identify and validate talent through different recruitment exercises and regularly review our recruitment policies and assessment criteria.

### ***Performance and Rewards***

The Company seeks and appreciates high performance. Our reward principle is primarily performance based, and we reward our people competitively and based on their job responsibilities, performances and contributions to the Group's development as well as their professional and managerial competencies.

### ***Training and Development***

The Company provides training for employees to develop the skills required to satisfy business needs, which would improve performance, deliver value and enhance personal growth. The Group adopts a systematic approach in designing our training programmes with a special focus on individual and corporate needs. Training objectives and the desired outcomes are first established and the subsequent results from any training are continually reviewed.

### **FINAL DIVIDEND**

In line with the suspension of the Company's semi-annual dividend program as announced on 14 May 2020, the Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: Nil).

### **CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING**

The annual general meeting of the Company is scheduled to be held on Friday, 23 June 2023. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 19 June 2023 to Friday, 23 June 2023 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 June 2023.

## **CORPORATE GOVERNANCE CODE**

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures.

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the year ended 31 December 2022, apart from the deviations mentioned below.

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

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

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

Terms of reference of the aforesaid committees have been posted on the Company’s website at [www.melco-group.com](http://www.melco-group.com) under the “Corporate Governance” section.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has a code for dealing in the Company’s securities by the directors of the Company (the “Directors”) and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the “Code of Securities Dealings”) on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. Having made specific enquiry of the Directors, all Directors confirmed that they have complied with the required standards set out in the Code of Securities Dealings throughout the year of 2022.

## **AUDIT COMMITTEE**

The Company has an Audit Committee, which was established for the purpose of reviewing and providing supervision over the Group's financial reporting processes and overseeing the Group's risk management and internal control systems.

The Audit Committee, made up of a Non-executive Director and two Independent Non-executive Directors, met three times during the year. At the meetings, the Audit Committee reviewed the accounting principles and practices adopted by the Group, the interim and annual reports of the Group and discussed with the internal auditor, external auditor and management the auditing, risk management, internal control and financial reporting matters.

The Group's annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee and audited by the independent auditor of the Group, Ernst & Young.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this results announcement have been agreed by the Company's auditors, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the Company's auditors on this results announcement.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities, except that the trustee of the Share Purchase Scheme purchased on the Hong Kong Stock Exchange a total of 3,050,000 shares of the Company at a total consideration of approximately HK\$15,242,000 to satisfy the award of shares to selected participants pursuant to the terms of the rules and trust deed of the Share Purchase Scheme.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE HONG KONG STOCK EXCHANGE**

This announcement is published on the Company's website ([www.melco-group.com](http://www.melco-group.com)) and the Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2022 annual report will be available on the websites of the Company and the Hong Kong Stock Exchange and printed copies of the annual report will be sent to the shareholders of the Company who have elected to receive printed copies in due course in accordance with the Listing Rules.

### **BOARD OF DIRECTORS**

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

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

Hong Kong, 31 March 2023