

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report  
Commission file number 001-33178

**MELCO RESORTS & ENTERTAINMENT LIMITED**

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

71 Robinson Road #04-03, Singapore 068895 and 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong  
(Address of principal executive offices)

Amy Kuzdowicz, Senior Vice President, Chief Accounting Officer Tel +65 8488 9770 or +852 2598 3600, Fax +852 2537 3618  
71 Robinson Road #04-03, Singapore 068895

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol	Name of Each Exchange on Which Registered
American depository shares each representing three ordinary shares	MLCO	The Nasdaq Stock Market LLC (The Nasdaq Global Select Market)

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None.

(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

1,329,679,067 ordinary shares outstanding as of December 31, 2023

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes  No

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued  
by the International Accounting Standards Board

Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

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## INTRODUCTION

In this annual report on Form 20-F, unless otherwise indicated:

- “2015 Credit Facilities” refers to the HK\$13.65 billion (equivalent to US\$1.75 billion) senior secured credit facilities agreement dated June 19, 2015, entered into by Melco Resorts Macau, as borrower, comprising (i) a Hong Kong dollar term loan facility of HK\$3.90 billion (equivalent to US\$500.0 million) with a term of six years and (ii) a HK\$9.75 billion (equivalent to US\$1.25 billion) revolving credit facility, and following the repayment of all outstanding loan amounts, together with accrued interest and associated costs on May 7, 2020, other than the HK\$1.0 million (equivalent to US\$0.1 million) which remains outstanding under the term loan facility, with a maturity date extended to June 24, 2024, and the HK\$1.0 million (equivalent to US\$0.1 million) revolving credit facility commitment which remains available under the revolving credit facility, all other commitments under the 2015 Credit Facilities were canceled;
- “2020 Credit Facilities” refers to the senior facilities agreement dated April 29, 2020, entered into between, among others, MCO Nominee One, our subsidiary and as borrower, and Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch and Morgan Stanley Senior Funding, Inc., as joint global coordinators, under which lenders have made available HK\$14.85 billion (equivalent to US\$1.92 billion) in a revolving credit facility for a term of five years, and which have been amended and restated under the 2023 Amendment and Restatement;
- “2021 Studio City Senior Secured Credit Facility” refers to the facility agreement dated November 23, 2016 with, among others, Bank of China Limited, Macau Branch, to amend, restate and extend the Studio City Project Facility to provide for senior secured credit facilities in an aggregate amount of HK\$234.0 million (equivalent to US\$30.0 million), which consist of a HK\$233.0 million (equivalent to US\$29.9 million) revolving credit facility and a HK\$1.0 million (equivalent to US\$0.1 million) term loan facility, and which would have matured on November 30, 2021, and was amended, restated and extended by the 2028 Studio City Senior Secured Credit Facility;
- “2023 Amendment and Restatement” refers to the Amendment and Restatement Agreement dated June 29, 2023 among MCO Nominee One, MCO Investments Limited, Melco Resorts Finance, MCO International Limited, and Bank of China Limited, Macau Branch, acting as the facility agent, to amend the provisions of the 2020 Credit Facilities such that borrowings under the 2020 Credit Facilities denominated in U.S. dollars bear interest at the term Secured Overnight Financing Rate plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum, as adjusted in accordance with the interest period, and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries;
- “2024 Studio City Notes” refers to the US\$600.0 million aggregate principal amount of 7.25% senior notes due 2024 issued by Studio City Finance on February 11, 2019 and as to which no amount remains outstanding following the redemption of all remaining outstanding amounts in February 2021;
- “2024 Studio City Notes Tender Offer” refers to the conditional tender offer by Studio City Finance to purchase for cash any and all of the outstanding 2024 Studio City Notes, which commenced and settled in January 2021;
- “2025 Senior Notes” refers to the US\$1.0 billion aggregate principal amount of 4.875% senior notes due 2025 issued by Melco Resorts Finance, of which US\$650.0 million in aggregate principal amount was issued on June 6, 2017 and US\$350.0 million in aggregate principal amount was issued on July 3, 2017;
- “2025 Studio City Notes” refers to the US\$500 million aggregate principal amount of 6.00% senior notes due 2025 issued by Studio City Finance on July 15, 2020;

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- “2025 Studio City Notes Tender Offer” refers to the conditional tender offer by Studio City Finance pursuant to which it purchased for cash an aggregate principal amount of US\$100.0 million of the outstanding 2025 Studio City Notes in November 2023;
- “2026 Senior Notes” refers to the US\$500.0 million aggregate principal amount of 5.250% senior notes due 2026 issued by Melco Resorts Finance on April 26, 2019;
- “2027 Senior Notes” refers to the US\$600.0 million aggregate principal amount of 5.625% senior notes due 2027 issued by Melco Resorts Finance on July 17, 2019;
- “2027 Studio City Notes” refers to the US\$350.0 million aggregate principal amount of 7.00% senior notes due 2027 issued by Studio City Company on February 16, 2022;
- “2028 Senior Notes” refers to the US\$850 million aggregate principal amount of 5.750% senior notes due 2028 issued by Melco Resorts Finance, of which US\$500.0 million in aggregate principal amount was issued on July 21, 2020 (the “First 2028 Senior Notes”) and US\$350.0 million in aggregate principal amount was issued on August 11, 2020 (the “Additional 2028 Senior Notes”);
- “2028 Studio City Notes” refers to the US\$500 million aggregate principal amount of 6.50% senior notes due 2028 issued by Studio City Finance on July 15, 2020;
- “2028 Studio City Senior Secured Credit Facility” refers to the facility agreement dated March 15, 2021 with, among others, Bank of China Limited, Macau Branch, to amend, restate and extend the 2021 Studio City Senior Secured Credit Facility to provide for senior secured credit facilities in an aggregate amount of HK\$234.0 million (equivalent to US\$30.0 million), which consist of a HK\$233.0 million (equivalent to US\$29.9 million) revolving credit facility and a HK\$1.0 million (equivalent to US\$0.1 million) term loan facility, with the maturity date of January 15, 2028;
- “2029 Senior Notes” refers to the US\$1.15 billion aggregate principal amount of 5.375% senior notes due 2029 issued by Melco Resorts Finance, of which US\$900.0 million in aggregate principal amount was issued on December 4, 2019 (“First 2029 Senior Notes”) and US\$250.0 million in aggregate principal amount was issued on January 21, 2021 (“Additional 2029 Senior Notes”);
- “2029 Studio City Notes” refers to the US\$1.1 billion aggregate principal amount of 5.00% senior notes due 2029 issued by Studio City Finance, of which US\$750.0 million in aggregate principal amount was issued on January 14, 2021 (“First 2029 Studio City Notes”) and US\$350.0 million in aggregate principal amount was issued on May 20, 2021 (“Additional 2029 Studio City Notes”);
- “ADSs” refers to our American depositary shares, each of which represents three ordinary shares;
- “Altira Macau” refers to an integrated resort located in Taipa, Macau;
- “Altira Resorts” refers to our subsidiary, Altira Resorts Limited (formerly known as Altira Developments Limited), a Macau company through which we hold the land and building for Altira Macau and operate hotel and certain other non-gaming businesses at Altira Macau;
- “AUD” and “Australian dollar(s)” refer to the legal currency of Australia;
- “board” and “board of directors” refer to the board of directors of our Company or a duly constituted committee thereof;
- “CGC” means the Cyprus Gaming and Casino Supervision Commission, also known as the Cyprus Gaming Commission;
- “China” and “PRC” refer to the People’s Republic of China, excluding the Hong Kong Special Administrative Region of the PRC (Hong Kong), the Macau Special Administrative Region of the PRC (Macau) and Taiwan from a geographical point of view;
- “City of Dreams” refers to an integrated resort located in Cotai, Macau, which currently features casino areas and four luxury hotels, including a collection of retail brands, a wet stage performance theater (temporarily closed since June 2020) and other entertainment venues;

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- “City of Dreams Manila” refers to an integrated resort located within Entertainment City, Manila;
- “City of Dreams Mediterranean” refers to an integrated resort located in Limassol, Cyprus;
- “COD Resorts” refers to our subsidiary, COD Resorts Limited (formerly known as Melco Crown (COD) Developments Limited), a Macau company through which we hold the land and buildings for City of Dreams, operate hotel and certain other non-gaming businesses at City of Dreams and provide shared services within the Company;
- “Concession Contract” refers to the concession contract executed between the Macau Special Administrative Region and Melco Resorts Macau on December 16, 2022, that provides for the terms and conditions of the concession granted to Melco Resorts Macau, which expires on December 31, 2032;
- “Crown Resorts” refers to Crown Resorts Limited, a company listed on the Australian Securities Exchange;
- “Cyprus Acquisition” refers to our acquisition of a 75% equity interest in ICR Cyprus from Melco International with the issuance of 55.5 million ordinary shares as consideration pursuant to the definitive agreement entered into between us and Melco International on June 24, 2019 and completed on July 31, 2019;
- “Cyprus Casinos” refers to our satellite casinos in Cyprus, which, as of the date of this annual report, comprise properties in Nicosia, Ayia Napa and Paphos;
- “Cyprus License” refers to the gaming license granted by the government of Cyprus to Integrated Casino Resorts on June 26, 2017 to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and until the operation of such integrated casino resort, the operation of a temporary casino in Limassol) and up to four satellite casino premises in Cyprus, for a term of 30 years from the date of grant and with the right for exclusivity in Cyprus for the first 15 years of the term;
- “DICJ” refers to the Direcção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau), a department of the Public Administration of Macau;
- “DSEC” refers to the Statistics and Census Service of Macau, a department of the government of Macau;
- “EUR” and “Euro(s)” refer to the legal currency of the European Union;
- “Greater China” refers to mainland China, Hong Kong and Macau, collectively;
- “HIBOR” refers to the Hong Kong Interbank Offered Rate;
- “HK\$” and “H.K. dollar(s)” refer to the legal currency of Hong Kong;
- “HKSE” refers to The Stock Exchange of Hong Kong Limited;
- “ICR Cyprus” refers to ICR Cyprus Holdings Limited, a company incorporated under the laws of Cyprus, in which we acquired a 75% equity interest upon the completion of the Cyprus Acquisition;
- “Integrated Casino Resorts” refers to Integrated Casino Resorts Cyprus Limited, a company incorporated under the laws of Cyprus and which became our subsidiary upon the completion of the Cyprus Acquisition;
- “MCO Nominee One” refers to our subsidiary, MCO Nominee One Limited;
- “Melco International” refers to Melco International Development Limited, a Hong Kong-listed company;
- “Melco Leisure” refers to Melco Leisure and Entertainment Group Limited, a company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of Melco International;

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- “Melco Philippine Parties” refers to Melco Resorts Leisure, MPHIL Holdings No. 1 and MPHIL Holdings No. 2;
- “Melco Resorts Finance Notes” refers to, collectively, the 2025 Senior Notes, the 2026 Senior Notes, the 2027 Senior Notes, the 2028 Senior Notes and the 2029 Senior Notes;
- “Melco Resorts Finance” refers to our subsidiary, Melco Resorts Finance Limited (formerly known as MCE Finance Limited), a Cayman Islands exempted company with limited liability;
- “Melco Resorts Leisure” refers to our subsidiary, Melco Resorts Leisure (PHP) Corporation (formerly known as MCE Leisure (Philippines) Corporation), a corporation incorporated in the Philippines and one of the Philippine Licensees holding the Philippine License;
- “Melco Resorts Macau” refers to our subsidiary, Melco Resorts (Macau) Limited (formerly known as Melco Crown (Macau) Limited), a Macau company and the holder of our gaming concession;
- “Mocha Clubs” refer to, collectively, our clubs with gaming machines, which are now the largest non-casino based operations of electronic gaming machines in Macau;
- “MPHIL Holdings No. 1” refers to our subsidiary, MPHIL Holdings No. 1 Corporation (formerly known as MCE Holdings (Philippines) Corporation), a corporation incorporated in the Philippines and one of the Philippine Licensees holding the Philippine License;
- “MPHIL Holdings No. 2” refers to our subsidiary, MPHIL Holdings No. 2 Corporation (formerly known as MCE Holdings No. 2 (Philippines) Corporation), a corporation incorporated in the Philippines and one of the Philippine Licensees holding the Philippine License;
- “MRP” refers to our subsidiary, Melco Resorts and Entertainment (Philippines) Corporation (formerly known as Melco Crown (Philippines) Resorts Corporation), the shares of which have been delisted from the Philippine Stock Exchange since June 11, 2019 due to MRP’s public ownership having fallen below the minimum requirement of the Philippine Stock Exchange for more than six months;
- “Nobu Manila” refers to the hotel development located in City of Dreams Manila branded as Nobu Hotel Manila;
- “Nüwa Manila” refers to the hotel development located in City of Dreams Manila branded as Nüwa Hotel Manila, formerly branded as the Crown Towers hotel;
- “our concession” and “our gaming concession” refers to the Macau gaming concession held by Melco Resorts Macau, effective from January 1, 2023 until December 31, 2032;
- “PAGCOR” refers to the Philippines Amusement and Gaming Corporation, the Philippines regulatory body with jurisdiction over all gaming activities in the Philippines except for lottery, sweepstakes, cockfighting, horse racing and gaming inside the Cagayan Export Zone;
- “PAGCOR Charter” refers to the Presidential Decree No. 1869, of the Philippines;
- “Pataca(s)” and “MOP” refer to the legal currency of Macau;
- “Philippine License” refers to the regular gaming license dated April 29, 2015 issued by PAGCOR to the Philippine Licensees in replacement of the Provisional License for the operation of City of Dreams Manila and which is valid until July 11, 2033;
- “Philippine Licensees” refers to holders of the Philippine License, which include the Melco Philippine Parties and the Philippine Parties;
- “Philippine Parties” refers to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc.;
- “Philippine peso(s)” and “PHP” refer to the legal currency of the Philippines;

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- “Renminbi” and “RMB” refer to the legal currency of the PRC;
- “SC ADSs” refers to the American depositary shares of SCI, each of which represents four Class A ordinary shares of SCI;
- “SCI” and “Studio City International” refer to our subsidiary, Studio City International Holdings Limited, an exempted company registered by way of continuation in the Cayman Islands, the American depositary receipts of which are listed on the New York Stock Exchange;
- “SGD” and “Singapore dollar(s)” refer to the legal currency of Singapore;
- “share(s)” and “ordinary share(s)” refer to our ordinary share(s), par value of US\$0.01 each;
- “Studio City” refers to a cinematically-themed integrated resort in Cotai, an area of reclaimed land located between the islands of Taipa and Coloane in Macau;
- “Studio City Casino” refers to the gaming areas being operated within Studio City;
- “Studio City Casino Agreement” (previously referred to as the Services and Right to Use Arrangements) refers to the agreement entered into among Melco Resorts Macau and Studio City Entertainment, dated May 11, 2007 and amended on June 15, 2012 and June 23, 2022, and any other agreements or arrangements entered into from time to time, which may amend, supplement or relate to the aforementioned agreements or arrangements;
- “Studio City Company” refers to our subsidiary, Studio City Company Limited, which is a company incorporated in the British Virgin Islands with limited liability and which is also an indirect subsidiary of SCI;
- “Studio City Finance” refers to our subsidiary, Studio City Finance Limited, which is a company incorporated in the British Virgin Islands with limited liability and which is also an indirect subsidiary of SCI;
- “Studio City Hotel” refers to the hotel owned by Studio City Developments Limited which includes the four hotel towers at Studio City;
- “Studio City Hotels” refers to our subsidiary, Studio City Hotels Limited, which is a company incorporated in Macau with limited liability and which is also an indirect subsidiary of SCI;
- “Studio City Investments” refers to our subsidiary, Studio City Investments Limited, which is a company incorporated in the British Virgin Islands with limited liability and which is also an indirect subsidiary of SCI;
- “Studio City IPO” refers to the initial public offering of a total of 33,062,500 SC ADSs, comprising the 28,750,000 SC ADSs sold initially and the 4,312,500 SC ADSs sold pursuant to the over-allotment option, at the price of US\$12.50 per SC ADS;
- “Studio City Notes” refer to, collectively, the 2025 Studio City Notes, the 2027 Studio City Notes, the 2028 Studio City Notes and the 2029 Studio City Notes;
- “Studio City Project Facility” refers to the senior secured project facility, dated January 28, 2013 and as amended from time to time, entered into between, among others, Studio City Company as borrower and certain subsidiaries as guarantors, comprising a term loan facility of HK\$10,080,460,000 (equivalent to US\$1.3 billion) and revolving credit facility of HK\$775,420,000 (equivalent to US\$100 million), and which was amended, restated and extended by the 2021 Studio City Senior Secured Credit Facility;
- “the Philippines” refers to the Republic of the Philippines;
- “TWD” and “New Taiwan dollar(s)” refer to the legal currency of Taiwan;
- “US\$” and “U.S. dollar(s)” refer to the legal currency of the United States;



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- “U.S. GAAP” refers to the U.S. generally accepted accounting principles; and
- “we”, “us”, “our”, “our Company”, “the Company” and “Melco” refer to Melco Resorts & Entertainment Limited and, as the context requires, its predecessor entities and its consolidated subsidiaries.

This annual report on Form 20-F includes our audited consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 and as of December 31, 2023 and 2022.

Certain monetary amounts, percentages, and other figures included in this report have been subject to rounding adjustments. Certain other amounts that appear in this Annual Report may not sum due to rounding. Figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

## GLOSSARY

“average daily rate”	calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day
“cage”	a secure room within a casino with a facility that allows patrons to carry out transactions required to participate in gaming activities, such as exchange of cash for chips and exchange of chips for cash or other chips
“chip”	round token that is used on casino gaming tables in lieu of cash
“concession”	a government grant for the operation of games of fortune and chance in casinos in Macau under an administrative contract pursuant to which a concessionaire, or the entity holding the concession, is authorized to operate games of fortune and chance in casinos in Macau
“dealer”	a casino employee who takes and pays out wagers or otherwise oversees a gaming table
“drop”	the amount of cash to purchase gaming chips and promotional vouchers that is deposited in a gaming table’s drop box, plus gaming chips purchased at the casino cage
“drop box”	a box or container that serves as a repository for cash, chip purchase vouchers, credit markers and forms used to record movements in the chip inventory on each table game
“electronic gaming table”	table with an electronic or computerized wagering and payment system that allow players to place bets from multiple-player gaming seats
“gaming machine”	slot machine and/or electronic gaming table
“gaming machine handle”	the total amount wagered in gaming machines
“gaming machine win rate”	gaming machine win (calculated before non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle
“gaming promoter”	an individual or corporate entity who, for the purpose of promoting rolling chip and other gaming activities, arranges customer transportation and accommodation, provides credit in its sole discretion if authorized by a gaming operator and arranges food and beverage services and entertainment in exchange for commissions or other compensation from a gaming concessionaire
“integrated resort”	a resort which provides customers with a combination of hotel accommodations, casinos or gaming areas, retail and dining facilities, MICE space, entertainment venues and spas
“junket player”	a player sourced by gaming promoters to play in the VIP gaming rooms or areas
“marker”	evidence of indebtedness by a player to the casino or gaming operator
“mass market patron”	a customer who plays in the mass market segment
“mass market segment”	consists of both table games and gaming machines played by mass market patrons primarily for cash stakes

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“mass market table games drop”	the amount of table games drop in the mass market table games segment
“mass market table games hold percentage”	mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop
“mass market table games segment”	the mass market segment consisting of mass market patrons who play table games
“MICE”	Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or specific purpose
“net rolling”	net turnover in a non-negotiable chip game
“non-negotiable chip”	promotional casino chip that is not to be exchanged for cash
“non-rolling chip”	chip that can be exchanged for cash, used by mass market patrons to make wagers
“occupancy rate”	the average percentage of available hotel rooms occupied, including complimentary rooms, during a period
“premium direct player”	a rolling chip patron who is a direct customer of the concessionaire and is attracted to the casino through marketing efforts of the gaming operator
“progressive jackpot”	a jackpot for a gaming machine or table game where the value of the jackpot increases as wagers are made; multiple gaming machines or table games may be linked together to establish one progressive jackpot
“revenue per available room” or “REVPAR”	calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy
“rolling chip” or “VIP rolling chip”	non-negotiable chip primarily used by rolling chip patrons to make wagers
“rolling chip patron”	a player who primarily plays on a rolling chip or VIP rolling chip tables and typically plays for higher stakes than mass market gaming patrons
“rolling chip segment”	consists of table games played in private VIP gaming rooms or areas by rolling chip patrons who are either premium direct players or junket players
“rolling chip volume”	the amount of non-negotiable chips wagered and lost by the rolling chip market segment
“rolling chip win rate”	rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume
“slot machine”	traditional slot or electronic gaming machine operated by a single player
“subconcession”	an agreement for the operation of games of fortune and chance in casinos between the entity holding the concession, or the concessionaire, and a subconcessionaire, pursuant to which the subconcessionaire is authorized to operate games of fortune and chance in casinos in Macau

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“table games win”	the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues. Table games win is calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis
“VIP gaming room”	gaming rooms or areas that have restricted access to rolling chip patrons and typically offer more personalized service than the general mass market gaming areas

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition, all of which are largely based on our current expectations and projections. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. See “Item 3. Key Information — D. Risk Factors” for a discussion of some risk factors that may affect our business and results of operations. Moreover, because we operate in a heavily regulated and evolving industry, may become highly leveraged and operate across various geographies including Macau, the Philippines and Cyprus, new risk factors may emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of these factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. We have based the forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our goals and strategies;
- pace of recovery from the impact of the global COVID-19 outbreak on our business, financial results and liquidity;
- the reduced access to our target markets due to travel restrictions, and the potential long-term impact on customer retention;
- restrictions or conditions on visitation by citizens of the PRC to Macau, the Philippines and Cyprus;
- the impact on the travel and leisure industry from factors such as an outbreak of an infectious disease, such as the COVID-19 pandemic or the period of time required for tourism to return to pre-pandemic levels (if at all), extreme weather patterns or natural disasters, military conflicts and any future security alerts and/or terrorist attacks or other acts of violence;
- general domestic or global political and economic conditions, including in the PRC and Hong Kong, which may impact levels of travel, leisure and consumer spending;
- our ability to successfully operate our casinos;
- our ability to obtain or maintain all required governmental approvals, authorizations and licenses for our operations;
- our compliance with conditions and covenants under the existing and future indebtedness;
- laws, rules and regulations which could bar the trading of the American depositary shares of our Company and of SCI in the United States such as the Holding Foreign Companies Accountable Act and the rules promulgated thereunder;
- capital and credit market volatility;
- our ability to raise additional capital, if and when required;
- our future business development, results of operations and financial condition;
- fluctuations in the gaming and leisure market in Macau, the Philippines and Cyprus;

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- the liberalization of travel restrictions on PRC citizens and convertibility of the Renminbi;
- the tightened control of certain cross-border fund transfers from the PRC;
- the availability of credit for gaming patrons;
- the uncertainty of tourist behavior related to spending and vacationing at casino resorts in Macau, the Philippines and Cyprus;
- fluctuations in occupancy rates and average daily room rates in Macau, the Philippines and Cyprus;
- our ability to continue to develop new technologies and/or upgrade our existing technologies;
- cybersecurity risks including misappropriation of customer information or other breaches of information security;
- our ability to protect our intellectual property rights;
- increased competition from other casino hotel and resort projects in Macau and elsewhere in Asia, including the other concessionaires in Macau;
- our entering into new development and construction projects and new ventures in or outside of Macau, the Philippines or Cyprus;
- construction cost estimates and completion time estimates for our development projects, including projected variances from budgeted costs and timing;
- government policies, laws and regulations relating to the leisure and gaming industry, including the implementation of the amended gaming law in Macau, and the legalization of gaming in other jurisdictions;
- significantly increased regulatory scrutiny on Macau gaming promoters' operations that has resulted in the cessation of business by many gaming promoters in Macau;
- the completion of infrastructure projects in Macau, the Philippines and Cyprus;
- our ability to retain and gain new customers;
- our ability to offer new services and attractions;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for our services and market acceptance of our brands and businesses;
- the outcome of any current and future litigation; and
- other factors described under "Item 3. Key Information — D. Risk Factors."

The forward-looking statements made in this annual report on Form 20-F relate only to events or information as of the date on which the statements are made in this annual report on Form 20-F. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report on Form 20-F and the documents that we referenced in this annual report on Form 20-F and have filed as exhibits with the U.S. Securities and Exchange Commission, or the SEC, completely and with the understanding that our actual future results may be materially different from what we expect.

## EXCHANGE RATE INFORMATION

The majority of our current revenues are denominated in H.K. dollars, whereas our current expenses are denominated predominantly in Patacas, H.K. dollars, the Philippine peso and Euros. Unless otherwise noted, all translations from H.K. dollars to U.S. dollars and from U.S. dollars to H.K. dollars in this annual report on Form 20-F were made at a rate of HK\$7.811768 to US\$1.00.

The H.K. dollar is freely convertible into other currencies (including the U.S. dollar). Since October 17, 1983, the H.K. dollar has been officially linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The market exchange rate has not deviated materially from the level of HK\$7.80 to US\$1.00 since the peg was first established. However, in May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has stated its intention to maintain the link at that rate range and, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar or at all.

The Pataca is pegged to the H.K. dollar at a rate of HK\$1.00 = MOP1.03. All translations from Patacas to U.S. dollars in this annual report on Form 20-F were made at the exchange rate of MOP8.046088 = US\$1.00. This annual report on Form 20-F also contains translations of certain Renminbi, Euro, Philippine peso, Australian dollar and Singapore dollar amounts into U.S. dollars. Unless otherwise stated, all translations from Renminbi, Euros, Philippine pesos, Australian dollars and Singapore dollars to U.S. dollars in this annual report on Form 20-F were made at RMB7.119414 to US\$1.00, EUR0.903384 to US\$1.00, PHP55.567904 to US\$1.00, AUD1.463495 to US\$1.00 and SGD1.319838 to US\$1.00, respectively.

We make no representation that any RMB, EUR, PHP, AUD, SGD or U.S. dollar amounts could have been, or could be, converted into U.S. dollars or RMB or EUR or PHP or AUD or SGD, as the case may be, at any particular rate or at all.

In this annual report, U.S. dollar equivalents of H.K. dollar amounts of indebtedness are based on the prevailing exchange rate on the relevant transaction date, except for the indebtedness balance translations as of the balance sheet date, which are based on the prevailing exchange rate on the applicable balance sheet date.

## PART I

### ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

**ITEM 3. KEY INFORMATION**

**A. [RESERVED]**

**B. CAPITALIZATION AND INDEBTEDNESS**

Not applicable.

**C. REASONS FOR THE OFFER AND USE OF PROCEEDS**

Not applicable.



## D. RISK FACTORS

Melco Resorts & Entertainment Limited is a Cayman Islands holding company. All of our current operations, and administrative and corporate functions are conducted in Macau, Hong Kong, Singapore, the Philippines and Cyprus.

We conduct our operations primarily in Macau, as well as in Cyprus and the Philippines. Our principal executive offices are located in Singapore and Hong Kong. Our operations in the PRC are currently limited to a wholly-owned subsidiary that hosts the domain names of our PRC websites and other online platforms which promote our non-gaming amenities in the PRC, and we do not have any material assets or operations in the PRC. We have no variable interest entities in our corporate structure.

We face various legal and operational risks and uncertainties as a company primarily operating in Macau, Cyprus and the Philippines. Since we derive a significant majority of our revenues from our Macau business and a significant number of our customers come from, and are expected to continue to come from, the PRC, our results of operations and financial condition may be materially and adversely affected by significant regulatory developments in the PRC. Actions by the PRC government can also significantly affect our business by, for example, placing limits on the ability of PRC residents to travel or remit currency outside of the PRC or by restricting gaming-related marketing activities in China. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — Policies, campaigns and measures adopted by the PRC and/or Macau governments from time to time could materially and adversely affect our operations.”

The PRC may also intervene or influence our operations in Macau, Hong Kong or elsewhere at any time, or may exert more control over offerings conducted overseas and/or foreign investment in issuers in China, which could result in a material change in our operations and/or the value of our ordinary shares. Additionally, the Chinese government has in the past made statements indicating an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers and any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless. There are risks and uncertainties which we cannot foresee for the time being, and rules and regulations in China can change quickly with little or no advance notice. See “— Risks Relating to Our Business and Operations — Changes in laws, regulations and policies in the PRC and uncertainties in the legal systems in the PRC may expose us to risks. In addition, rules and regulations in the PRC can change quickly with little advance notice” and “— The PRC government may influence our operations in Macau or elsewhere or intervene in our offerings conducted overseas or foreign investments in us. Its oversight and discretion over our business could result in material adverse changes in our operations and the value of our ordinary shares and ADSs.”

We also face risks associated with interpretations of or changes to gaming laws in the markets in which we operate, including the interpretation of the amended gaming law in Macau, as well as the continued ability by the U.S. Public Company Accounting Oversight Board, or PCAOB, to inspect our auditors.

### **Permissions, Approvals, Licenses, Certificates and Permits Required from the PRC, Hong Kong and Macau Authorities for Our Operations and for the Offering of Our Securities to Foreign Investors**

As of the date of this annual report, we have obtained the requisite permissions, approvals, licenses, certificates and permits from the PRC, Hong Kong and Macau government authorities that are material for our business operations in those jurisdictions, including in particular our gaming concession in Macau which is required to operate gaming operations in that jurisdiction, and none have been denied. See “Item 4. Information on the Company — B. Business Overview — Regulations” for a detailed discussion on the concession in Macau.

Given the uncertainties of interpretation and implementation of relevant laws and regulations and enforcement practice by PRC government authorities, we may be required to obtain additional licenses, permits, filings or approvals for our business operations in the future, and may not be able to maintain or renew our current licenses, permits, filings or approvals. In addition, rules and regulations in China can change quickly with

little advance notice. Uncertainties due to evolving laws and regulations could impede our ability to obtain or maintain certificates, permits or licenses required to conduct business in China. In the absence of required certificates, permits or licenses, governmental authorities could impose material sanctions or penalties on us.

Furthermore, in connection with our issuance of securities to foreign investors, under current PRC laws, regulations and regulatory rules, as of the date of this annual report, we do not believe we are currently required to obtain permissions from or complete any filing with the China Securities Regulatory Commission, or the CSRC, or required to go through cybersecurity review by the Cyberspace Administration of China, or the CAC. In addition, we have not been asked to obtain such permissions by any PRC authority or received any denial to do so. However, the PRC government has in the past made statements indicating an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment by issuers like us and may do so in the future. There remains significant uncertainty as to the enactment, interpretation and implementation of regulatory requirements related to overseas securities offerings and other capital markets activities.

If (i) we incorrectly conclude that certain regulatory permissions and approvals are not required or (ii) applicable laws, regulations, or interpretations change in a way that requires us to complete such filings or obtain such approvals in the future, and (iii) we are required to obtain such permissions or approvals in the future, but fail to receive or maintain such permissions or approvals, we may face sanctions by the CSRC, the CAC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on us, limit our operations, limit our ability to pay dividends outside of China, limit our ability to list on stock exchanges outside of China or offer our securities to foreign investors or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of our securities.

### **Cash Flows Through Our Organization**

Cash from financing and operations is primarily retained by our operating subsidiaries for the purposes of funding our operating activities, capital expenditures and investing activities. Cash from financing and operations within our group is primarily transferred between our subsidiaries through intercompany loan arrangements or equity capital contributions. In 2023, excluding cash transferred for the purpose of the settlement of intragroup charges for operating activities, cash transferred to our holding company, Melco Resorts & Entertainment Limited, from its subsidiaries for loan or advances amounted to US\$158.0 million and repayment of advances of US\$75.0 million, respectively, while cash transferred from our holding company to its subsidiaries in the form of advances amounted to US\$528.8 million and repayments of loans or advances amounted to US\$270.6 million, respectively. In addition, cash transferred to our holding company from its subsidiary for transfer of intangible assets amounted to US\$519.0 million. No dividend payments were made in 2023 as no dividend was declared by our Macau operating subsidiary in 2023, and no dividend payments were made to our shareholders in 2023, including holders of our ordinary shares with an address of record known to us to be in the United States (which includes all holders of our ADRs, which are traded on Nasdaq in the United States). See also “Item 4. Information on the Company — B. Business Overview — Tax” and “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy.” There are no regulatory or foreign exchange restrictions or limitations on our ability to transfer cash within our corporate group or to declare dividends to holders of our ADSs, except that Melco Resorts Macau must notify the Macau Chief Executive five business days in advance of any decision related to internal funds transfer in an amount greater than MOP2.5 billion (equivalent to approximately US\$310.7 million), seek Macau government consent to grant or receive any loan in the amount of MOP100 million (equivalent to approximately US\$12.4 million) and our subsidiaries incorporated in Macau are required to set aside a specified amount of the entity’s profit after tax as a legal reserve which is not distributable to the shareholders of such subsidiaries and authorization is required in the Philippines for inward and outward transfers of Philippine pesos above a certain amount. See “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Restrictions on Distribution of Profits Regulations” and “Item 10. Additional Information — D. Exchange Controls.”

Prior to May 14, 2020, we had declared various quarterly dividends in 2018, 2019 and 2020, as well as a special dividend in 2017. On such date, we announced the suspension of the Company's quarterly dividend program to preserve liquidity in light of the COVID-19 outbreaks and to continue investing in our business. Accordingly, we have not paid dividends since the first quarter of the year ended December 31, 2020. Our board will continue to review from time to time our dividend policy as part of our commitment to maximizing shareholder value, taking into consideration our financial performance and market conditions. We cannot assure you that we will make any dividend payments on our shares in the future. Except as permitted under the Companies Act, as amended, of the Cayman Islands, or the Companies Act, and the common law of the Cayman Islands, we are not permitted to distribute dividends unless we have a profit, realized or unrealized, or a reserve set aside from profits which our directors determine is no longer needed. Our ability, or the ability of our subsidiaries, to pay dividends is further subject to restrictive covenants contained in the 2015 Credit Facilities, Studio City Notes, 2028 Studio City Senior Secured Credit Facility and other agreements governing indebtedness we and our subsidiaries may incur. For more details, see "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Shares and ADSs — We cannot assure you that we will make dividend payments in the future" and "— Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Indebtedness."

You should carefully consider all of the information in this annual report before making an investment in the ADSs. The following summarizes some, but not all, of the risks provided below. Please carefully consider all of the information discussed in this Item 3.D. "Risk Factors" in this annual report for a more thorough description of these and other risks.

You should carefully consider the following risk factors in addition to the other information set forth in this annual report. Our business, financial condition and results of operations can be affected materially and adversely by any of the following risk factors.

### **Risks Relating to Our Business and Operations**

- Risks relating to recovery from the COVID-19 pandemic.
- Risks relating to generating a substantial portion of revenues and cash from Macau and the Philippines.
- Risks relating to operating in a highly regulated industry.
- Risks relating to regional political, social, economic and legal and regulatory risks in Macau, the Philippines and Cyprus, and uncertainties in the legal systems in the PRC.
- Risks relating to inadequate transportation infrastructure that may hinder increase in visitation to our properties.
- Risks relating to natural disasters and extreme weather phenomena.
- Risks relating to facing intense competition.
- Risks relating to dependence on the continued efforts of our senior management and retaining qualified personnel.
- Risks relating to inadequate insurance coverage.
- Risks relating to operating in the gaming industry, including risk of cheating and counterfeiting, inability to collect receivables from credit customers.
- Risks relating to mergers, acquisitions, strategic transactions, investments, divestments and developing new branded products or entering into new business lines.
- Risks relating to fluctuations in currency exchange rates of currencies used in our business and availability of credit.
- Risks relating to failure to comply with anti-corruption laws and anti-money laundering policies.
- Risks relating to cybersecurity and failure to protect the integrity and security of data, including customer information.

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- Risks relating to having a significant majority of operations in Macau, uncertainties in the legal systems in the PRC, and policies, campaigns and measures adopted by the PRC and/or Macau governments from time to time.
- Risks relating to protection or alleged infringement of intellectual property rights.
- Risks relating to environmental, social and governance and sustainability related concerns.
- Risks relating to our significant projects in various phases of development, including construction risks.

### **Risks Relating to Operating in the Gaming Industry in Macau**

- Risks relating to the Melco Resorts Macau's Concession Contract.
- Risks relating to restrictions on export of Renminbi.
- Risks relating to adverse changes or developments in gaming laws or other regulations in Macau.
- Risks relating to the interpretation of the Macau gaming law amended in 2022 and related laws and their implementation by the Macau government.

### **Risks Related to Operating in the Gaming Industry in the Philippines**

- Risks related to tenancy relationships as the land and buildings comprising the site of City of Dreams Manila are leased.
- Risks relating to the regulatory requirements for and restrictions on the operation of City of Dreams Manila.
- Risks relating to a suspension of VIP gaming operations at City of Dreams Manila under certain circumstances.

### **Risks Relating to Operating in the Gaming Industry in Cyprus**

- Risks relating to our short operating history in Cyprus.
- Risks relating to the continued partnership and cooperation of The Cyprus Phassouri (Zakaki) Limited for the operation of City of Dreams Mediterranean and the Cyprus Casinos.
- Risks relating to the regulatory requirements for and restrictions on our operations in Cyprus.

### **Risks Relating to Our Corporate Structure and Ownership**

- Risks relating to the substantial influence our controlling shareholder has over us.
- Risks relating to competing with Melco International on casino projects.
- Risks relating to SCI's ability to remain in compliance with the New York Stock Exchange requirements for its continued listing.

### **Risks Relating to Our Financing and Indebtedness**

- Risks relating to our current, projected and potential future indebtedness and our need for additional financing.
- Risks relating to the inability to generate sufficient cash flow to meet our debt service obligations.
- Risks relating to compliance with credit facilities and debt instruments.

## Risks Relating to Our Business and Operations

*We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations.*

While quarantine-free travel within Greater China, the Philippines and Cyprus have resumed and pandemic measures have been lifted, negative impacts of COVID-19 on the PRC economy and nearby Asian regions, the Philippines and Cyprus are still being experienced. The pace of our business recovery from COVID-19 is highly uncertain and will depend on the impact of potentially higher unemployment rates, declines in income levels and loss of personal wealth resulting from COVID-19 outbreaks. There is no guarantee that travel and consumer sentiment will rebound quickly or at all.

According to the DSEC, visitor arrivals to Macau increased by 395% on a year-over-year basis in 2023 as compared to 2022 while, according to the DICJ, gross gaming revenues in Macau increased by 334% on a year-over-year basis in 2023. However, visitor arrivals in 2023 were still 28% lower than in 2019, and gross gaming revenues in 2023 were still 37% lower than in 2019. As we derive a significant majority of our revenues from our business and operations in Macau, our business has been materially affected and continues to be adversely affected by the disruptions resulting from the COVID-19 pandemic.

The COVID-19 outbreak also caused severe disruptions to the businesses of our tenants and other business partners, which may increase the risk of them defaulting on their contractual obligations with us, which may adversely affect our business, financial condition and results of operations, including causing increases in our bad debts.

The disruptions to our business caused by COVID-19 outbreaks have had an adverse effect on our operations. For the years ended December 31, 2023, 2022 and 2021, our operating revenues amounted to US\$3.78 billion, US\$1.35 billion and US\$2.01 billion, respectively. Lower operating revenues in 2021 and 2022 were mainly due to the effects of COVID-19. As we continue to recover from the impact of, and disruptions caused by, COVID-19, such impact and disruptions could materially affect our business, prospects, financial condition and results of operations.

*The operating history of some of our businesses may not serve as an adequate basis to judge our future operating results and prospects. We have significant projects which commenced operations recently and therefore are subject to significant risks and uncertainties.*

The operating history of some of our businesses is shorter than some of our competitors and therefore may not serve as an adequate basis for your evaluation of our business and prospects. Morpheus, the third phase of City of Dreams, opened in June 2018, City of Dreams Manila commenced operations in December 2014 and Studio City commenced operations in October 2015 while Studio City Phase 2 progressively opened in April and September of 2023. In addition, City of Dreams Mediterranean opened to the public in July 2023, and we continue to operate three satellite casinos in Nicosia, Ayia Napa and Paphos in conjunction with City of Dreams Mediterranean.

We face certain risks, expenses and challenges in operating gaming businesses in intensely competitive markets. Some of the risks relate to our ability to:

- fulfill conditions precedent to draw down or roll over funds from current and future credit facilities;
- respond to economic uncertainties, including the social and economic disruptions caused by COVID-19 outbreaks and other global or regional health events;
- comply with covenants under our existing and future debt issuances and credit facilities;
- raise additional capital, as required;

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- respond to changing financing requirements;
- operate, support, expand and develop our operations and our facilities, including new operations and facilities introduced with Phase 2 of Studio City;
- attract and retain customers and qualified employees;
- maintain effective control of our operating costs and expenses;
- maintain internal personnel, systems, controls and procedures to assure compliance with the extensive regulatory requirements applicable to the gaming business as well as regulatory compliance as a public company;
- respond to competitive and/or deteriorating market conditions;
- respond to changes in our regulatory environment and government policies; and
- renew or extend leases or right to use agreements for existing Mocha Clubs.

If we are unable to complete any of these tasks or successfully manage one or more of the risks, we may be unable to operate our businesses in the manner we contemplate and generate revenues from such projects in the amounts and by the times we anticipate. We may also be unable to meet the conditions to draw on our existing or future financing facilities in order to fund various activities, which may result in a default under our existing or future financing facilities. If any of these events were to occur, it could cause a material adverse effect on our business and prospects, financial condition, results of operations and cash flows.

***We generate a substantial portion of our cash flow from our properties in Macau and the Philippines and, to a lesser degree, Cyprus and, as a result, we are subject to greater risks than a gaming company which operates in more geographical regions.***

We are a parent company with limited business operations of our own. We conduct most of our business operations through our direct and indirect subsidiaries. Our primary sources of cash are dividends and distributions with respect to our ownership interests in our subsidiaries that are derived from the earnings and cash flow generated by our operating properties.

We primarily depend on our properties in Macau and City of Dreams Manila and, to a lesser degree, City of Dreams Mediterranean for our cash flow. Given that our operations are and will be primarily conducted based on our principal properties in Macau, one property in Manila and one property and three satellite casinos in Cyprus, we are and will be subject to greater risks resulting from limited diversification of our businesses and sources of revenues as compared to gaming companies with more operating properties in various geographic regions. These risks include, but are not limited to:

- changes in Macau, the PRC, Philippine and Cypriot laws and regulations, including gaming laws and regulations or interpretations thereof, as well as PRC travel and visa policies;
- dependence on the gaming, tourism and leisure market in Macau, the Philippines and Cyprus;
- limited diversification of businesses and sources of revenues;
- a decline in air, land or ferry passenger traffic to Macau, the Philippines or Cyprus from the PRC and other areas or countries due to higher ticket costs, fears concerning travel, travel restrictions or otherwise, including as a result of the outbreak of widespread health epidemics or pandemics, such as the outbreak of COVID-19;
- a decline in economic and political conditions in Macau, the PRC, the Philippines, Cyprus, Asia, Europe or the Middle East;
- an increase in competition within the gaming industry in Macau, the Philippines, Cyprus or generally in Asia or in Europe;

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- inaccessibility to Macau, the Philippines or Cyprus due to inclement weather, road construction or closure of primary access routes;
- austerity measures imposed now or in the future by the governments in the PRC or other countries in Asia or in Europe;
- tightened control of cross-border fund transfers, foreign exchange and/or anti-money laundering regulations or policies effected by the PRC, Macau, Philippine and/or Cyprus governments;
- any enforcement or legal measures taken by the PRC government to deter gaming activities and/or marketing thereof;
- natural and other disasters, including typhoons, earthquakes, volcano eruptions, outbreaks of infectious diseases, terrorism, violent criminal activities or disruption affecting Macau, the Philippines or Cyprus;
- lower than expected rate of increase or decrease in the number of visitors to Macau, the Philippines or Cyprus;
- relaxation of regulations on gaming laws in other regional economies that could compete with the Macau, the Philippines and the Cypriot markets;
- government restrictions on growth of gaming markets, including policies on gaming table allocation and caps; and
- a decrease in gaming activities and other spending at our properties.

Any of these developments or events could have a material adverse effect on our business, cash flows, financial condition, results of operations and prospects.

***The renewal of a land concession is subject to compliance with certain legal requirements. In the event of any failure to meet such legal requirements, we could be forced to forfeit all or part of our investment in City of Dreams and Studio City, along with our interest in the land on which City of Dreams and Studio City properties are located and the building and structures on such land.***

Our subsidiaries have entered into land concession contracts for the land on which our City of Dreams and Studio City properties are located. Land concessions in Macau are issued by the Macau government and generally have terms of 25 years and are renewable for further consecutive periods of ten years, subject to compliance with certain legal and administrative requirements, including the registration of the definitive concession.

In the event that we do not timely meet the legal and administrative requirements to enable the renewal of the land concession, we could lose all or substantially all of our investment in City of Dreams and Studio City, including our interest in the land and building and may not be able to continue to operate City of Dreams and Studio City as planned, which will materially and adversely affect our business and prospects, results of operations and financial condition. See also “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Land Regulations.”

***Studio City Casino is operated by us through the Studio City Casino Agreement under our concession. Changes in Macau’s gaming law or the requirements applicable to the concession granted to us by the Macau government could necessitate amendments to or the termination of the Studio City Casino Agreement, which may have a material adverse effect on the operation of the Studio City Casino.***

Melco Resorts Macau and our subsidiary, Studio City Entertainment Limited, or Studio City Entertainment, have entered into the Studio City Casino Agreement since Studio City does not hold a gaming license in Macau. Under such arrangements, Melco Resorts Macau pays gaming taxes and the costs incurred in connection with its on-going operations from Studio City Casino’s gross gaming revenues. Studio City receives the residual amount and recognizes such residual amount as revenue arising from the Studio City Casino Agreement.

Any changes in Macau's gaming law or other requirements applicable to the concession granted to us by the Macau government that necessitate amendments to, or termination of, the Studio City Casino Agreement, may have a material adverse effect on the operation of the Studio City Casino and, in turn, affect our financial condition and results of operations.

***Our business in Macau, the Philippines and Cyprus is subject to certain regional and global political, social and economic risks, as well as natural disasters, that may significantly affect visitations to our properties and have a material adverse effect on our results of operations.***

The strength and profitability of our business will depend on consumer demand for integrated resorts and leisure travel in general. Terrorist and violent criminal activities in Europe, the United States, Southeast Asia and elsewhere, the military conflict between Russia and Ukraine, the Israel-Hamas conflict and other conflicts in the Middle East, social events, natural disasters such as typhoons, tsunamis and earthquakes, and outbreaks of widespread health epidemics or pandemics, including COVID-19 outbreaks, have had and may continue to negatively affect travel and leisure expenditures, including lodging, gaming and tourism. We cannot predict the extent to which such acts or events may affect us, directly or indirectly, in the future. See also “— We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations,” “— An outbreak of widespread health epidemics or pandemics, contagious disease or other outbreaks may have an adverse effect on the economies of affected countries or regions and may have a material adverse effect on our business, financial condition and results of operations” and “— Economic or trade sanctions and a heightened trend towards trade and technology “de-coupling” could negatively affect the relationships and collaborations with our suppliers, service providers, technology partners and other business partners and our ability to accept certain customers, which could materially and adversely affect our competitiveness and business operations.”

We derive a significant majority of our revenues from our Macau business and a significant number of our customers come from, and are expected to continue to come from, the PRC. Accordingly, our results of operations and financial condition may be materially and adversely affected by significant political, social and economic developments in Macau and the PRC and our business is sensitive to the willingness and ability of our customers to travel. In particular, our operating results may be adversely affected by:

- changes in Macau's and the PRC's political, economic and social conditions, including any slowdown in economic growth in the PRC;
- tightening of travel or visa restrictions to Macau or from the PRC, including due to the outbreak of infectious diseases, such as COVID-19 outbreaks, or austerity measures which may be imposed by the PRC government;
- measures that may be introduced to control inflation, such as interest rate increases or bank account withdrawal controls; and
- changes in the tax laws and regulations.

For example, our business and operations are affected by the travel or visa restrictions imposed by the PRC on its citizens from time to time. Even before the COVID-19 outbreak, the Chinese government imposed restrictions on exit visas granted to resident citizens of the PRC for travel to Macau. The PRC government further restricts the number of days that resident citizens of the PRC may spend in Macau for certain types of travel. Such travel and visa restrictions, and any changes imposed by the Chinese government from time to time, could disrupt the number of visitors from the PRC to our properties.

Our operations in Macau are also exposed to the risk of changes in laws and policies that govern operations of Macau-based companies. Tax laws and regulations may also be subject to amendments or different interpretations and implementation, thereby adversely affecting our profitability after tax. For example, the Macau gaming law amended in 2022 requires the payment of a special premium if gross gaming revenue falls



below the gross gaming revenue threshold set by the Macau government. In addition, the demand for gaming activities and related services and luxury amenities that we provide through our operations is dependent on discretionary consumer spending and, as with other forms of entertainment, is susceptible to downturns in global and regional economic conditions. An economic downturn may reduce consumers' willingness to travel and reduce their spending overseas, which would adversely impact us as we depend on visitors from the PRC and other countries to generate a substantial portion of our revenues. Changes in discretionary consumer spending or consumer preferences could be driven by factors such as perceived or actual general economic conditions, high energy and food prices, the increased cost of travel, weak segments of the job market, perceived or actual disposable consumer income and wealth, fears of recession and changes in consumer confidence in the economy or fears of armed conflict or future acts of terrorism. An extended period of reduced discretionary spending and/or disruptions or declines in travel could materially and adversely affect our business, results of operations and financial condition.

In addition, our business and results of operations may be materially and adversely affected by any changes in the PRC's economy, including any decrease in the pace of economic growth. Various factors have negatively impacted economic growth in the PRC in recent years, including the government's efforts to cool the PRC's housing market and disruptions caused by the COVID-19 outbreaks, leading to reduced consumer discretionary budget and ultimately affecting their spending on travel and leisure. Moreover, the PRC's common prosperity drive which started in 2021 aims to narrow the nation's wealth gap by reducing wealth inequality. Any changes in the income tax rate or government policy which discourages conspicuous consumption may affect the spending patterns of our patrons. All of these measures as well as a number of measures taken by the Chinese government in recent years to control the rate of economic growth, including those designed to tighten credit and liquidity, may have contributed to a slowdown of the PRC's economy. According to preliminary estimates from the National Bureau of Statistics of China, the PRC's GDP growth rate was 5.2% in 2023, which was higher than the 3.0% in 2022 but lower than the 8.4% in 2021. Any slowdown in the PRC's future growth may have an adverse impact on financial markets, currency exchange rates and other economies, as well as the spending of visitors in Macau and our properties. There is no guarantee that economic downturns, whether actual or perceived, any further decrease in economic growth rates or an otherwise uncertain economic outlook in the PRC will not occur or persist in the future, that they will not be protracted or that governments will respond adequately to control and reverse such conditions, any of which could materially and adversely affect our business, financial condition and results of operations.

City of Dreams Manila is located in the Philippines and is subject to certain economic, political and social risks within the Philippines. The Philippines has in the past experienced severe political and social instability, including acts of political violence and terrorism. Any future political or social instability in the Philippines could adversely affect the business operations and financial conditions of City of Dreams Manila. Any changes in the policies of the government or laws or regulations, or in the interpretation or enforcement of these laws and regulations, such as anti-smoking policies or legislation, may negatively impact consumption patterns of visitors to City of Dreams Manila and could adversely affect our business operations and financial condition.

In addition, demand for, and the prices of, gaming and entertainment products are directly influenced by economic conditions in the Philippines, including growth levels, interest rates, inflation, levels of business activity and consumption, and the amount of remittances received from overseas Filipino workers. Any deterioration in economic and political conditions in the Philippines or elsewhere in Asia could materially and adversely affect our Company's business in the Philippines, as well as the prospects, financial condition and results of our operations in the Philippines.

Our business in the Philippines will also depend significantly on revenues from foreign visitors and be affected by the development of Manila and the Philippines as a tourist and gaming destination. Such revenues from foreign visitors and development of Manila and the Philippines may be disrupted by events that reduce foreigners' willingness to travel to or create substantial disruption in Metro Manila and raise substantial concerns

about visitors' personal safety, such as power outages, civil disturbances, terrorist attacks and outbreaks of widespread health epidemics or pandemics, among others. The Philippines has also experienced a significant number of major catastrophes over the years, including typhoons, volcanic eruptions and earthquakes, which have caused road closures and work stoppages in the affected areas as well as cancellation of flights. We cannot predict the extent to which our business in the Philippines and tourism in Metro Manila in general will be affected by any of the above occurrences or fears that such occurrences will take place. We cannot guarantee that any disruption to our Philippine operations will not be protracted, that City of Dreams Manila will not suffer any damage and that any such damage will be completely covered by insurance, if at all. Should the Philippines fail to continue to develop as a tourist destination or should Entertainment City or Manila fail to become a widely recognized regional gaming destination, City of Dreams Manila may fail to attract a sufficient number of visitors, which would cause a material adverse effect on our business and prospects, financial condition, results of operations and cash flows. Any of these occurrences may disrupt our operations in the Philippines.

The subtropical climate and location of both Macau and the Philippines render them susceptible to typhoons, heavy rainstorms and other natural disasters, while Cyprus is also susceptible to heavy rainstorms and other natural disasters. In the event of a major typhoon, or other natural disasters in Macau, the Philippines or Cyprus, our properties may be severely damaged, our operations may be materially and adversely affected, and our properties may even be required to temporarily cease operations by regulatory authorities. Any flooding, unscheduled interruption in the technology or transportation services or interruption in the supply of public utilities is likely to result in an immediate and possibly substantial loss of revenues due to a shutdown of any of our properties and material adverse effect on our business operations and financial condition.

Our operations in Cyprus are subject to certain economic, political and social risks within Cyprus, particularly in the occupied part of Cyprus, as well as outside of Cyprus due to the ongoing conflicts in the Middle East. There are ongoing political, social and economic issues in Cyprus relating to the division of the island following the Turkish invasion in 1974, with the occupied part of Cyprus controlled by Turkey and its military. These issues have been escalated due to the discovery and exploration of natural gas in Cyprus' economic zones as well as in the economic zones around Cyprus. Turkey has unilaterally created its own economic zones overlapping the Cyprus ones and has initiated exploratory drilling in the area. Any future political or social instability in Cyprus or in the neighboring region could adversely affect the business operations and financial conditions of our casinos in Cyprus, including City of Dreams Mediterranean. In addition, changes in government policies, laws or regulations, or in the interpretation or enforcement of these laws and regulations, may negatively impact consumption patterns of visitors to our facilities in Cyprus and could adversely affect our business operations and financial condition. Cyprus' relatively small and open economy means it remains susceptible to rapid changes in economic conditions in the neighboring regions or globally.

In addition, the global macroeconomic environment continues to face significant challenges, including disruptions to global economic conditions as a result of the responses to the global COVID-19 outbreak and other global economic, political and social conditions. These events have caused and may continue to cause significant declines as well as volatility in global equity and debt capital markets, elevating the risk of an extended global economic downturn or even a global recession that could in turn trigger a severe contraction of liquidity in the global credit markets. Even prior to the global COVID-19 outbreak, the global economy was facing the end of quantitative easing by the U.S. Federal Reserve, the continuation of international trade conflicts, including the trade disputes between the United States and China and the potential further escalation of trade tariffs and related retaliatory measures between these two countries and globally. Even though it eased its "zero-COVID" policy, the PRC government may re-impose lockdown or travel restriction measures in response to COVID-19 outbreaks or the outbreak of another contagious disease. Such measures, if re-imposed, may significantly affect visitation to our properties and have a material adverse effect on our results of operations.

Tensions between the United States and China have continued to escalate in connection with ongoing trade disputes as well as other political factors. Continued rising political tensions globally could reduce levels of trade, investment, technological exchanges and other economic activities between these two major economies,

which would have a material adverse effect on global economic conditions and the stability of global financial markets. The introduction of the National Security Law for Hong Kong and the U.S. Department of State's statements in reaction to it have resulted in a further deterioration in the Sino-U.S. bilateral relationship, which could negatively affect the Chinese economy and its demand for gaming and leisure activities.

Rising inflation rates globally and in places where we operate may not only weaken discretionary spending of our customers but also increase our operating costs due to possible hikes in salary payments for our staff or key expenditures in our business. Interest rate hikes from one or more central banks across the world to address inflation or other macroeconomic factors would increase the cost of credit throughout global economies, impacting cashflows for both businesses and consumers as they spend more on interest payments which, in turn, reduces the amount available for capital investments and for discretionary consumption. In 2022, as the pandemic-related economic instability eased, the U.S. Federal Reserve started tapering its quantitative easing monetary policies in response to elevated inflation levels (from high food and energy prices and broader pressures) and supply and demand imbalances, brought about by the COVID-19 pandemic and the ongoing Russia-Ukraine conflict. The U.S. Federal Reserve raised the benchmark federal-funds rate from near-zero in March 2022 to 5% to 5.25% in May 2023 and to 5.25% to 5.50% in July 2023. The direction that the U.S. Federal Reserve will take with regards to its monetary policies is uncertain. The financial conditions of banking institutions have come under severe pressure and deterioration, as exemplified by the restructuring of several banks in the first half of 2023, driven by bank runs or simultaneous withdrawals by depositors due to various reasons, including lack of confidence in the banking system. These developments may adversely impact global liquidity, heighten market volatility and increase U.S. dollar funding costs resulting in tightened global financial conditions and fears of a recession. A prolonged period of volatile and unstable market conditions would likely increase our funding costs and negatively affect our market risk mitigation strategies.

The continued pressure on the Chinese property market since 2022, as well as the deterioration in the Chinese economy post-COVID-19, also negatively impacted the market for high yield bonds of issuers in other sectors connected with the PRC, including those issued by Macau gaming operators and associated entities. Other factors affecting discretionary consumer spending, including amounts of disposable consumer income, fears of recession, lack of consumer confidence in the economy, change in consumer preferences, high energy, fuel and other commodity costs and increased cost of travel may negatively impact our business. An extended period of reduced discretionary spending and/or disruptions or declines in travel have had and could materially adversely affect our business, results of operations and financial condition.

Considerable uncertainty remains over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and the PRC. There have been concerns over conflicts, unrest and terrorist threats in the Ukraine, Middle East, Europe and Africa, including, but not limited to, the Israel-Hamas conflict and the continuing military conflict between Russia and Ukraine leading to sanctions and export controls imposed by the United States, 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 sanctions and measures and the Israel-Hamas conflict have had and may continue to have a negative impact on our business and our ability to accept certain customers, including for our business in Cyprus where historically a significant number of tourists have come from Russia, Israel and the Middle East. These conflicts have also caused volatility in global financial markets as well as a rise in prices of oil, gas and other commodities. In addition, concerns over conflicts involving the United States and Iran and potential conflicts involving the Korean peninsula persist. Any severe or prolonged slowdown in the global economy or increase in international trade or political conflicts may materially and adversely affect our business, results of operations and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

***Policies, campaigns and measures adopted by the PRC and/or Macau governments from time to time could materially and adversely affect our operations.***

A significant number of the customers of our properties come from, and are expected to continue to come from, the PRC. Any travel restrictions imposed by the PRC could negatively affect the number of patrons

visiting our properties from the PRC. Since mid-2003, under the Individual Visit Scheme, or IVS, Chinese citizens from certain cities have been able to travel to Macau individually instead of as part of a tour group. The Chinese government has restricted and loosened IVS travel frequently and may continue to do so from time to time and it is unclear whether such measures will become more restrictive in the future. In March 2016, for instance, the Ministry of Public Security of China announced a new practice to make it easier for some Chinese citizens to apply for the IVS visa. The IVS was further expanded to Qingdao and Xi'an beginning in March 2024. A decrease in the number of visitors from the PRC could adversely affect our results of operations. See also “— An outbreak of widespread health epidemics or pandemics, contagious disease or other outbreaks may have an adverse effect on the economies of affected countries or regions and may have a material adverse effect on our business, financial condition and results of operations” and “— We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations” for discussions of how COVID-19 outbreaks affected the policies and measures adopted by the PRC and Macau governments.

In addition, certain policies and campaigns implemented by the Chinese government may lead to a decline in the number of patrons visiting our properties in Macau and the amount of spending by such patrons. The strength and profitability of our business depends on consumer demand for integrated resorts in general and for the type of luxury amenities that a gaming operator offers. Initiatives and campaigns undertaken by the Chinese government in recent years have resulted in an overall dampening effect on the behavior of Chinese consumers and a decrease in their spending, particularly in luxury good sales and other discretionary spending. For example, the Chinese government's ongoing anti-corruption campaign has had an overall dampening effect on the behavior of Chinese consumers and their spending patterns both domestically and abroad. In addition, the number of patrons visiting our properties may be affected by the Chinese government's focus on deterring marketing of gaming to Chinese citizens and its initiatives to tighten monetary transfer regulations, increase monitoring of various transactions, including bank or credit card transactions, and reduce the amount that China-issued ATM cardholders can withdraw in each withdrawal and impose a limit on the annual aggregate amount that may be withdrawn. The Chinese government has also developed its digital currency and has performed certain test trials in its application within the PRC. If a digital currency is adopted by the Macau government for gaming operations in Macau, there could be a material and adverse impact on our operations, especially our VIP rolling chip operations, if limitations on transactions per player are also introduced in conjunction with the adoption of the digital currency.

Regulatory scrutiny of gaming promoters in the PRC, Macau and the Philippines has also affected the gaming business. See “— We depend upon gaming promoters for a portion of our gaming revenues in Macau, the Philippines and Cyprus. If we are unable to establish, maintain and increase the number of successful relationships with gaming promoters in Macau, the Philippines or Cyprus, the financial resources of our gaming promoters are insufficient to allow them to continue doing business or we are unable to find alternative means to attract VIP rolling chip patrons in markets such as Macau where gaming promoters have become subject to restrictions on doing business due to legal and regulatory requirements, our results of operations could be materially and adversely impacted” and “— Our business in Macau, the Philippines and Cyprus is subject to certain regional and global political, social and economic risks, as well as natural disasters, that may significantly affect visitations to our properties and have a material adverse effect on our results of operations.”

***We derive a significant majority of our revenues from our Macau gaming business and any disruptions or downturns in the Macau gaming market may have a material impact on our business.***

While we currently generate revenues from our Philippine and Cyprus operations, we expect to continue to derive a significant majority of our revenues from our Macau gaming business and may be materially affected by any disruptions or downturns in the Macau gaming market. In 2019, for example, gross gaming revenues in Macau declined by 3.4% on a year-over-year basis as reported by the DICJ. We believe such year-over-year decline in 2019 was mainly driven by a decline in VIP gaming revenues in Macau and the slowdown in the Chinese economy. Governmental policies and responses to COVID-19 outbreaks resulted in a significant

decline in inbound tourism in Macau with gross gaming revenues declining by 30.2% in 2022 compared to 2020, according to the DICJ. See “— We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations” for a discussion of the impact of COVID-19 outbreaks on our business in Macau.

Although gross gaming revenues in Macau increased by 334% on a year-over-year basis in 2023 compared to 2022 according to the DICJ, recovery from the disruptions caused by COVID-19 outbreaks is ongoing. Our business, financial condition and results of operations may be materially and adversely affected by such impacts or other disruptions in the Macau gaming market. See “— An outbreak of widespread health epidemics or pandemics, contagious disease or other outbreaks may have an adverse effect on the economies of affected countries or regions and may have a material adverse effect on our business, financial condition and results of operations.”

***The gaming industries in Macau, the Philippines and Cyprus are highly regulated.***

Gaming is a highly regulated industry in Macau. Our Macau gaming business is subject to various laws and increased audits and inspections from regulators, such as those relating to licensing, tax rates and other regulatory obligations, such as anti-money laundering measures, which may change or become more stringent. Changes in laws may result in additional regulations being imposed on our gaming operations in Macau and our future projects. Our operations in Macau are also exposed to the risk of changes in the Macau government’s policies that govern operations of Macau-based companies and the Macau government’s interpretation of, or amendments to, our gaming concession. Any such adverse developments in the regulation of the Macau gaming industry could be difficult to comply with and could significantly increase our costs, which could cause our projects to be unsuccessful.

The Philippine gaming industry is also highly regulated, including the amendment to the existing Philippines Anti-Money Laundering Act, as amended (“Philippine AMLA”), whereby casinos are included as covered persons subject to reporting and other requirements under the Philippine AMLA. The Anti-Money Laundering Council and PAGCOR have also recently released regulations and guidelines on compliance. Amendments to existing anti-money laundering regulations have been signed into law, expanding the coverage of the Philippine AMLA and including Philippine offshore gaming operators in the list of covered persons, which includes the Melco Philippine Parties. The authority of the Anti-Money Laundering Council was also expanded to include the power to apply for search and seizure orders, issue subpoenas, and preserve, manage or dispose assets pursuant to a freeze order or judgment of forfeiture. While we have adjusted our anti-money laundering policies for our Philippine operations to the revised rules and regulations, we cannot assure you that our contractors, agents or employees will continually adhere to any such current or future policies or any such current or future policies will be effective in preventing our Philippines operations from being exploited for money laundering purposes. City of Dreams Manila is also subject to increased audits and inspections from regulators, including those relating to anti-money laundering requirements and measures. City of Dreams Manila may legally operate under the Philippine License, which requires a number of periodic approvals from and reports to PAGCOR. PAGCOR may refuse to approve proposals by us and our gaming promoters, or modify previously approved proposals and may require us and/or our gaming promoters to perform acts with which we disagree. The Philippine License requires, among others, 95.0% of City of Dreams Manila’s total employees to be locally hired. PAGCOR could also exert a substantial influence on our human resource policies, particularly with respect to the qualifications and salary levels for gaming employees, especially in light of the fact that employees assigned to the gaming operations are required by PAGCOR to obtain a Gaming Employment License. As a result, PAGCOR could have influence over City of Dreams Manila’s gaming operations. Moreover, because PAGCOR is also an operator of casinos and gaming establishments in the Philippines, it is possible that conflicts in relation to PAGCOR’s operating and regulatory functions may exist or may arise in the future. In addition, we and our gaming promoters may not be able to obtain, or maintain, all requisite approvals, permits and licenses

that various Philippine and local government agencies may require. Any of the foregoing could adversely affect our business, financial condition and results of operations in the Philippines.

Furthermore, our licenses and permits from various Philippine government agencies, such as those related to labor, public works, safety, fire, buildings, health and environmental, are required to be renewed annually. There is no guarantee that the requirements for such permits and licenses will remain the same, or that the relevant Philippine government agencies will not impose additional and more onerous requirements or costs. This may affect our ability to renew our licenses and permits, which could adversely affect our business in the Philippines.

Gaming in Cyprus is a highly regulated new market and subject to various regulations of the European Union that are being developed and adopted in Cyprus. We have to review and amend our anti-money laundering policies for our operations in Cyprus when new laws and regulations come into force from time to time, including, for instance, a revised anti-money laundering Directive issued by the CGC in December 2021. The CGC has and will continue to conduct business-wide anti-money laundering and counter-terrorist financing inspections at City of Dreams Mediterranean and the Cyprus Casinos and review our anti-money laundering policies. As a result of these inspections and reviews, we have made, and expect we will need to continue to make, certain adjustments to our policies and compliance procedures from time to time. Being a relatively new gaming regime, there are also fewer precedents on the interpretation of these laws and regulations. Our Cyprus License also requires us to submit periodic reports to the CGC in areas that include our operations, regulatory compliance, consumer complaints and financial and tax reporting. If we are unable to fully comply with any of the foregoing requirements, we could be subject to fines or other penalties.

Furthermore, our operations in Cyprus require various licenses and permits granted from various governmental or regulatory bodies in Cyprus, such as those related to labor, food and beverages, safety, fire, buildings, health and environmental, some of which are required to be renewed annually. There is no guarantee that the requirements for such permits and licenses will remain the same, or that the relevant Cyprus governmental or regulatory bodies will not impose additional and more onerous requirements. This may affect our ability to renew our licenses and permits or we may not be able to obtain any additional licenses or permits required to conduct our business as our business and operations expand in a timely manner or at all, which could adversely affect our business in Cyprus.

In addition, current laws and regulations in Macau, the Philippines and Cyprus concerning gaming and gaming concessions and licenses, for the most part, have been enacted or amended recently and there are limited precedents on the interpretation of these laws and regulations. These laws and regulations are complex, and a court or administrative or regulatory body may in the future render an interpretation of these laws and regulations, or issue new or modified regulations, that differ from our interpretation.

***Changes in laws, regulations and policies in the PRC and uncertainties in the legal systems in the PRC may expose us to risks. In addition, rules and regulations in the PRC can change quickly with little advance notice.***

We derive a significant majority of our revenues from our Macau business and a significant number of our customers come from, and are expected to continue to come from, the PRC. Accordingly, our results of operations and financial condition may be materially and adversely affected by significant regulatory developments not only in Macau but also in the PRC. Gaming-related activities in the PRC, including marketing activities, are strictly regulated by the PRC government and subject to various PRC laws and regulations. The PRC legal system continues to rapidly evolve and the interpretations of many laws, regulations and rules are not always uniform. Rules and regulations in the PRC can change quickly with little advance notice. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all. As a result, we may not be aware of all policies and rules imposed by the PRC authorities which may affect or relate to our business and operations. There is also no assurance that our interpretation of the laws and regulations that affect our activities in the PRC is or will be consistent with the interpretation and

application by the PRC governmental authorities. These uncertainties may impede our ability to assess our legal rights or risks relating to our business and activities. Any changes in the laws and regulations, or in the interpretation or enforcement of these laws and regulations, that affect gaming-related activities in the PRC could require additional expenditures and efforts on our part to ensure our compliance with such regulations or interpretations and have a material and adverse effect on our business and prospects, financial condition and results of operations. We may incur penalties for any failure to comply with PRC laws and regulations.

In addition, PRC administrative and court authorities have significant discretion in interpreting and implementing statutory terms. Such discretion of the PRC administrative and court authorities increases the uncertainties in the PRC legal system and makes it difficult to evaluate the likely outcome of any administrative and court proceedings in the PRC and the level of legal protection we enjoy than in other legal systems. Any litigation or proceedings in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention. Any such litigation or proceedings could have a material adverse effect on our business, reputation, financial condition and results of operations.

***The PRC government may influence our operations in Macau or elsewhere or intervene in our offerings conducted overseas or foreign investments in us. Its oversight and discretion over our business could result in material adverse changes in our operations and the value of our ordinary shares and ADSs.***

The Chinese government has exercised and continues to exercise substantial control over virtually every sector of the Chinese economy through evolving development, interpretation and implementation of applicable laws and regulations. The PRC may also enact new PRC laws, rules or regulations, which may influence our operations in Macau or elsewhere, at any time as the PRC government deems appropriate to further regulatory, political and societal goals, or may exert more control over offerings conducted overseas and/or foreign investment in PRC-based issuers, which could result in a material change in our operations and/or the value of our ordinary shares. Additionally, the Chinese government has in the past made statements indicating an intent to exert more oversight and control over offerings that are conducted overseas and/or foreign investment in China-based issuers and any such action could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our securities to significantly decline or be worthless. See also “— Failure to protect the integrity and security of company staff, supplier and customer information and comply with cybersecurity, data privacy, data protection or any other laws and regulations related to data may materially and adversely affect our business, financial condition and results of operations, and/or result in damage to reputation and/or subject us to fines, penalties, lawsuits, restrictions on our use or transfer of data and other risks” for discussions relating to the PRC Data Security Law.

For example, on February 17, 2023, the CSRC released a set of regulations, including the Trial Administrative Measures of Overseas Securities Offerings and Listings by Domestic Companies, or the Trial Administrative New Measures, and related guidelines, which came into effect on March 31, 2023, and the Notice on the Arrangements for the Recordation Management of Overseas Issuances and Listings of Domestic Enterprises, or the Notice on Overseas Issuance and Listing.

Under the first paragraph of Article 15 of the Trial Administrative New Measures, overseas offerings and listings of a listing applicant by a PRC company must conduct and complete the relevant filing procedures with the CSRC if (i) more than 50% of its operating revenue, total profit, total assets or net assets were derived from its PRC entities based on the audited consolidated financial statements for the most recent financial year, and (ii) the main parts of its business activities are conducted in the PRC, its principal places of business are located in the PRC, or the majority of senior management in charge of its business operations are Chinese citizens or domiciled in the PRC. Furthermore, the second paragraph of Article 15 of the Trial Administrative New Measures provides that a “substance over form” principle, or the Principle, shall be followed when determining whether an issuer is subject to the filing requirements under the Trial Administrative New Measures. In addition, according to the Notice on Overseas Issuance and Listing, companies which have completed overseas listings or offerings prior to March 31, 2023 are not required to complete any filing procedures immediately, but may be required to file with the CSRC for any follow-on offerings.

We do not believe that our previous or any future offshore offerings are or will be subject to the filing procedures under the Trial Administrative New Measures and related guidelines as (i) we currently have two subsidiaries in the PRC, and the aggregate operating revenue, total profit, total assets or net assets of such subsidiaries as recorded in our audited consolidated financial statements for the most recent financial year were immaterial and will not reach the threshold under the first paragraph of Article 15 of the Trial Administrative New Measures; (ii) the main parts of the Company's business activities are not and are not expected to be conducted in the PRC; (iii) the Company's principal places of business are not and are not expected to be located in the PRC; (iv) the senior management in charge of the Company's business operation are not PRC citizens and the management does not and is not expected to be domiciled in the PRC; and (v) the risk factors disclosed in the offering document of any future offshore offerings are not expected to be predominately related to the PRC as compared to other countries and regions. However, significant uncertainties exist as to how the Trial Administrative New Measures and the related guidelines will be interpreted and implemented since they are newly published. Particularly, the Principle is subject to any new laws, rules and regulations or interpretations and implementations in any form relating to the filing requirements under the Trial Administrative New Measures at the discretion of the PRC government authorities.

If (i) we incorrectly conclude that certain regulatory permissions and approvals are not required or (ii) applicable laws, regulations, or interpretations change in a way that requires us to complete such filings or obtain such approvals in the future, and (iii) we are required to obtain such permissions or approvals in the future, but fail to receive or maintain such permissions or approvals, we may face sanctions by the CSRC, the CAC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on us, limit our operations, limit our ability to list on stock exchanges outside of China or offer our securities to foreign investors or take other actions that could have a material adverse effect on our business, financial condition, results of operations and prospects, as well as the trading price of our securities.

***We face intense competition in Macau, the Philippines and elsewhere in Asia and Europe and may not be able to compete successfully.***

The hotel, resort and gaming industries are highly competitive. The competitors of our business in Macau and the Philippines include many of the largest gaming, hospitality, leisure and resort companies in the world. Some of these current and future competitors are larger than we are and may have more diversified resources, better brand recognition and greater access to capital to support their developments and operations in Macau, the Philippines and elsewhere.

In the Philippine gaming market, we compete with hotels and resorts owned by both Philippine nationals and international operators. PAGCOR, an entity owned and controlled by the government of the Philippines, also operates gaming facilities across the Philippines. Our operations in the Philippines face competition from gaming operators in other more established gaming centers across the region, particularly those of Macau and Singapore, and other major gaming markets located around the world, including Australia and Las Vegas, as we attract similar pools of customers and tourists. A number of such other operators have a longer track record of gaming operations and such other markets have more established reputations as gaming markets. Our operations in the Philippines may not be successful in its efforts to attract foreign customers and independent gaming promoters to City of Dreams Manila, and to promote Manila as a gaming destination.

In Macau, some competitors have opened new properties, expanded operations and/or have announced intentions for further expansion and developments in Cotai, where City of Dreams and Studio City are located. For example, Phase 3 of the Galaxy Macau Resort progressively opened from the second quarter of 2023, while Phase 4 is currently under development and is expected to open in 2027. Sands China Ltd., a subsidiary of Las Vegas Sands Corporation, has rebranded and redeveloped Sands Cotai Central in Cotai into The Londoner Macau, which opened in February 2021. Sociedade de Jogos de Macau, S.A., or SJM, opened Grand Lisboa Palace in July 2021 and opened two additional hotels in 2023. See "Item 4. Information on the Company — B. Business Overview — Market and Competition."



In Cyprus, we hold a 30-year casino gaming license, which commenced from June 2017 and as to which the first 15 years are exclusive. Although we hold the exclusive license to operate casinos in the Republic of Cyprus until 2032, we may face competition from a large number of sports betting shops in Cyprus, online sports betting or other illegal casinos in Cyprus closed down by the Cyprus government, and from a large number of casinos in the occupied part of Cyprus or from casinos in nearby parts of Europe and the Middle East. For instance, Hard Rock International announced its plans to open a new integrated casino resort in Greece's Athens Riviera in 2027 while Wynn Resorts Ltd. announced plans to open the first Gulf Arab region casino at the luxury resort it is constructing at Ras Al Khaimah in the UAE in 2027.

We also compete to some extent with casinos located in other countries, such as Singapore, Malaysia, South Korea, Vietnam, Cambodia, Australia, New Zealand and elsewhere in the world, including Las Vegas and Atlantic City in the United States, and in the future, proposed developments in Japan and the United Arab Emirates, among others. Certain other markets, such as Taiwan and Thailand, may also in the future legalize casino gaming and may not be subject to as stringent regulations as the Macau, Philippine and/or Cyprus markets. We also compete with both legal and illegal online gaming and sports betting websites, cruise ships operating out of Hong Kong and other areas of Asia that offer gaming. The proliferation of gaming venues in Asia could also significantly and adversely affect our business, financial condition, results of operations, cash flows and prospects.

Currently, Macau is the only region in the Greater China area offering legal casino gaming. Although the Chinese government has strictly enforced its regulations prohibiting domestic gaming operations, there may be casinos in parts of the PRC that are operated illegally and without licenses. In addition, there is no assurance that the PRC will not in the future permit domestic gaming operations. Competition from casinos in the PRC, legal or illegal, could materially and adversely affect our business, results of operations, financial condition, cash flows and prospects.

Our regional competitors also include casino resorts that Melco International may develop elsewhere in Asia Pacific outside Macau or elsewhere in the world. Melco International may develop different interests and strategies for projects in Asia or elsewhere in the world which conflict with the interests of our business in Macau, the Philippines and Cyprus or otherwise compete with us for gaming and leisure customers. See “— Risks Relating to Our Corporate Structure and Ownership.”

***Inadequate transportation infrastructure in the Philippines, Macau or Cyprus may hinder increases in visitations to the Philippines, Macau or Cyprus.***

City of Dreams Manila is located within Entertainment City, a controlled development in the City of Paranaque. In addition to us, Solaire and Okada Manila, Newport World Resorts has commenced the construction of an integrated resort to be located within Entertainment City. It is unlikely that Manila's existing transportation infrastructure is capable of handling the increased number of tourist arrivals that may be necessary to support visitor traffic to large scale integrated resorts within Entertainment City, such as City of Dreams Manila. Although the NAIA Expressway and the newly constructed Skyway Stage-3 Expressway helped alleviate the traffic congestion within the area surrounding Entertainment City and the Philippine government continues to examine viable alternatives to ease traffic congestion in Manila, there is no guarantee that these measures will succeed, or that they will sufficiently eliminate the traffic problems or other deficiencies in Manila's transportation infrastructure. Traffic congestion and other problems in Manila's transportation infrastructure could adversely affect the tourism industry in the Philippines and reduce the number of potential visitors to City of Dreams Manila, which could, in turn, adversely affect our business and prospects, financial condition and results of our operations.

Macau consists of a peninsula and two islands and is connected to the PRC by five border crossings. Macau has an international airport and connections to the PRC and Hong Kong by road and ferry. To support Macau's planned future development as a gaming and leisure destination, the frequency of bus, car, air and ferry

services to Macau will need to increase. While various projects are under development to improve Macau's internal and external transportation links, including the expansion of the Macau Light Rapid Transit and capacity expansion of border crossings, these projects may not be approved, financed or constructed in time to handle the projected increase in demand for transportation or at all, which could impede the expected increase in visitation to Macau and adversely affect our projects in Macau. Furthermore, even if constructed, the expected benefits of these projects may not fully materialize, and may not result in significantly increased traffic to Macau and to our Macau properties. Any further delays or termination of Macau's transportation infrastructure projects may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Cyprus is an island in the Eastern Basin of the Mediterranean Sea. It is the third largest island in the Mediterranean after the Italian islands of Sicily and Sardinia. Cyprus has two international airports with flights to other European countries as well as outside of Europe such as Russia, the Middle East and Africa. Cyprus' existing transportation infrastructure may be incapable of handling the increased number of tourist arrivals that may be necessary to support visitor traffic to City of Dreams Mediterranean in Limassol or our three satellite casinos in Nicosia, Ayia Napa and Paphos. There is no guarantee that any measures taken by the government of Cyprus will successfully increase air traffic into Cyprus or sufficiently eliminate the traffic problem or other deficiencies in Cyprus' transportation infrastructure.

***The governments in Macau and the Philippines could grant additional rights to conduct gaming in the future, which could significantly increase competition and cause us to lose or be unable to gain market share.***

In Macau, Melco Resorts Macau is one of the six companies authorized by the Macau government to operate gaming activities. Pursuant to the terms of Macau Law No. 16/2001, or the Macau Gaming Operations Law, as amended, the maximum number of gaming concessions is six. Concessionaires are prohibited from entering into a subconcession agreement. Notwithstanding, the policies and laws of the Macau government may change and could result in the grant of additional concessions or subconcessions, which could significantly increase competition in Macau and also cause us to lose or be unable to maintain or gain market share and, as a result, adversely affect our business.

In the Philippines, PAGCOR has issued regular gaming licenses to the Philippine Licensees and one other company and additional provisional gaming licenses to three other companies in the Philippines for the development and operation of integrated casino resorts. PAGCOR also granted a provisional license to a casino operator located at Las Piñas City and has also licensed private casino operators in special economic zones, including four in the Clark Ecozone, one in Poro Point, La Union, one in Binangonan, Rizal and one in the Newport City CyberTourism Zone, Pasay City. The Philippine License granted by PAGCOR to the Philippine Licensees is non-exclusive, and there is no assurance that PAGCOR will not issue additional gaming licenses, or that it will limit the number of licenses it issues. Any additional gaming licenses issued by PAGCOR could increase competition in the Philippine gaming industry, which could diminish the value of the Philippine Licensees' Philippine License. This could materially and adversely affect our business, financial condition and results of operations in the Philippines.

***Any simultaneous planning, design, construction and development of any projects may stretch our management's time and resources, which could lead to delays, increased costs and other inefficiencies in the development of these projects.***

There may be overlap in the planning, design, development and construction periods of our gaming and non-gaming projects. Members of our senior management will be involved in planning and developing our projects at the same time, in addition to overseeing our day-to-day operations. Our management may be unable to devote sufficient time and attention to such projects, as well as our operating properties, which may result in delays in the construction or opening of any of our current or future projects, cause construction cost overruns or cause the performance of our operating properties to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

***Our business depends substantially on the continuing efforts of our senior management, and our business may be severely disrupted if we lose their services.***

We place substantial reliance on the gaming, project development and hospitality industry experience and knowledge of the Macau, the Philippine and the Cyprus markets possessed by members of our board of directors, our senior management team, as well as other management personnel. We may experience changes in our key management in the future, including for reasons beyond our control. The loss of Mr. Lawrence Ho's services or the services of the other members of our board of directors or key management personnel could hinder our ability to effectively manage our business and implement our growth and development strategies. Finding suitable replacements for members of our board of directors or key management personnel could be difficult, and competition for personnel of similar experience could be intense in Macau, the Philippines and Cyprus. In addition, we do not currently carry key person insurance on any members of our senior management team.

***The success of our business depends on our ability to attract and retain an adequate number of qualified personnel. A limited labor supply, increased competition and any increase in demands from our employees could cause labor costs to increase.***

The pool of experienced gaming and other skilled and unskilled personnel in Macau, the Philippines and Cyprus is limited. Our demand remains high for personnel occupying sensitive positions that require qualifications sufficient to meet gaming regulations and other requirements or skills and knowledge. Competitive demand for qualified personnel is expected to continue due to the increased number of properties recently opened and expected to open in close proximity to our properties in Macau and the Philippines. Notably, with the lifting of COVID-19 travel restrictions in Macau and the increase in business volumes and the opening of Studio City Phase 2, we will need to hire a significant number of employees to operate at full capacity, with a significant portion of these vacancies expected to be filled by non-resident workers for which Macau government-issued quotas are required. Conversely, the expected increase in demand for personnel in Macau due to the easing of COVID-19 travel restrictions could adversely affect the supply of personnel in the Philippines. The limited supply and increased competition in the labor market could cause our labor costs to increase.

Macau government policy prohibits us from hiring non-Macau resident dealers and supervisors. In addition, the Macau government has continuously stressed that it will continue to monitor the proportion of management positions held by Macau residents and implement measures to ensure such proportion remains no less than 85% of senior and mid-management positions. Due to the increased competition in the labor market and the relevant regulatory restrictions, we cannot assure you that we will be able to attract and retain a sufficient number of qualified individuals to operate our properties, or that costs to recruit and retain such personnel will not increase significantly. In addition, we have previously been subject to certain labor demands in Macau. The inability to attract, retain and motivate qualified employees and management personnel and to continuously optimize our workforce based on changing business demands could have a material adverse effect on our business.

Further, the Macau government is currently enforcing a labor policy pursuant to which the ratio of local to foreign workers that may be recruited is determined on a case-by-case basis and, in relation to construction work, must be at least 1:1 unless otherwise authorized by the Macau government. Such a policy could have a material adverse effect on our ability to complete work on our properties. Moreover, if the Macau government enforces similar restrictive ratios in other areas, such as the gaming, hotel and entertainment sectors, or imposes additional restrictions on the hiring of foreign workers generally, this could have a material adverse effect on the operation of our properties.

In the Philippines, the Philippine License requires that at least 95% of City of Dreams Manila's total employees be locally hired. Our inability to recruit a sufficient number of employees in the Philippines to meet this provision or to do so in a cost-effective manner may cause us to lower our hiring standards, which may have

an adverse impact on City of Dreams Manila's service levels, reputation and business. In addition, Kilusan ng Manggagawang Makabayan (KMM-Katipunan) Melco Resorts Leisure (PHP) Corporation — Table Games Division — Chapter, or KMM-MELCO TGD, represents the rank-and-file employees of the Table Games Division of City of Dreams Manila as the latter's sole and exclusive bargaining agent and an updated collective bargaining agreement was signed between City of Dreams Manila and the KMM-MELCO TGD, which covers the period from July 1, 2022 until June 30, 2024. This collective bargaining agreement provided a slight adjustment to salaries with effect from July 1, 2023 and an improved leave policy for employees of Table Games Division of City of Dreams Manila. In February 2023, a petition was granted permitting KMM-Katipunan Melco Resorts and Leisure (Phil) Corporation Integrated Resorts and Casino (Housekeeping Chapter) to hold a certification election in an effort to represent the employees of the Housekeeping Division of City of Dreams Manila. However, a majority of the members of the Housekeeping Division voted against the unionization of their division at the certification election held in April 2023. In addition, another union, Kilusan ng Manggagawang Makabayan (KMM-Katipunan) Melco Resorts Leisure (PHP) Corporation — Security and Surveillance Division — Chapter, or KMM-MELCO SSDC, also sought to organize and represent the employees of the Security Division of City of Dreams Manila and filed a petition in February 2021 and July 2022 to request an election by the relevant employees. However, a majority of the members of the Security Division voted against the unionization of their division at the certification election in 2021, and the KMM-MELCO SSDC withdrew its petition for certification election in November 2022. Any demand or activities of such collective bargaining agent, including in relation to entry into any new or updated collective bargaining agreement, or any additional collective bargaining agents that may be certified by the Philippines Department of Labor in the future, could have a material adverse effect on the business and operations of City of Dreams Manila or our financial condition and results of operations. The impact of any union activity is difficult to predict, and, if not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out as we expect and could have a material adverse effect on our business, results of operations and financial condition.

In Cyprus, there is also a risk that our employees may organize or become part of a collective bargaining agreement or trade union. There is a shortage of experienced gaming and other skilled and unskilled personnel as Cyprus is a relatively new gaming market and we also compete with other local hotels and resorts for non-gaming personnel in the hospitality sector.

Moreover, casino resort employers may also contest the hiring of their former employees by us. There can be no assurance that any such claim will not be successful or other similar claims will not be brought against us or any of our affiliates in the future. In the event any such claim is found to be valid, we could suffer losses and face difficulties in recruiting from competing operators. If found to have basis by courts, these allegations could also result in possible civil liabilities on us or our relevant officers if such officers are shown to have deliberately and willfully condoned a patently unlawful act.

***Our insurance coverage may not be adequate to cover all losses that we may suffer from our operations. In addition, our insurance costs may increase and we may not be able to obtain the same insurance coverage in the future.***

We currently have various insurance policies providing certain coverage typically required by gaming and hospitality operations in Macau. In addition, we maintain various types of insurance policies for our Philippine and Cyprus business and operations, including mainly property damage, business interruption, general liability and crime insurance policies. In the Philippines, we also maintain a surety bond required by PAGCOR, which secures the prompt payment by Melco Resorts Leisure of the monthly licensee fees due to PAGCOR. These insurance policies provide coverage that is subject to policy terms, conditions and limits. There is no assurance that we will be able to renew such insurance coverage on equivalent premium costs, terms, conditions and limits upon their expiration. Certain events, such as typhoons and fires, have increased our premium costs and reduced policy limits. The cost of coverage may in the future become so high that we may be unable to obtain the insurance policies we deem necessary for the operation of our projects on commercially practicable

terms, or at all, or we may need to reduce our policy limits or agree to certain exclusions from our coverage. Our cyber insurance may not cover all expenses and losses arising from any cybersecurity incidents and, accordingly, such breaches or other compromises of our information security or that of its third-party service providers or business partners may have an adverse impact on our operating results and financial condition.

We cannot assure you that any such insurance policies we obtained or may obtain will be adequate to protect us from material losses. Certain acts and events, including any pandemic, epidemic of infectious diseases, earthquakes, hurricanes and floods, terrorist acts, or cybersecurity attacks could expose us to significant uninsured losses that may be, or are, uninsurable or too expensive to justify obtaining insurance. As a result, we may not be successful in obtaining insurance without increases in cost or decreases in coverage levels. In addition, in the event of a substantial loss, the insurance coverage we carry may not be sufficient to pay the full market value or replacement cost of our lost investment or in some cases could result in certain losses being totally uninsured. In addition to the damages caused directly by a casualty loss (such as fire or natural disasters), infectious disease outbreaks, terrorist acts or cybersecurity attacks, we may suffer a disruption of our business as a result of these events or be subject to claims by third parties who may be injured or harmed. As an example, COVID-19 outbreaks resulted in many governments around the world, including in the Philippines, Macau and Cyprus where we operate, placing quarantines disallowing residents to travel into or outside of the quarantined area, enforcing business closures and other restrictions. While we intend to continue carrying business interruption insurance and general liability insurance, such insurance may not be available on commercially reasonable terms, or at all, and, in any event, may not be adequate to cover any losses that may result from such events.

There is limited available insurance in Macau, the Philippines and Cyprus and our insurers in Macau, the Philippines and Cyprus may need to secure reinsurance in order to provide adequate cover for our property and development projects. Our credit agreements, our gaming concession in Macau, the Philippine License granted by PAGCOR and certain other material agreements require a certain level of insurance to be maintained, which must be obtained in Macau and the Philippines, respectively, unless otherwise authorized by the respective counter-parties. Failure to maintain adequate coverage could be an event of default under our credit agreements, our gaming concession in Macau or the Philippine License and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

***Gaming inherently involves elements of chance that are beyond our control, and as a result our revenues may be volatile and the winnings of our patrons could exceed our casino winnings at particular times during our operations.***

The gaming industry is characterized by the element of chance. In addition to the element of chance, theoretical expected win rates are also affected by other factors, including players' skills and experience, the mix of games played, the financial resources of players, the spread of table limits, the volume and mix of bets placed by our players, the amount of time players spend on gambling and the number of our players. As a result, our actual win rates may differ greatly over short time periods, such as from quarter to quarter, and could cause our quarterly results to be volatile. Each of these factors, alone or in combination, have the potential to negatively impact our win rates, and our business, financial condition and results of operations could be materially and adversely affected.

Our revenues are mainly derived from the difference between our casino winnings and the winnings of our casino patrons. Since there are inherent elements of chance in the gaming industry, we do not have full control over our winnings or the winnings of our casino patrons. If the winnings of our patrons exceed our casino winnings, we may record a loss from our gaming operations, and our business, financial condition and results of operations could be materially and adversely affected.

***Our gaming business is subject to the risk of cheating and counterfeiting.***

All gaming activities at our table games are conducted exclusively with gaming chips which, like real currency, are subject to the risk of alteration and counterfeiting. We incorporate a variety of security and anti-counterfeit features to detect altered or counterfeit gaming chips. Despite such security features, unauthorized parties may try to copy our gaming chips and introduce, use and cash in altered or counterfeit gaming chips in our gaming areas. Any negative publicity arising from such incidents could also tarnish our reputation and may result in a decline in our business, financial condition and results of operations.

Gaming customers may attempt or commit fraud or cheat in order to increase their winnings, including in collusion with the casino's staff. Internal acts of cheating could also be conducted by staff through collusion with dealers, surveillance staff, floor managers or other gaming area staff. Our existing surveillance and security systems, designed to detect cheating at our casino operations, may not be able to detect all such cheating in time or at all, particularly if patrons collude with our employees. In addition, our gaming promoters or other persons could, without our knowledge, enter into betting arrangements directly with our casino patrons on the outcomes of our games of chance, thus depriving us of revenues.

Our operations are reviewed to detect and prevent cheating. Each game has a theoretical win rate and statistics are examined with these in mind. Cheating may give rise to negative publicity and such action may materially affect our business, financial condition, operations and cash flows.

***An outbreak of widespread health epidemics or pandemics, contagious disease or other outbreaks may have an adverse effect on the economies of affected countries or regions and may have a material adverse effect on our business, financial condition and results of operations.***

Our operations could be, and in certain cases, such as in relation to COVID-19, have been adversely affected by the outbreak of widespread health epidemics or pandemics, such as swine flu, avian influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome (MERS), Zika, Ebola and COVID-19. The occurrence of such health epidemics or pandemics, prolonged outbreak of an epidemic illness or other adverse public health developments in the PRC or elsewhere in the world could materially disrupt our business and operations. Such events could significantly impact our industry and cause severe travel restrictions in the PRC or elsewhere in the world as well as temporary or prolonged closures of the facilities we use for our operations and disruptions to public transportation, which could severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Such events may also indirectly and materially adversely impact our operations by negatively impacting the outlook, growth or business sentiment in the global, regional or local economy. See also “— We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations.”

Several countries, including Japan, South Korea and Vietnam, have registered cases of avian flu since the end of 2020. Fully effective avian flu vaccines have not been developed and there is evidence that the H5N1 virus is constantly evolving so we cannot assure you that an effective vaccine can be discovered or commercially manufactured in time to protect against the potential avian flu pandemic.

There can be no assurance that any further outbreak of COVID-19 or an outbreak of swine flu, avian influenza, SARS, MERS, Zika, Ebola or other contagious disease or any measures taken by the governments of affected countries against such potential outbreaks will not seriously interrupt our gaming operations. The perception that an outbreak of any health epidemic or contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia. In addition, our operations could be disrupted if any of our facilities or employees or others involved in our operations were suspected of having COVID-19, swine flu, avian influenza, SARS, MERS, Zika or Ebola as this could require us to quarantine some or all of such employees or persons or disinfect the facilities used for our operations. Furthermore, any future outbreak may

restrict economic activities in affected regions, which could result in reduced business volume and the temporary closure of our facilities or otherwise disrupt our business operations and adversely affect our results of operations. Our revenues and profitability could be materially reduced to the extent that a health epidemic or other outbreak harms the PRC or global economy in general.

***Health and safety or food safety incidents at our properties may lead to reputational damage and financial exposures.***

We provide goods and services to a significant number of customers on a daily basis at our properties in Macau, Manila and Cyprus. In particular, with attractions, entertainment and food and beverage offerings at our properties, there are risks of health and safety incidents, personal injury, or adverse food safety events, such as food poisoning, physical trauma, slip and fall accidents, or surges in crowd flow at popular ingress and egress points. While we have a number of measures and controls in place aimed at managing such risks, we cannot guarantee that our insurance is adequate to cover all losses, which may result in us incurring additional costs or damages, and negatively impact our financial performance. Such incidents may also lead to reduced customer flow and reputational damage to our properties. See “— We are subject to risks relating to litigation, disputes and regulatory investigations and proceedings which may adversely affect our profitability, financial condition, reputation and prospects.”

***Unfavorable fluctuations in the currency exchange rates of the H.K. dollar, U.S. dollar, the Pataca, the Philippine peso or the Euro and other risks related to foreign exchange and currencies, including restrictions on conversions and/or repatriation of foreign currencies, could adversely affect our indebtedness, expenses, profitability and financial condition.***

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our current revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in gaming transactions in Macau and is often used interchangeably with the Pataca in Macau. Our current expenses are denominated predominantly in Patacas, H.K. dollars, the Philippine pesos and the Euro. In addition, we have revenues, assets, debt and expenses denominated in Philippine pesos and in Euros relating to our businesses in the Philippines and Cyprus, respectively. We also have subsidiaries, branch offices and assets in various countries and regions, including Singapore and Taiwan, which are subject to foreign exchange fluctuations and local regulations that may impose, among others, limitations, restrictions or approval requirements on conversions and/or repatriation of foreign currencies. In addition, a significant portion of our indebtedness, including the Melco Resorts Finance Notes and Studio City Notes, and certain expenses, are or will be denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars.

The value of the H.K. dollar, the Pataca, the Philippine peso and the Euro against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar, and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be de-pegged, de-linked or otherwise modified and subject to fluctuations. Any significant fluctuations in exchange rates between the H.K. dollar, the Pataca, the Philippine peso or the Euro to the U.S. dollar may have a material adverse effect on our revenues and financial condition. For example, to the extent that we are required to convert U.S. dollar financings into H.K. dollars or Patacas for our operations, fluctuations in exchange rates between the H.K. dollar or Pataca against the U.S. dollar could have an adverse effect on the amounts we receive from the conversion.

While we maintain a certain amount of our operating funds in the same currencies in which we have obligations in order to reduce our exposure to currency fluctuations, we have not engaged in hedging transactions

with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the years ended December 31, 2023 and 2022. In addition, we may face regulatory, legal and other risks in connection with our assets and operations in certain jurisdictions that may impose limitations, restrictions or approval requirements on conversions and/or repatriation of foreign currencies. We will consider our overall procedure for managing our foreign exchange risk from time to time, but we cannot assure you that any such procedures will enable us to obtain and achieve effective hedging of our foreign exchange risk, which could materially and adversely affect our financial condition and operating results.

Furthermore, the PRC has tightened currency exchange controls and restrictions on the export and conversion of the Renminbi in recent years. Restrictions on the export of the Renminbi, as well as the increased effectiveness of such restrictions, may impede the flow of gaming patrons from the PRC to Macau, the Philippines or outside of Asia, inhibit the growth of gaming in those markets and negatively impact our gaming operations.

***We may undertake mergers, acquisitions, strategic transactions, investments or divestments that are not realized or may result in operating difficulties, distractions from our current businesses or a material and adverse effect on our business and financial condition and subject us to regulatory and legal inquiries and proceedings or investigations.***

We have made, and may in the future make, acquisitions, investments, divestments or strategic transactions in companies or projects to expand or complement our existing operations. From time to time, we engage in discussions and negotiations with companies regarding acquisitions, investments, divestments or other strategic transactions, which may be material or significant, in such companies or projects. For example, the discussions and negotiations between us and Melco International led to our acquisition of 75% ownership interest in ICR Cyprus from Melco International, through which we expanded our operations to Cyprus. With this acquisition, our business expanded to the European region and includes City of Dreams Mediterranean, a new integrated casino resort in Cyprus. Our expanded operations in Cyprus require significant resources and investments and we may in the future make other acquisitions, investments or strategic transactions that require significant capital commitments and resources.

Should we pursue acquisitions in the PRC, we will be subject to a variety of PRC anti-monopoly laws. In recent years, additional regulations have been implemented which make merger and acquisition activities by foreign investors more time-consuming and complex. The Measures for the Security Review of Foreign Investments promulgated by National Development and Reform Commission, or the NDRC, and Ministry of Commerce, which became effective from January 2021, require that a security review by relevant governmental authorities must be conducted for foreign investments that affect or may affect national security in accordance with the provisions thereunder. In November 2021, the State Council inaugurated the National Anti-Monopoly Bureau, which aims to further implement fair competition policies and strengthen anti-monopoly supervision in the PRC, particularly to strengthen oversight and law enforcement in areas involving innovation, science and technology, information security and people's livelihoods. Any failure or perceived failure by us to comply with the anti-monopoly laws and regulations may result in governmental investigations or enforcement actions, lawsuits or claims against us and could have an adverse effect on our business, financial condition and results of operations.

Any integration process that would follow any of our acquisitions, investments or strategic transactions, including our acquisition of 75% equity interest in ICR Cyprus, may prove more difficult than anticipated. We may be subject to liabilities or claims that we are not aware of at the time of the investment or acquisition, and we may not realize the benefits anticipated at the time of the investment or acquisition. Any benefits anticipated at the time of the investment or acquisition may also not be realized, or may be impacted, due to factors beyond our control. For example, in Cyprus, our operations have been negatively affected by, among others, the military conflict between Russia and Ukraine, the Israel-Hamas conflict and other conflicts in the Middle East. These difficulties could disrupt our ongoing business, distract our management and employees,



increase our expenses and liabilities, result in losses, including in material amounts, and may adversely affect our businesses, financial condition and operating results. Even if we do identify suitable opportunities, we may not be able to make such acquisitions or investments on commercially acceptable terms or adequate financing may not be available on commercially acceptable terms, if at all, and we may not be able to consummate a proposed acquisition or investment.

We may also, from time to time, receive inquiries from regulatory and legal authorities and become subject to regulatory and legal proceedings or investigations in connection with our acquisitions, investments, divestments or strategic transactions in companies or projects, which may delay or materially impact the completion of such acquisitions, investments, divestments or strategic transactions. Any such regulatory and legal proceedings or investigations may materially and adversely affect our business, operations, financial condition and prospects.

***We face risks relating to any expansion of our operations and entry into new markets through mergers, acquisitions, strategic transactions or investments.***

We have expanded our operations and entered into new markets in the past through acquisitions and strategic transactions. See also “— We may undertake mergers, acquisitions, strategic transactions, investments or divestments that are not realized or may result in operating difficulties, distractions from our current businesses or a material and adverse effect on our business and financial condition and subject us to regulatory and legal inquiries and proceedings or investigations.”

We continue to evaluate and consider a wide array of potential strategic transactions as part of our overall business strategy. Any future expansion of our operations or our entry into new markets through mergers, acquisitions, strategic transactions or investments may subject us to:

- additional costs for complying with local laws, rules, regulations and policies as well as other local practices and customs in new markets, including establishing business and regulatory compliance programs;
- currency exchange rate fluctuations or currency restructurings;
- limitations or penalties on the repatriation of earnings;
- unforeseen changes in regulatory requirements;
- uncertainties as to local laws and enforcement of contract and intellectual property rights; and
- changes in government, economic and political policies and conditions, political or civil unrest, acts of terrorism or the threat of international boycotts.

These factors and the impact of these factors on our business and operations are difficult to predict and may have material adverse effect on our business and prospects, financial condition and results of operations.

***We are subject to risks relating to litigation, disputes and regulatory investigations and proceedings which may adversely affect our profitability, financial condition, reputation and prospects.***

We are, and may in the future be, subject to legal actions, disputes and regulatory investigations in the ordinary course of our business. We are also subject to risks relating to legal, administrative and regulatory proceedings and investigations which we or our affiliates are or may be a party to from time to time, or which could develop in the future, as well as fines or other penalties which may be imposed on us in connection with any requisite permit, license or other approval for our business and operations. Any adverse outcome may cause material disruptions to our normal business operations. In addition, administrative and regulatory proceedings can be costly and time-consuming and may divert management attention and resources from our operations. We could incur significant defense costs and, in the event of an adverse outcome, be required to pay damages and

interest to the prevailing party and, depending on the jurisdiction of the litigation, be held responsible for the costs of the prevailing party. Our reputation may also be adversely affected by our involvement or the involvement of our affiliates in litigation, administrative and regulatory proceedings. In addition, we and our affiliates operate or have interests in a number of jurisdictions in which regulatory and government authorities have wide discretion to take procedural actions in support of their investigations and regulatory proceedings, including seizures and freezing of assets and other properties that are perceived to be connected or related to such investigations or regulatory proceedings. Given such wide discretion, regulatory or government authorities may take procedural or other actions that may affect our assets and properties in connection with any investigation or legal, administrative or regulatory proceeding involving us, any of our affiliates, or third parties, which may materially affect our business, financial condition or results of operations.

In addition, claims and proceedings against us, including but not limited to any claims alleging that we received, misappropriated or misapplied funds, or violated any anti-corruption law or regulation, may result in our business operations being subject to greater scrutiny from relevant regulatory authorities and requiring us to make further improvements to our existing systems and controls and business operations, all of which may increase our compliance costs. No assurance can be provided that any provisions we have made for such matters will be sufficient. Litigation and regulatory proceedings and investigation are inherently unpredictable and our results of operations or cash flows may be adversely affected by an unfavorable resolution of any pending or future litigation, disputes and regulatory investigation.

***We extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers.***

We conduct, and expect to continue to conduct, our gaming activities at our casinos on a credit basis as well as a cash basis. Consistent with customary practice, we grant credit to certain premium direct players, and in markets where we engage gaming promoters and the grant of credit is permitted such as Macau, the Philippines and Cyprus, we grant credit to gaming promoters. Gaming promoters bear the responsibility for issuing credit and subsequently collecting the credit they granted. We extend credit, often on an unsecured basis, to certain gaming promoters and VIP patrons whose level of play and financial resources warrant such an extension in our opinion. High-end patrons typically are extended more credit than patrons who wager lower amounts. Any slowdown in the economy could adversely impact our VIP patrons, which could in turn increase the risk that these clients may default on credit extended to them. In Cyprus, a relatively new gaming market, we also grant credit to a small number of selected premium direct players.

We may not be able to collect all of our gaming receivables from, or fully realize the value of collateral posted by, our credit customers. We expect that we will be able to enforce our gaming receivables only in a limited number of jurisdictions including Macau, the Philippines, Cyprus and under certain circumstances, Hong Kong. As most of our customers in Macau are visitors from other jurisdictions, we may not have access to a forum in which we will be able to collect all of our gaming receivables because, among other reasons, courts in many jurisdictions, do not enforce gaming debts. Further, we may be unable to locate assets in other jurisdictions against which recovery of gaming debts can be sought. The collectability of receivables from our credit customers and, in particular, our international credit customers, could be negatively affected by future business or economic trends or by significant events in the jurisdictions in which these customers reside, or in which their assets are located. As a result of COVID-19, we have increased our estimated allowance for credit losses. We may also have to determine whether aggressive enforcement actions against a customer will unduly alienate the customer and cause the customer to cease playing at our casinos. We could suffer a material adverse impact on our operating results if receivables from our credit customers are deemed uncollectible. In addition, in the event a credit customer suffers losses in connection with any gaming activities at our properties and receivables from such customer are uncollectible, Macau gaming taxes, Philippines license fees or Cyprus gaming taxes (as the case may be) will still be payable on the resulting gaming revenues, notwithstanding any receivables owed by such customer to us may be uncollectible. An estimated allowance for credit losses is maintained to reduce our receivables to their carrying amounts, which approximate fair values.

***Our business and financial plans may be negatively impacted by any contraction in the availability and significant increase in the cost of credit.***

Our business and financing plans may be dependent upon the completion of future financings. Any severe contraction of liquidity in the global credit markets and/or a significant increase in interest rates may make it difficult and costly to obtain new lines of credit or to refinance existing debt, and may place broad limitations on the availability of credit from credit sources as well as lengthen the recovery cycle of extended credit. Any deterioration in the credit environment may cause us to have difficulty in obtaining additional financing on acceptable terms, or at all, which could adversely affect our ability to complete current and future projects. Tightening of liquidity conditions in credit markets and material rises in the cost of funding may also constrain revenue generation and growth and could have a material adverse effect on our business, financial condition and results of operations.

***Rolling chip patrons and VIP gaming customers may cause significant volatility in our revenues and cash flows.***

A portion of our casino revenues in Macau are generated from the rolling chip segment of the gaming market. Similarly, City of Dreams Manila also attracts foreign gaming visitors, particularly VIP players who typically place large individual wagers. The loss or a reduction in the play of the most significant of these rolling chip patrons or VIP gaming customers could have an adverse effect on our business. In addition, revenues and cash flows derived from high-end gaming of this type are typically more volatile than those from other forms of gaming primarily due to high bets and the resulting high winnings and losses. As a result, our business, results of operations and cash flows from operations may be more volatile from quarter to quarter than that of our competitors and consequently may require higher levels of cage cash in reserve to manage this volatility.

***We depend upon gaming promoters for a portion of our gaming revenues in Macau, the Philippines and Cyprus. If we are unable to establish, maintain and increase the number of successful relationships with gaming promoters in Macau, the Philippines or Cyprus, the financial resources of our gaming promoters are insufficient to allow them to continue doing business or we are unable to find alternative means to attract VIP rolling chip patrons in markets such as Macau where gaming promoters have become subject to restrictions on doing business due to legal and regulatory requirements, our results of operations could be materially and adversely impacted.***

Historically, VIP rolling chip patrons introduced to us by gaming promoters were responsible for a significant portion of our gaming revenues in Macau. However, significantly increased regulatory scrutiny of gaming promoters in Macau has resulted, and may continue to result, in restrictions on their activities and the cessation of business of many gaming promoters. In addition, changes to the legal and regulatory framework in the PRC has also affected gaming promoters in Macau. For example, amendments to the PRC's criminal laws, which provide that anyone that organizes trips for Chinese citizens for the purpose of gambling outside of the PRC, including Macau, may be deemed to have conducted a criminal act, came into effect on March 1, 2021. Furthermore, in November 2021, the Court of Final Appeal in Macau issued a final unappealable decision holding that a gaming operator was jointly liable with a gaming promoter for the refund of funds deposited with such gaming promoter, and separately the Macau authorities have arrested executives from a gaming promoter for alleged illegal overseas gaming related activities. In January 2022, the Macau authorities also arrested an executive from another gaming promoter and certain related individuals and certain of these individuals were sentenced to jail terms in addition to the payment of monetary compensation to the Macau government in January 2023. On December 20, 2022, a new law came into effect that included provisions clarifying the extent of joint liability of concessionaires and gaming promoters pursuant to which the acceptance of funds or chips from others by a gaming promoter is only considered activity undertaken by the casino when such funds or chips were used to play or result from gaming winnings. The records kept by the concessionaire with respect to the chips or play are relevant for such determination. Under such new law, the taking of deposits of funds from others not for gaming purposes is considered a crime. We currently engage gaming promoters in Macau. In the

event gaming promoters remain subject to such restrictions and regulatory scrutiny in Macau and we, or the gaming promoters we engage, are unable to successfully attract VIP rolling chip patrons or expand our mass market segment in Macau, our business, financial condition and results of operations could be affected materially and adversely. For a further discussion of restrictions on gaming promoters in Macau, see “— Adverse changes or developments in gaming laws or other regulations in Macau that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful.”

As of the end of 2023, we had arrangements with six gaming promoters in the Philippines. In the event we are unable or choose not to partner with additional gaming promoters in the Philippines or are unable to successfully operate our VIP rolling chip operations with reduced reliance on customers introduced by gaming promoters or expand our mass market segment in the Philippines, our business, financial condition and results of operations could be affected materially and adversely.

For our operations in Cyprus, there are currently three licensed gaming promoters.

If we are unable to utilize, maintain, resume and/or develop relationships with gaming promoters and, in the case of Cyprus, if the number of licensed gaming promoters do not significantly increase in the future, our ability to grow our gaming revenues will be hampered and we will have to seek alternative ways to develop and maintain relationships with rolling chip patrons, which may not be as profitable as relationships developed through gaming promoters. As competition intensifies, we may therefore need to offer better terms to gaming promoters, including extensions of credit, which may increase our overall credit exposure or to find alternate ways of attracting such patrons which may not be as effective as gaming promoters or may increase our marketing expenses.

In addition, in markets where we use gaming promoters, such gaming promoters may encounter difficulties in attracting patrons to come to our casinos. For example, gaming promoters may experience decreased liquidity, limiting their ability to grant credit to their patrons, resulting in decreased gaming volume in the affected casinos. Credit already extended by our gaming promoters may become increasingly difficult to collect.

***We are impacted by the reputation and integrity of the parties with whom we engage in business activities, including gaming promoters and we cannot assure you that these parties will always maintain high standards or suitability throughout the term of our association with them. Failure to maintain such high standards or suitability may cause us and our shareholders to suffer harm to our own and our shareholders' reputation, as well as impair relationships with, and possibly result in sanctions from, gaming regulators.***

The reputation and integrity of the parties with whom we engage in business activities are important to our own reputation and our ability to continue to operate in compliance with the permits and licenses required for our businesses. These parties include, but are not limited to, those who are engaged in gaming-related activities, such as gaming promoters, developers and hotel, restaurant and night club operators with whom we have or may enter into services or other types of agreements. Under the Macau Gaming Operations Law and Gaming Activities Law, if we enter into new arrangements with gaming promoters in the future, Melco Resorts Macau has an obligation to supervise gaming promoters who operate at our Macau properties to ensure their compliance with applicable laws and regulations. In June 2022, PAGCOR published The Casino Guide for Fitness and Propriety Assessment for Junket Operators, under which all land-based casinos must assess the fitness and propriety nature of its junket or chip-washing operators, its associates/agents/promoters, and applicants for junket operations. To conduct any business activity in licensed casinos, all persons responsible for the operations of junkets and/or applicants for junket operations must demonstrate that they are a “fit and proper” person.

For parties we deal with in gaming-related activities, where relevant, the gaming regulators also undertake their own probity checks and will reach their own suitability findings in respect of the activities and

parties with which we intend to associate. In addition, we also conduct our internal due diligence and evaluation process prior to engaging such parties. Notwithstanding such regulatory probity checks and our own due diligence, we cannot assure you that the parties with whom we are associated will always maintain the high standards that gaming regulators and we require or that such parties will maintain their suitability throughout the term of our association with them. In addition, if any of our gaming promoters violate applicable laws, the government may, at its discretion, take enforcement action against the gaming promoters and could also seek to impose liability on us for the conduct of the gaming promoters. Also, if a party associated with us falls below the gaming regulator's suitability standard or if their probity is in doubt, this may be negatively perceived when assessed by the gaming regulators. As a result, we and our shareholders may suffer reputational harm, as well as impaired relationships with, and possibly sanctions or other measures or actions from, the relevant gaming regulators with authority over our operations.

***Any failure or alleged failure to comply with anti-corruption laws, including the U.S. Foreign Corrupt Practices Act ("FCPA"), could result in penalties, which could harm our reputation and have an adverse effect on our business, results of operations and financial condition.***

We and our businesses in different jurisdictions are subject to a number of anti-corruption laws, including the U.S. Foreign Corrupt Practices Act, or FCPA. The FCPA prohibits companies and any individuals or entities acting on their behalf from offering or making improper payments or providing things of value to foreign officials for the purpose of obtaining or keeping business. The FCPA also requires companies to maintain accurate books and records and to devise and maintain a system of internal accounting controls. Breach of these anti-corruption laws carries severe criminal and civil sanctions as well as other penalties and reputational harm. There has been a general increase in FCPA enforcement activities in recent years by the SEC and the U.S. Department of Justice. Both the number of FCPA cases and sanctions imposed have risen significantly.

While we have adopted and implemented an anti-corruption compliance program covering both commercial bribery and public corruption which includes internal policies, procedures and training aimed to prevent and detect anti-corruption compliance issues and risks, and procedures to take remedial action when compliance issues are identified, there is no assurance that our employees, consultants, contractors and agents, and those of our affiliates, will adhere to the anti-corruption compliance programs, or that any action taken to comply with, or address compliance issues, will be considered adequate by the regulatory bodies with jurisdiction over us and our affiliates. Any violation of our compliance programs or applicable laws by us or our affiliates could subject us or our affiliates to investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions, any of which may result in a material adverse effect on our reputation, cause us to lose customer relationships or gaming licenses, or lead to other adverse consequences on our business, prospects, financial condition and results of operations. As we are a U.S. listed company, certain U.S. laws and regulations apply to our operations and compliance with those laws and regulations increases our cost of doing business. We also deal in significant amounts of cash in our operations and are subject to various reporting and anti-money laundering regulations. Any violation of anti-money laundering laws or regulations by us could have a negative effect on our results of operations.

***A failure to establish and protect our intellectual property rights could have an adverse effect on our business, financial condition and results of operations.***

We have registered or have the right to use the trademarks, including "Melco," "Altira," "Mocha Club," "City of Dreams," "Nüwa," "The Countdown," "Morpheus," "The House of Dancing Water," "City of Dreams Manila," "Studio City," "Melco Resorts Philippines," "C2" and "Melco Resorts & Entertainment" in Macau, the Philippines, Cyprus and/or other jurisdictions. We have also registered in Macau, the Philippines, Cyprus and other jurisdictions certain other trademarks and service marks used in connection with the operations of our hotel casino projects in Macau, City of Dreams Manila and Cyprus. We endeavor to establish and protect our intellectual property rights through trademarks, service marks, domain names, licenses and other contractual provisions. The brands we use in connection with our properties have gained recognition. Failure to possess,

obtain or maintain adequate protection of our intellectual property rights could negatively impact our brands and could have a material adverse effect on our business, financial condition and results of operations. For example, third parties may misappropriate or infringe our intellectual property, which may include but not be limited to the use of our intellectual property by offshore gaming websites, including those that may attempt to defraud members of the public. While we may take legal or other appropriate actions against these unauthorized offshore websites, such as by reporting the sites to the appropriate governmental or regulatory authorities, such actions may not be effective or significant expenses could be incurred and such unauthorized activities may draw businesses away from our operations and/or tarnish our reputation, all of which may adversely affect our business, financial condition and results of operations.

***The infringement or alleged infringement of intellectual property rights belonging to third parties could adversely affect our business.***

We face the potential risk of claims that we have infringed upon the intellectual property rights of third parties, which could be expensive and time-consuming to defend. In addition, we may be required to cease using certain intellectual property rights or selling or providing certain products or services, pay significant damages or enter into costly royalty or licensing agreements in order to obtain the right to use a third party's intellectual property rights (if available at all), any of which could have a negative impact on our business, financial condition and future prospects. Furthermore, if litigation were to result from such claims, our business could be interrupted.

***We cannot assure you that anti-money laundering policies that we have implemented, and compliance with applicable anti-money laundering laws, will be effective to prevent our casino operations from being exploited for money laundering purposes.***

The free ports, offshore financial services and free movement of capital have created an environment whereby casinos in Macau, the Philippines or Cyprus could be exploited for money laundering purposes. We also deal with significant amounts of cash in our regular casino operations in Macau, the Philippines and Cyprus. As our Macau, Philippine and Cyprus operations are subject to various reporting and anti-money laundering regulations and increased audits and inspections from regulators, we have implemented anti-money laundering policies to address those requirements. Philippine laws on anti-money laundering have been amended to include casinos as covered institutions and the Anti-Money Laundering Council and PAGCOR have also recently released corresponding regulations and guidelines on compliance. In Cyprus, The Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2022 (188(I)/2007) N. 98 (I)/2023 ("Cyprus AML Law") as amended in March 2021 transposed the European Union's Sixth AML Directive ("AMLD 6") into national law of Cyprus. Amendments to the Cyprus AML Law were also made in March 2022 to provide further clarifications on the provisions of the AMLD 6, including those relating to enforcement procedure and measures to be undertaken to better enforce, supervise and coordinate the EU's rules in this area. The CGC's anti-money laundering Direction requires us to implement compliance measures to meet obligations relating to our monitoring and control obligations and CGC reporting requirements. While we have adjusted our anti-money laundering policies for our Philippine and Cyprus operations to these new rules and regulations, their implementation or application, as well as any further changes to anti-money laundering laws and regulations in Macau, the Philippines and Cyprus may require us to adopt changes to our own anti-money laundering policies.

We cannot assure you that our contractors, agents or employees will continually adhere to any such current or future policies or these policies will be effective in preventing our casino operations from being exploited for money laundering purposes, including from jurisdictions outside of Macau, the Philippines or Cyprus.

There can be no assurance that, despite the anti-money laundering measures we have adopted and undertaken, we would not be subject to any accusation or investigation related to any possible money laundering activities. In addition, we expect to be required by relevant regulatory authorities from Macau, the Philippines,

Cyprus and other jurisdictions that regulate our business activities to attend meetings and interviews from time to time to discuss our operations as they relate to anti-money laundering laws and regulations during which regulatory authorities may make inquiries and take other actions such as compliance audits at their discretion. Any incident of money laundering, accusation of money laundering or regulatory investigations into possible money laundering activities involving us, our employees, our gaming promoters, our customers or others with whom we are associated could have a material adverse impact on our reputation, business, cash flow, financial condition, prospects and results of operations. Any serious incident of, or repeated violation of, laws related to money laundering or any regulatory investigation into money laundering activities may cause a revocation or suspension of the concession, of the Philippine License or the Cyprus License. For more information regarding anti-money laundering regulations in Macau, the Philippines and Cyprus, see “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Anti-Money Laundering and Terrorism Financing Regulations,” “Item 4. Information on the Company — B. Business Overview — Regulations — Philippines Regulations — Anti-Money Laundering Regulations in the Philippines” and “Item 4. Information on the Company — B. Business Overview — Regulations — Cyprus Regulations — Anti-Money Laundering Law and Regulations.”

***Our information technology and other systems are subject to cybersecurity risks, including misappropriation of customer information, other breaches of information security or other cybercrimes, as well as regulatory and other risks.***

We rely on information technology and other systems (including those maintained by third-parties with whom we contract to provide data services) to maintain and transmit large volumes of customer information, credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our employees and information relating to our operations. The systems and processes we have implemented to protect customers, employees and company information are subject to the rapidly changing risks of compromised security and may therefore become outdated. Despite our preventive efforts, we are subject to the risks of compromised security, including cyber and physical security breaches, system failures, computer viruses, technical malfunctions, inadequate system capacities, power outages, natural disasters and inadvertent, negligent or intentional misuses, disclosure or dissemination of information or data by customers, company employees or employees of third-party vendors, ransomware attacks that encrypt, exfiltrate or otherwise render data unusable or unavailable or other forms of cybercrimes that include fraud or extortion. These risks can also be manifested in a variety of other ways, including through methods which may not yet be known to the cybersecurity community, and have become increasingly difficult to anticipate and prevent.

The steps we take to deter and mitigate these risks may not be successful or effective and our insurance coverage for protecting against cybersecurity risks may not be sufficient. Our third-party information system service providers face risks relating to cybersecurity similar to ours, and we do not directly control any of such service providers’ information security operations. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, prospects, results of operations and cash flows. If our information technology systems become damaged or otherwise cease to function properly, our services and results of operations may be adversely affected and we may have to make significant investments to repair or replace them. Furthermore, any extended downtime from power supply disruptions or information technology system outages which may be caused by cybersecurity attacks or other reasons at our properties may lead to an adverse impact on our operating results if we are unable to deliver services to customers for an extended period of time.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks,

computer viruses, misplaced or lost data, programming or human errors, other cybercrimes and other events. Cybersecurity risks continue to intensify globally, with cybercriminals employing increasingly sophisticated methods of cyber-attack. There were a number of well-publicized attacks on large corporations, including several in our industry. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems could become outdated. The occurrence of any of the cyber incidents described above could cause reputational harm to us, expose us to legal proceedings and have a material adverse effect on our business, results of operations and cash flows.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, whether by us or by a third party, could disrupt our business, damage our reputation and relationships with our customers, suppliers and employees, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers', suppliers' and employees' confidence in us, and adversely affect our business, results of operations and financial condition. Any perceived or actual unauthorized disclosure of personally identifiable information of our employees, customers, suppliers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain employees, suppliers and customers. We are also subject to enactment of new laws, or amendments to existing laws with more stringent requirements, in relation to cybersecurity. For example, a new Cybersecurity Law was introduced in Macau in 2019 which also applies to our businesses in Macau. See "Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Cybersecurity Regulations." As any of the above cybersecurity threats develop and grow and our obligations under cybersecurity regulations increase, we may find it necessary to make significant further investments to protect our data and infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of personnel.

Finally, while we have developed and implemented a cybersecurity risk management program, there can be no assurance that our cybersecurity risk management program and processes, including our policies, controls or procedures, will be fully complied with or effective in protecting our systems and information. See also "Item 16K – Cybersecurity."

***Failure to protect the integrity and security of company staff, supplier and customer information and comply with cybersecurity, data privacy, data protection or any other laws and regulations related to data may materially and adversely affect our business, financial condition and results of operations, and/or result in damage to reputation and/or subject us to fines, penalties, lawsuits, restrictions on our use or transfer of data and other risks.***

Our businesses collect, use and transmit large volumes of data, including credit card numbers and personal information in various information systems relating to our customers, suppliers and staff, and such personal information may be collected and/or used in, and transmitted to or from, multiple jurisdictions. We may be subject to a variety of cybersecurity, data privacy, data protection and other laws and regulations related to data, including those relating to the collection, use, sharing, retention, security, disclosure, and transfer of confidential and private information, such as personal information and other data. These laws and regulations apply not only to third-party transactions, but also to transfers of information within our organization. These laws and regulations may restrict our business activities and increase our compliance costs and efforts. Any breach or noncompliance may subject us to proceedings, damage our reputation, or result in penalties and other significant legal liabilities, and thus may materially and adversely affect our business, financial condition, and results of operations.

Our customers, suppliers and employees have a high expectation that we will adequately protect their personal information. Such collection, use and/or transmission of personal information is governed by privacy laws and regulations and such laws and regulations change often, vary significantly by jurisdiction and often are newly enacted. For example, the European Union ("EU")'s General Data Protection Regulation ("GDPR"),



which became effective in May 2018, requires companies to meet new and more stringent requirements regarding the handling of personal information. The GDPR may also capture data processing by non-EU firms with no EU establishment if, for example, they conduct direct marketing that specifically targets individuals in the EU. In addition, on November 1, 2023, the PRC National Information Security Standardization Technical Committee issued the Network Security Standard Practice Guide –Guangdong-Hong Kong-Macau Greater Bay Area Cross-Border Personal Information Protection Requirements (Draft for Comment), setting out the basic principles and protection requirements in the personal information cross-border flow in the Guangdong-Hong Kong-Macao Greater Bay Area, which requires personal information processors to comply with the local laws and regulations in the jurisdictions concerned. It is likely that this Standard Practice Guide, if effective, will be applicable to companies operating in Macau and Hong Kong, like us.

In some jurisdictions, including the PRC where we have a wholly-owned subsidiary that hosts domain names of our PRC websites and other online platforms which promote our non-gaming amenities in the PRC, the cybersecurity, data privacy, data protection, or other data-related laws and regulations are relatively new and evolving, and their interpretation and application may be uncertain. For example, the Cybersecurity Administration of China, or CAC, introduced the Management Measures for Reporting Cybersecurity Incidents (Draft for Comment) in December 2023, which require mandatory reporting within one hour for significant, major, or exceptionally major incidents. On January 4, 2022, the CAC issued the New Measures for Cybersecurity Review, or the New Measures, which amended the Measures for Cybersecurity Review (Draft Revision for Comments) released on July 10, 2021 and came into effect on February 15, 2022. The New Measures extend the scope of cybersecurity review to network platform operators engaging in data processing activities that affect or may affect national security, including overseas listings. Specifically, the New Measures provide that if a network platform operator who possesses personal information of more than one million users plans to be listed in foreign countries, it must apply for cybersecurity review and, in any event, the CAC has the authority to initiate a cybersecurity review if it considers the data processing activities in connection with a proposed listing will or may affect national security. The New Measures do not specify the types of public listings that will be subject to cybersecurity review and do not give sufficient guidance on the specific types of data processing activities that may be subject to cybersecurity review. The PRC government authorities may have wide discretion in the interpretation and enforcement of the applicable laws. As such, we cannot predict the impact of the New Measures on us, if any, at this stage, and we will closely monitor and assess the developments in the rule-making process. If the practical application of the New Measures results in mandated clearance of cybersecurity reviews and other specific actions to be completed by companies operating in Macau like us, we face uncertainties as to whether such clearance can be timely obtained, or at all. We have not received any formal notice from any PRC cybersecurity regulator that we should apply for or otherwise be subject to a cybersecurity review, but we cannot be certain that such notifications will not occur in the future.

On November 14, 2021, the draft Regulations for the Administration of Cyber Data Security was published by the CAC for public comment, which provides that data processors conducting the following activities shall apply for cybersecurity review: (i) a merger, reorganization or division of online platform operators that have acquired a large number of data resources related to national security, economic development or public interests which affect or may affect national security; (ii) a listing abroad when the data processor processes over one million users' personal information; (iii) a listing in Hong Kong which affects or may affect national security; or (iv) other data processing activities that affect or may affect national security. It also requires data processors processing important data or listed outside China to carry out a data security assessment annually by itself or through a third party data security service provider and submit an assessment report to the local agency of the CAC. As there are still uncertainties regarding the further enactment of new laws and regulations as well as the revision, interpretation and implementation of those existing laws and regulations, we cannot predict the impact of the Regulations for the Administration of Cyber Data Security on us, if any. In September 2023 the National People's Congress announced that it intends to finalize the ongoing review of the PRC Cyber Security Law, in effect since 2017, and the draft amendments include increasing the penalties for individuals and companies.

In addition, the PRC Data Security Law, which was promulgated by the Standing Committee of the National People's Congress on June 10, 2021 and took effect on September 1, 2021, requires data collection to be conducted in a legitimate and proper manner, and stipulates that, for the purpose of data protection, data processing activities must be conducted based on data classification and hierarchical protection systems for data security. Furthermore, the recently issued Opinions on Strictly Cracking Down Illegal Securities Activities requires (i) speeding up the revision of the provisions on strengthening the confidentiality and archives management relating to overseas issuance and listing of securities and (ii) improving the laws and regulations relating to data security, cross-border data flow, and management of confidential information. The PRC Personal Information Protection Law, which was promulgated by the Standing Committee of the National People's Congress on August 20, 2021 and took effect on November 1, 2021, integrates the various rules with respect to personal information rights and privacy protection and applies to the processing of personal information within the PRC as well as certain personal information processing activities outside the PRC, including those for the provision of products and services to natural persons within the PRC or for the analysis and assessment of acts of natural persons within the PRC. Although we have not collected, stored or managed any personal information in the PRC, given that there remain uncertainties regarding the further interpretation and implementation of those laws and regulations, if they are deemed to be applicable to companies operating in Macau, like us, we cannot assure you that we will be compliant with such new regulations in all respects, and we may be ordered to rectify and terminate any actions that are deemed illegal by the government authorities and become subject to fines and other government sanctions, which may materially and adversely affect our business, financial condition, and results of operations. Furthermore, we must also comply with other industry standards such as those for the credit card industry and other applicable data security standards.

Compliance with applicable privacy laws, regulations and standards may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our customers and guests. For example, these laws, regulations and standards may restrict information sharing in ways that make it more difficult to obtain or share information concerning at risk individuals. In addition, non-compliance with applicable privacy laws, regulations and standards by us (or in some circumstances non-compliance by third parties engaged by us) may result in damage of reputation and/or subject us to fines, penalties, payment of damages, lawsuits, criminal liability or restrictions on our use or transfer of data. Failure to meet the GDPR requirements, for example, may result in penalties of up to four percent of worldwide revenue.

***Negative press or publicity about us or our directors, officers or affiliates may lead to government investigations, result in harm to our business, brand or reputation and have a material and adverse effect on our business.***

Unfavorable publicity regarding us, or our directors, officers or affiliates, whether substantiated or not, may have a material and adverse effect on our business, brand and reputation. Such negative publicity may require us to engage in a defensive media campaign, which may divert our management's attention, result in an increase in our expenses and adversely impact our results of operations, financial condition, prospects and strategies. The prevalence of social media compounds the potential scope of the negative publicity that could be generated. Any negative press or publicity could also lead to government or other regulatory investigations, including causing regulators with jurisdiction over our gaming operations in Macau, the Philippines and Cyprus to take action against us or our related licensees, including actions that could affect the ability or terms upon which our subsidiaries hold their gaming licenses and/or concession, our suitability to continue as a shareholder of those subsidiaries and/or the suitability of key personnel to remain with us. If any of these events were to occur, it could cause a material adverse effect on our business and prospects, financial condition and results of operations.

***Our new branded products or new business lines may not be successful.***

We launched the Nüwa brand in both Macau and the Philippines and the C2 brand in Cyprus and intend to rebrand The Countdown. In 2023, we launched City of Dreams Mediterranean in Cyprus and Epic Tower at

Studio City. We may continue introducing new brand names and brand identities in the future, which may be time-consuming and expensive, or may not have the intended effect, any of which could have a material adverse effect on our business, results of operations and financial condition. We may also launch new products or enter into new business or service lines that are subject to different business or regulatory risks than our existing gaming business. These new initiatives may subject us to additional costs for complying with a new set of laws, rules, regulations and policies and/or requirements imposed by new governmental and regulatory bodies. Given our relative lack of experience in these new business ventures, there is also no assurance that they will be successful. Accordingly, the revenue streams from our new properties and casinos opening in the near future may not be stable or significant.

***Economic or trade sanctions and a heightened trend towards trade and technology “de-coupling” could negatively affect the relationships and collaborations with our suppliers, service providers, technology partners and other business partners and our ability to accept certain customers, which could materially and adversely affect our competitiveness and business operations.***

The United Nations and a number of countries and jurisdictions, including the PRC, the United States and the EU, have adopted various economic or trade sanction regimes. In particular, economic and trade sanctions have been threatened and/or imposed by the U.S. government on a number of PRC-based technology companies, including ZTE Corporation, Huawei Technologies Co., Ltd., or Huawei, Tencent Holdings Limited, certain of their respective affiliates, and other PRC-based technology companies. These Chinese technology conglomerates manufacture and/or develop telecommunications and other equipment, software, mobile Apps and devices that are popular and widely used globally, including by us and by our customers, especially those in the PRC. The United States has also in certain circumstances imposed and threatened to impose further sanctions, trade embargoes, and other heightened regulatory requirements on the PRC and PRC-based companies. The U.S. government has brought enforcement actions against ZTE Corporation and Huawei and related persons, as well as companies who engaged in unauthorized transactions with Huawei.

These restrictions, and similar or more expansive restrictions that may be imposed by the U.S. or other jurisdictions in the future, though may not be directly applicable to us, may materially and adversely affect our suppliers, service providers, technology partners or other business partners' abilities to acquire technologies, systems, devices or components that may be critical to our relationships or collaborations with them. In addition, if any of our suppliers, service providers, technology partners or other business partners that have collaborative relationships with us or our affiliates were to become subject to sanctions or other restrictions, this might restrict or negatively impact our ongoing relationships or collaborations with them, which could materially and adversely affect our competitiveness and business operations. Media reports on alleged uses of the technologies, systems or innovations developed by business partners or other parties not affiliated with or controlled by us, even on matters not involving us, could nevertheless damage our reputation and lead to regulatory investigations, fines and penalties against us.

In addition, the continuing military conflict between Russia and Ukraine has led to sanctions and export controls being imposed by the United States, the European Union, the United Kingdom and other countries targeting Russia, its financial systems and major financial institutions and certain Russian entities and persons. As these new and growing lists of sanctions and measures are extensive and changing, they could be difficult to comply with and could also significantly increase our business and compliance costs. Such sanctions and measures have had and may continue to have a negative impact on our business and our ability to accept certain customers, including for our business in Cyprus where historically a significant number of tourists have come from Russia.

***Climate change, environmental, social and governance and sustainability related concerns could have a significant negative impact on our business and results of operations.***

Governments, regulatory authorities, investors, customers, employees and other stakeholders are increasingly focusing on environmental, social and governance (“ESG”) and sustainability practices and disclosures, and expectations in this area are rapidly evolving and growing.

There are also risks associated with the chronic and acute physical effects of climate change (including changes in sea levels, water shortages, droughts, typhoons and other extreme weather phenomena and natural disasters). Inability to maintain reliable energy supplies due to climate change disruptions may also impact our business continuity and an increase in frequency of extreme weather events could leave us vulnerable to increased insurance costs or limit our ability to obtain sufficient coverage. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — Our business in Macau, the Philippines and Cyprus is subject to certain regional and global political, social and economic risks, as well as natural disasters, that may significantly affect visitations to our properties and have a material adverse effect on our results of operations” for a discussion of risks relating to natural disasters that could be exacerbated by climate change.

We are also subject to the changes in related laws and regulations and their compliance could be difficult and costly. The criteria by which our ESG and sustainability practices are assessed may also change due to the evolution of the sustainability landscape, which could result in greater expectations of us and cause us to undertake costly initiatives to satisfy such new criteria. We have potentially high exposure to net zero transition-related policies and carbon prices that could result in energy inflationary pressures. Implicit carbon costs could also affect us where investments are required to meet building efficiency requirements and emissions regulations that are introduced as part of net zero transition plans. In addition, we have exposure to potential commodity price increase pressures on energy intensive goods and construction materials procured as a result of net zero transition-related regulations. If we are unable to satisfy such new criteria, stakeholders may conclude our policies and/or actions with respect to ESG and sustainability matters are inadequate. In addition, we utilize a significant amount of energy and water and produce a substantial amount of waste in our operations and any failure in our efforts to use materials efficiently or reduce waste may not meet the expectations of our stakeholders and our own ESG objectives. Compliance with future climate-related legislation and regulation, and our efforts to achieve emissions reduction targets, could also be difficult and costly. Consumer travel and consumption preferences may also shift due to sustainability related concerns or costs. As a result of the foregoing, we may experience significant increased operating and compliance costs, operating disruptions or limitations, reduced demand, and constraints on our growth, all of which could adversely affect our profits.

***Claims or regulatory actions against us under China’s competition laws may result in fines, constraints on our business and damage to our reputation.***

In recent years, the PRC government has stepped up enforcement against concentration of undertakings, cartel activities, monopoly agreements, unfair pricing, abusive behaviors by companies with market dominance and other anti-competitive activities. In December 2020, the PRC central government announced that strengthening anti-monopoly measures and preventing the disorderly expansion of capital has become one of its focuses, and that it intended to improve digital regulations and legal standards for the identification of platform enterprise monopolies for the gathering, usage and management of data, and for the protection of consumer rights.

For example, the PRC government has enhanced its anti-monopoly and anti-unfair competition laws and regulations, such as the enactment of the Online Trading Measures, which took effect on May 1, 2021, and the amended Anti-monopoly Law, which came into effect on August 1, 2022 and significantly increased the consequences of liability for violations, including for failing to notify the State Administration for Market Regulation prior to implementing transactions if certain thresholds are met.

As of the date of this annual report, the PRC’s statements and regulatory actions related to anti-monopoly concerns have not impacted our business, our ability to accept foreign investments or our ability to issue our securities to foreign investors. However, in the future, we may become subject to these or similar laws and regulations and compliance with such laws and regulations, as well as administrative guidance and requirements by regulators from time to time, may require significant resources and efforts, including changing our operations and pricing practices, restructuring our operations and adjusting our investment activities, which may materially and adversely affect our operations, growth prospects, reputation and the trading prices of our ordinary shares and/or ADSs.

***All of our current and future construction projects are and will be subject to significant development and construction risks, which could have a material adverse impact on related project timetables, costs and our ability to complete the projects.***

All of our current and future construction projects are and will be subject to a number of risks, including:

- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- disruptions to key supply markets, including shortages of, and price increases in, energy, materials and skilled and unskilled labor, geopolitical issues and inflation, including any disruptions resulting from COVID-19 outbreaks;
- delays in obtaining or inability to obtain necessary permits, licenses and approvals;
- lack of sufficient, or delays in availability of, financing;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to gaming, leisure, residential, real estate development or construction projects;
- labor disputes or work stoppages;
- shortage of qualified contractors and suppliers or inability to enter into definitive contracts with contractors with sufficient skills, financial resources and experience on commercially reasonable terms, or at all;
- disputes with, and defaults by, contractors and subcontractors and other counter-parties;
- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread or outbreak of infectious diseases, such as COVID-19 outbreaks;
- weather interferences or delays;
- fires, typhoons and other natural disasters;
- geological, construction, excavation, regulatory and equipment problems; and
- other unanticipated circumstances or cost increases.

The occurrence of any of these events could increase the total costs, delay or prevent the construction or opening or otherwise affect the design and features of any existing or future construction projects which we might undertake. For example, in Cyprus, the City of Dreams Mediterranean project experienced delays due to some difficulties that we encountered with our contractors in relation to them not meeting labor resourcing plans and maintaining progress. We cannot guarantee that our construction costs or total project costs for existing or future projects will not increase beyond amounts initially budgeted.

***We could encounter substantial cost increases or delays in the development of our projects, which could prevent or delay the opening of such projects.***

We may have development projects in the future. The completion of these projects is subject to a number of contingencies, including adverse developments in applicable legislation, delays or failures in obtaining necessary government licenses, permits or approvals, disruptions to key supply markets, including shortages of, and price increases in energy, materials and skilled and unskilled labor, and inflation. The occurrence of any of these developments could increase the total costs or delay or prevent the construction or opening of new projects, which could materially and adversely affect our business, financial condition and results of operations. We may also require additional financing to develop our projects. Our ability to obtain such

financing depends on a number of factors beyond our control, including market conditions, investors' and lenders' perceptions of, and demand for, debt and equity securities of gaming companies and interest rates.

There is no assurance that the actual construction costs related to our projects will not exceed the costs we have projected and budgeted, which could materially and adversely affect our business, cash flow, financial condition, results of operations and prospects.

***Construction is subject to hazards that may cause personal injury or loss of life, thereby subjecting us to liabilities and possible losses, which may not be covered by insurance.***

The construction of large-scale properties, including the types of projects we are or may be involved in, can be dangerous. Construction workers at such sites are subject to hazards that may cause personal injury or loss of life, thereby subjecting the contractors and us to liabilities, possible losses, delays in completion of the projects and negative publicity. For example, in December 2021, there was a fatality at the Studio City Phase 2 construction site and certain façade-related works were suspended for approximately two weeks. We believe, and require, our contractors take safety precautions that are consistent with industry practice, but these safety precautions may not be adequate to prevent serious personal injuries or loss of life, damage to property or delays. If accidents occur during the construction of any of our projects, we may be subject to delays, including delays imposed by regulators, liabilities and possible losses, which may not be covered by insurance, and our business, prospects and reputation may be materially and adversely affected.

#### **Risks Relating to Operating in the Gaming Industry in Macau**

***Our business and operations in Macau are dependent upon our concession and, if we fail to comply with the complex legal and regulatory regime in Macau, our concession may be subject to revocation.***

Under the terms of the Concession Contract, we are obligated to comply with all laws, regulations, rulings and orders promulgated by the Macau government from time to time. In addition, we must comply with all terms of the Concession Contract which contains various general covenants and provisions, such as general and special duties of cooperation, special duties of information and obligations in relation to the execution of our investment plan, as to which the determination of compliance is subjective and depend, in part, on our ability to maintain continuing communications and good faith negotiations with the Macau government to ensure that we are performing our obligations and covenants under the concession and applicable laws and regulations in a manner that would avoid any violations. We cannot assure you that we will perform such obligations and covenants in a way that satisfies the requirements of the Macau government.

Melco Resorts Macau's concession further provides that the Macau government is allowed to request various changes in our investment plan and impose business and corporate requirements that may be binding on us. Melco Resorts Macau must also first obtain the Macau government's approval before raising certain financing and must notify the Macau government before taking certain financial decisions. As a result, we cannot assure you that we will be able to comply with these requirements or any other requirements of the Macau government or with the other requirements and obligations imposed by our concession, the gaming law or other related regulations.

The harshest penalty that may be imposed on us for failure to comply with the complex legal and regulatory regime in Macau and the terms of the Concession Contract is revocation of the concession. Under the concession, the Macau government has the right to unilaterally terminate the concession in the event of non-compliance by Melco Resorts Macau with its basic obligations under the concession and applicable Macau laws. If such a termination were to occur, any casino premises and gaming equipment at that time will revert or be transferred to the Macau government without compensation to us and we would be unable to operate casino gaming in Macau, which would have a material adverse effect on our financial condition, results of

operations and cash flows and could result in defaults under our indebtedness agreements and a partial or complete loss of our investments in our projects. Termination events include, among others, endangerment to the national security of the PRC or Macau; the operation of gaming without permission or operation of a business which does not fall within the business scope of the concession; abandonment of approved business or suspension of operations of its gaming business in Macau without reasonable grounds; transfer of all or part of Melco Resorts Macau's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of fortune or chance and other casino games in Macau and without Macau government approval; failure to pay taxes, premiums, levies or other amounts payable to the Macau government; systematic non-compliance with the Macau Gaming Operations Law's basic obligations; for reasons of public interest; and for failure to meet probity standards or failure to meet the investment amount and other criteria set in the Concession Contract within the period set by the Macau government. These events could lead to the termination of Melco Resorts Macau's concession without compensation to Melco Resorts Macau. In many of these instances, the Concession Contract does not provide for a specific cure period within which any such events may be cured and the granting of any cure period, if at all, would be at the discretion of the Macau government. See "Item 4. Information on the Company — B. Business Overview — Regulations — Gaming Licenses — The Concession Contract in Macau."

Currently, there is no precedent on how the Macau government will treat the termination of a concession and the laws and regulations relating to termination of a concession have not yet been applied by the Macau government. Accordingly, the scope and enforcement of the provisions of Macau's gaming regulatory system cannot be fully assessed.

***Studio City faces significant risks and uncertainties which may materially and adversely affect our business, financial condition and results of operations.***

Studio City commenced operations in October 2015 and operates in a challenging competitive environment. For example, some of our competitors in Macau have expanded operations or have announced intentions for further expansion and developments in Cotai, where Studio City is located. See "— We face intense competition in Macau, the Philippines and elsewhere in Asia and Europe and may not be able to compete successfully." Moreover, we face risks and uncertainties related to changes to the Chinese and Macau governments' policies and regulations relating to gaming markets, including those affecting gaming table allocation and caps, smoking restrictions, exchange controls and repatriation of capital, measures to control inflation and monetary transfers and travel restrictions.

In addition, Studio City may find it challenging to comply with the terms imposed under its financing arrangements, especially during periods of challenging market conditions (including changes in the PRC's economy). The 2028 Studio City Senior Secured Credit Facility and the indentures governing the Studio City Notes impose certain operating and financial restrictions, including limitations on the ability to pay dividends, incur additional debt, make investments, create liens on assets or issue preferred stock. If we are unable to comply with such restrictions, it could cause repayment of our debt to be accelerated. See "— The agreements governing our credit facilities and debt instruments contain certain covenants that restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions or otherwise take actions that may be in our best interests" and "— The renewal of a land concession is subject to compliance with certain legal requirements. In the event of any failure to meet such legal requirements, we could be forced to forfeit all or part of our investment in City of Dreams and Studio City, along with our interest in the land on which City of Dreams and Studio City properties are located and the building and structures on such land."

All of the foregoing trends, risks and uncertainties may have a material adverse impact on our business, financial condition and results of operations.

***Our gaming operations in Macau could be adversely affected by restrictions on the export of the Renminbi and any unfavorable fluctuations in the currency exchange rates of the Renminbi.***

Gaming operators in Macau are currently prohibited from accepting wagers in Renminbi, the currency of China. There are currently restrictions on the export of the Renminbi outside of the PRC, including to Macau. For example, a Chinese citizen traveling abroad is only allowed to take a total of RMB20,000 (equivalent to approximately US\$2,809) plus the equivalent of up to US\$5,000 out of China. The annual limit of RMB100,000 (equivalent to approximately US\$14,046) is the aggregate amount that can be withdrawn overseas by any person from Chinese bank accounts and it was set by the Chinese government, with effect on January 1, 2018. In addition, the Chinese government's ongoing anti-corruption campaign has led to tighter monetary transfer regulations, including real-time monitoring of certain financial channels, reducing the amount that China-issued ATM cardholders can withdraw in each withdrawal, imposing a limit on the annual aggregate amount that may be withdrawn and the launch of facial recognition and identity card checks with respect to certain ATM users, which could disrupt the amount of money visitors can bring from the PRC to Macau. Furthermore, a law also exists to control cross-border transportation of cash and other negotiable instruments to the bearer. In accordance with such law, all individuals entering Macau with an amount in cash or negotiable instrument to the bearer equal to or higher than the amount of MOP120,000 (equivalent to approximately US\$14,914) as determined by the Chief Executive of Macau are required to declare such amount to the customs authorities. The adoption of digital currency by the Chinese government may also cause more restrictions on the export of the Renminbi out of the PRC, which may impede the flow of customers from the PRC to Macau, inhibit the growth of gaming in Macau and negatively impact our operations.

In addition, the value of RMB against the U.S. dollar and other currencies may fluctuate and may be affected by, among other things, changes in political and economic conditions and the foreign exchange policies adopted by the PRC government. In 2023, the value of RMB depreciated approximately 3% against the U.S. dollar. It remains difficult to predict how market forces or PRC or U.S. government policy, including the ongoing trade disputes between the PRC and the U.S. governments may further exacerbate the devaluation of the RMB against the U.S. dollar and other currencies in the future. Given that we derive a significant majority of our revenues from our Macau gaming business and a significant number of our gaming customers come from, and are expected to continue to come from, the PRC, any further devaluation of the RMB against the U.S. dollar and other currencies may affect the visitation and level of spending of these gaming customers and could in turn have a material adverse effect on our revenues and financial condition.

***Adverse changes or developments in gaming laws or other regulations in Macau that affect our operations could be difficult to comply with or may significantly increase our costs, which could cause our projects to be unsuccessful.***

Our operations in Macau are also exposed to the risks of changes in laws and policies. Current laws in Macau, such as licensing requirements, tax rates, immigration and other regulatory obligations, including those for anti-money laundering, could change or become more stringent resulting in additional regulations being imposed upon gaming operations in Macau. See “— The gaming industries in Macau, the Philippines and Cyprus are highly regulated.”

On June 22, 2022, Law no. 7/2022, which amends Law no. 16/2001, or the Macau Gaming Operations Law, was published and on December 19, 2022, Law no. 16/2022, the new Gaming Activities Law, which replaces Administrative Regulation no. 6/2022, or the Gaming Promoter Regulation was published. These laws set additional requirements applicable to our operations. See “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations.” In addition, the Macau government imposed regulations and restrictions that affect the minimum age required for entrance into casinos in Macau, entry into casinos by off-duty gaming related employees, location requirements for sites with gaming machine lounges, data privacy and other matters. Any such legislation, regulation or restriction which is being or may in the future be imposed by the Macau government may have a material adverse impact on our operations, business and



financial performance. Furthermore, our inability to address any of these requirements or restrictions imposed by the Macau government could adversely affect our reputation and result in criminal or administrative penalties, in addition to any civil liability and other expenses. See “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations.”

Also, smoking on the premises of casinos is only permitted in authorized segregated smoking lounges with no gaming activities, and such segregated smoking lounges are required to meet certain standards determined by the Macau government. Our properties currently have a number of segregated smoking lounges. We cannot assure you that the Macau government will not enact more stringent smoking control legislation. Such limitations imposed on smoking have and may deter potential gaming patrons who are smokers from visiting casinos in Macau, which could adversely affect our business, results of operations and financial condition. See “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Smoking Regulations.”

Current Macau laws and regulations concerning gaming and gaming concessions and matters such as prevention of money laundering are fairly recent or there is little precedent on the interpretation of these laws and regulations. These laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations or issue new or modified regulations that differ from our interpretation, which could have a material adverse effect on the operation of our properties and on our financial condition, results of operations, cash flows and prospects.

Our activities in Macau are subject to administrative review and approval by various departments of the Macau government. For example, our business activities are subject to the administrative review and approval by the DICJ, Macau health department, Macau labor bureau, Macau construction works bureau, Macau fire department, Macau finance department and Macau Government Tourism Office. We cannot assure you that we will be able to obtain or maintain all necessary approvals, which may materially affect our business, financial condition, results of operations, cash flows and prospects. Macau law permits redress to the courts with respect to administrative actions. However, such redress is largely untested in relation to gaming regulatory issues.

***The Macau government has established a maximum number of gaming tables and gaming machines that may be operated in Macau and has set a minimum average annual gross gaming revenue on gaming tables and gaming machines.***

The Macau government has set a cap on gaming tables and gaming machines that may be operated in Macau at 6,000 gaming tables and 12,000 gaming machines. In addition, gaming tables and gaming machines previously allocated to a concessionaire may also be revoked if the minimum average annual gross gaming revenue of MOP7 million for gaming tables and MOP300,000 for gaming machines are not met for two consecutive years or the tables or gaming machines are not fully utilized without reason within a certain period. Current and future restrictions on gaming tables and gaming machines may have a material impact on our gaming revenues and overall business and operations.

***Melco Resorts Macau benefits from an exemption of Complementary tax on income from gaming operations under the Concession until December 31, 2027 and we may not be able to extend it.***

Companies in Macau are subject to Complementary tax of up to 12% of taxable income, as defined in relevant tax laws. We are also subject to a 35% special gaming tax on our gaming revenues as well as contributions of 2% and 3% of gross gaming revenue to a public fund, and to urban development, touristic promotion and social security, respectively. Such contributions may be waived or reduced with respect to gross gaming revenue generated by foreign patrons under certain circumstances. The Macau government granted to Melco Resorts Macau the benefit of a corporate tax holiday on gaming profits in Macau until 2021, which was extended until December 31, 2022 by dispatch of the Chief Executive. Melco Resorts Macau continues to benefit from the Macau Complementary Tax exemption on gaming profits for the period from January 1, 2023 to

December 31, 2027 pursuant to a Dispatch of the Macau Chief Executive dated January 29, 2024. The non-gaming profits of Melco Resorts Macau remain subject to the Macau Complementary Tax. In addition, the Macau government has granted to one of our subsidiaries in Macau the Macau Complementary tax exemption until 2021 on profits generated from income received from Melco Resorts Macau, to the extent that such income is derived from Studio City gaming operations and has been subject to gaming tax. The dividend distributions of such subsidiary to its shareholders continue to be subject to Complementary tax. We applied for an extension of such Complementary tax exemption for the period from January 1, 2022 to December 31, 2022 and further for the period from January 1, 2023 to December 31, 2027. These applications are subject to the discretionary approval of the Macau government. We cannot assure you that the corporate tax holiday benefits will be extended beyond their expiration dates.

During the five-year period from 2017 through 2021, an annual payment of MOP18.9 million (equivalent to approximately US\$2.3 million) was payable by Melco Resorts Macau with respect to tax due for dividend distributions to the shareholders of Melco Resorts Macau from gaming profits, whether such dividends are actually distributed by Melco Resorts Macau or not, or whether Melco Resorts Macau has distributable profits in the relevant year. For the period from January 1, 2022 to June 26, 2022, a payment of MOP4 million (equivalent to approximately US\$0.5 million) was paid by Melco Resorts Macau. In March 2023, Melco Resorts Macau received an extension of the agreement with the Macau government for an amount of MOP4.2 million (equivalent to approximately US\$0.5 million) as payment for the period from June 27, 2022 to December 31, 2022. In February 2024, Melco Resorts Macau entered into an agreement with the Macau government for an annual payment for the period from 2023 through 2025. Upon the payment of such amount, the shareholders of Melco Resorts Macau will not be liable to pay any other tax in Macau for dividend distributions received from gaming profits. We cannot assure you that the same arrangement will be applied beyond such period or, in the event a similar arrangement is adopted, whether we will be required to pay a higher annual sum.

### **Risks Relating to Operating in the Gaming Industry in the Philippines**

***The land and buildings comprising the site occupied by City of Dreams Manila is leased by Melco Resorts Leisure and thus subject to risks associated with tenancy relationships.***

Melco Resorts Leisure entered into a lease agreement on October 25, 2012, which became effective on March 13, 2013 (as amended or supplemented, the "Lease Agreement"), pursuant to which it leases from Belle Corporation the land and buildings occupied by City of Dreams Manila, which, in turn, leases part of the land from the Philippine government's social security system (the "Social Security System"). Numerous potential issues or causes for disputes may arise from a tenancy relationship, such as with respect to the provision of utilities on the premises, rental lease payments, or any adjustments thereto, and the maintenance and normal repair of the buildings, any of which could result in an arbitrable dispute between Belle Corporation and Melco Resorts Leisure. There can be no assurance that any such dispute would be resolved or settled amicably or expediently or that Melco Resorts Leisure will not encounter any material issues with respect to its tenancy relationship with Belle Corporation. In August 2022 and October 2022, we entered into amendment agreements to the Lease Agreement with Belle Corporation, under which the parties revised the rent payable (i) for the year ended December 31, 2022; and (ii) for the year ended December 31, 2022 through the year ending December 31, 2033, respectively, subject to adjustments based on the annual headline inflation and bonus rent pursuant to the terms thereof. There can be no assurance that any material issue arising out of the tenancy relationship can always be resolved swiftly and on terms acceptable to us. Furthermore, if any dispute arises, Belle Corporation, as lessor, could discontinue essential services necessary for the operation of City of Dreams Manila, or seek relief to oust Melco Resorts Leisure from possession of the leased premises. Any prolonged or substantial dispute between Belle Corporation and Melco Resorts Leisure, or any dispute arising under the lease agreement between Belle Corporation and the Social Security System, could have a material adverse effect on the operations of City of Dreams Manila, which could in turn adversely affect our business, financial condition and results of operations. In addition, any negative publicity arising from disputes with, or non-compliance by, Belle Corporation with the Lease Agreement could have a material adverse effect on our business and prospects, financial condition and results of operations.

Furthermore, the Lease Agreement may be terminated under certain circumstances, including Melco Resorts Leisure's non-payment of rent, or if either party fails to substantially perform any material covenants under the Lease Agreement and fails to remedy such non-performance in a timely manner, which could cause a material adverse effect on our business and prospects, financial condition, results of operations and cash flows.

***If the termination of certain agreements which Belle Corporation previously entered into with another casino operator and other third parties is not effective, such operator and third parties may seek to enforce these agreements against Belle Corporation or MRP as a co-licensee of Belle Corporation, which could adversely impact City of Dreams Manila and MRP.***

Melco Resorts Leisure is designated as the sole operator under the provisional gaming license issued by PAGCOR on December 12, 2008 for the development of an integrated tourism resort and to establish and operate a casino within Entertainment City in Manila, the Philippines, under which the Melco Philippine Parties and the Philippine Parties are co-licensees pursuant to the Amended Certificate of Affiliation and Provisional License dated January 28, 2013 (the "Provisional License"). Prior to this, Belle Corporation and the other Philippine Parties elected to terminate such contracts and the operator with whom Belle Corporation previously contracted, on behalf of itself and such third-party contractors, signed a waiver releasing the Philippine Parties from all obligations thereunder. Although Belle Corporation agreed to indemnify the Melco Philippine Parties from any loss suffered in connection with the termination of such contracts, there can be no assurance that Belle Corporation will honor such agreement. Any issues which may arise from such contracts and their counterparties, or any attempt by another operator or any other third party contractor to enforce provisions under such contracts, could interfere with MRP's operations or cause reputational damage, which could materially and adversely affect our business, financial condition and results of operations.

***Compliance with the terms of the Philippine License, MRP's ability to operate City of Dreams Manila and the success of City of Dreams Manila as a whole are dependent on the actions of the other Philippine Licensees over which MRP has no control.***

Although Melco Resorts Leisure is the sole operator of City of Dreams Manila, the ability of the Melco Philippine Parties to operate City of Dreams Manila, as well as the fulfillment of the terms of the Philippine License granted by PAGCOR in relation to City of Dreams Manila, depends to a certain degree on the actions of the Philippine Parties. For example, the Philippine Parties, as well as the Melco Philippine Parties, are responsible for meeting a certain debt to equity ratio as specified in the Philippine License. The failure of any of the Philippine Parties to comply with these conditions would constitute a breach of the Philippine License. As the Philippine Parties are separate corporate entities over which MRP has no control, there can be no assurance that the Philippine Parties will remain in compliance with the terms of the Philippine License of their obligations and responsibilities under the cooperation agreement (as amended) entered into between the Philippine Parties and the Melco Philippine Parties on October 25, 2012, which became effective on March 13, 2013. In the event of any non-compliance, there can be no assurance that the Philippine License will not be suspended or revoked. In addition, if any of the Philippine Parties fails to comply with any of the conditions to the Philippine License, MRP may be forced to take action against the Philippine Parties under the cooperation agreement between the Philippine Parties and the Melco Philippine Parties or to enter into negotiations with PAGCOR for amendments to the Philippine License. There can be no assurance that any attempt to amend the Philippine License would be successful. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

Furthermore, under the cooperation agreement between the Philippine Parties and the Melco Philippine Parties, the Philippine Parties are required to contribute the land and building structures for City of Dreams Manila. There can be no assurance that the title to the land and building structures for City of Dreams Manila will not be challenged by third parties or the Philippine government in the future. Any such event, each of which is beyond MRP's control, may curtail the ability of MRP to operate City of Dreams Manila in an efficient manner or at all and could have a material adverse effect on our business, financial condition and results of operations.

***Melco Resorts Leisure's right to operate City of Dreams Manila is subject to certain limitations.***

Melco Resorts Leisure's right to operate City of Dreams Manila is subject to certain limitations under the operating agreement for the management and operation of City of Dreams Manila, entered into among Melco Resorts Leisure and the Philippine Parties. For example, Melco Resorts Leisure is prohibited from entering into any contract for City of Dreams Manila outside the ordinary course of the operation and management of City of Dreams Manila with an aggregate contract value exceeding US\$3.0 million (such contract value to be increased by 5.0% each year on each anniversary date of the operating agreement, with the threshold at approximately US\$4.9 million for the year ended December 31, 2023) without the consent of the other Philippine Licensees. In addition, Melco Resorts Leisure is required to remit specified percentages of the mass market and VIP gaming earnings before interest, tax, depreciation and amortization and other defined adjustments or net revenues derived from City of Dreams Manila to PremiumLeisure and Amusement Inc.

If Melco Resorts Leisure is unable to comply with any of the provisions of the operating agreement, the other parties to the operating agreement may bring lawsuits and seek to suspend or replace Melco Resorts Leisure as the sole operator of City of Dreams Manila, or terminate the operating agreement. Moreover, the Philippine Parties may terminate the operating agreement if Melco Resorts Leisure materially breaches the operating agreement. Termination of the operating agreement, whether resulting from Melco Resorts Leisure's or the Philippine Parties' non-compliance with the operating agreement, could cause a material adverse effect on our business and prospects, financial condition, results of operations and cash flows.

***Melco Resorts Leisure may be forced to suspend VIP gaming operations at City of Dreams Manila under certain circumstances.***

Under the operating agreement for City of Dreams Manila, Melco Resorts Leisure must periodically calculate, on a 24-month basis, the respective amounts of VIP gaming earnings before interest, tax, depreciation and amortization and other defined adjustments derived from City of Dreams Manila (the "PLAI VIP EBITDA") and VIP gaming net win derived from City of Dreams Manila pursuant to the operating agreement (the "PLAI VIP Net Win") and report such amounts to the Philippine Parties. If the PLAI VIP EBITDA is less than the PLAI VIP Net Win, the Philippine Licensees must meet within ten business days to discuss and review City of Dreams Manila's financial performance and agree on any changes to be made to the business operations of City of Dreams Manila and/or to the payment terms under the operating agreement. If such an agreement cannot be reached within 90 business days, Melco Resorts Leisure must suspend VIP gaming operations at City of Dreams Manila.

Any suspension of VIP gaming operations at City of Dreams Manila could materially and adversely impact gaming revenues from City of Dreams Manila. Moreover, suspension of VIP gaming operations could effectively lead Melco Resorts Leisure to limit or suspend certain non-gaming operations focusing on VIP players, such as the VIP hotel and VIP lounge, which would further reduce revenues from City of Dreams Manila. Any suspension of VIP gaming operations, even for a brief period of time, could also damage the reputation and reduce the attractiveness of City of Dreams Manila as a premium gaming destination, particularly among premium direct players and other VIP players, as well as gaming promoters, which could have a material adverse effect on our business, financial condition and results of operations.

***MRP's strategy to attract Premium Market customers to City of Dreams Manila may not be effective.***

A part of MRP's strategy for City of Dreams Manila is to capture a share of the premium gaming market in the region. Compared to general market patrons, whose typical wagers are relatively low, premium market patrons usually have higher minimum bets. Despite its targeted marketing efforts, there can be no assurance that the premium market customers will be incentivized to play in City of Dreams Manila rather than in comparable properties in Macau, the Philippines or elsewhere in the region, as these players may be unfamiliar with the Philippines or refuse to change their normal gaming destination. If MRP is unable to expand in the premium market as it intends, this would adversely affect its and/or our business and results of operations.

***Changes in public acceptance of gaming in the Philippines may adversely affect City of Dreams Manila.***

Public acceptance of gaming changes periodically in various gaming locations in the world and represents an inherent risk to the gaming industry. In addition, the Philippine Catholic Church, community groups, non-governmental organizations and individual government officials have, on occasion, taken strong and explicit stands against gaming. PAGCOR has in the past been subject to lawsuits by individuals trying to halt the construction of casinos in their communities. Church leaders have on occasion called for the abolition of PAGCOR. There can be no guarantee that negative sentiments will not be expressed in the future against City of Dreams Manila or integrated casino resorts in general, which may reduce the number of visitors to City of Dreams Manila and may materially and adversely affect our business, financial condition and results of operations.

***MRP may be unable to successfully register City of Dreams Manila as a tourism enterprise zone with the Philippine Tourism Infrastructure and Enterprise Zone Authority, an agency of the Philippine Department of Tourism ("TIEZA").***

While Melco Resorts Leisure intends to apply for a designation as a tourism enterprise with TIEZA, there can be no assurance that TIEZA will approve the designation of Melco Resorts Leisure as a tourism enterprise. If Melco Resorts Leisure is unable to register as a tourism enterprise with TIEZA, it will not be entitled to certain fiscal incentives provided to some of Melco Resorts Leisure's competitors that are registered as tourism enterprises under TIEZA. For example, MRP's liability for value added tax ("VAT") on its sales largely depends on whether it may avail itself of tax incentives under TIEZA. If tax incentives under TIEZA are not available to MRP, it will be liable for VAT, which may result in a material adverse effect on our business and prospects, financial condition, results of operations and cash flows.

In addition, if Melco Resorts Leisure is able to register as a tourism enterprise with TIEZA, it will then be required to withdraw its current registration as a tourism economic zone enterprise with the Philippine Economic Zone Authority. The process of shifting from a tourism economic zone enterprise under the Philippine Economic Zone Authority to a tourism enterprise under TIEZA is uncertain. There is also uncertainty with respect to the fiscal incentives that may be provided to a registered tourism enterprise under TIEZA. Any of the foregoing results could have a material adverse effect on our business, financial condition and results of operations.

However, several legislative bills were previously passed and are currently pending in the Philippine legislature with a view towards rationalizing fiscal incentives currently granted to certain enterprises and activities, including tourism enterprises. It is uncertain whether these bills will be passed into law, or what the effect, if any, will be on the incentives currently granted to qualified tourism enterprises under the Republic Act No. 9593, of the Philippines, or the Tourism Act of 2009.

***MRP's gaming operations are dependent on the Philippine License issued by PAGCOR.***

PAGCOR regulates all gaming activities in the Philippines except for lottery, sweepstakes, jueteng, horse racing and gaming inside the Cagayan Export Zone. City of Dreams Manila's gaming areas may only legally operate under the Philippine License granted by PAGCOR, which imposes certain requirements on the Melco Philippine Parties and their service providers.

The Philippine License is also subject to suspension or termination upon the occurrence of certain events. The requirements imposed by the Philippine License include, among others:

- payment of monthly license fees to PAGCOR;
- maintenance of a debt-to-equity ratio (based on calculation as agreed with PAGCOR) for each of the Philippine Licensees of no greater than 70:30;

- at least 95.0% of the total employees of City of Dreams Manila must be Philippine citizens;
- the Philippine Licensees shall demonstrate the fitness and propriety of gaming promoters;
- 2.0% of certain casino revenues must be remitted to a foundation devoted to the restoration of cultural heritage and 5.0% of certain non-gaming revenues to PAGCOR; and
- operation of only the authorized casino games approved by PAGCOR.

Moreover, certain provisions and requirements of the Philippine License are open to different interpretations and have not been interpreted by Philippine courts or made subject to more detailed interpretative rules. There is no guarantee that the Melco Philippine Parties' proposed mode of compliance with these or other requirements of the Philippine License will be free from administrative or judicial scrutiny in the future. Any difference in interpretation between PAGCOR and MRP with respect to the Philippine License could result in sanctions against the Melco Philippine Parties, including fines or other penalties, such as suspension or termination of the Philippine License. There can be no assurance that the Philippine Licensees will be able to continuously comply with all of the Philippine License's requirements, or that the Philippine License will not be modified to contain more onerous terms or amended in such a manner that would cause the Philippine Licensees to lose interest in the operation of City of Dreams Manila. If the Philippine License is materially altered or revoked for any reason, including the failure by any of the Philippine Licensees to comply with its terms, MRP may be required to cease City of Dreams Manila's gaming operations, which could have a material adverse effect on our business, financial condition and results of operations. In addition, a failure in the internal control systems of MRP may cause PAGCOR to adversely modify or revoke the Philippine License. Finally, the Philippine License will terminate in 2033, coinciding with the PAGCOR Charter's termination, and there is no guarantee that the PAGCOR Charter or the Philippine License will be renewed.

In addition, City of Dreams Manila's gaming operation is highly regulated in the Philippines. As PAGCOR is also a gaming operator, there can be no assurance that PAGCOR will not withhold certain approvals from the Melco Philippine Parties in order to favor its own gaming operations. PAGCOR may also modify or impose additional conditions on its licensees or impose restrictions or limitations on Melco Resorts Leisure's casino operations that would interfere with Melco Resorts Leisure's ability to provide VIP services, which could adversely affect MRP's business, financial condition and results of operations.

***City of Dreams Manila may be required to obtain an additional legislative franchise, in addition to its Philippine License.***

On August 2, 2017, House Bill No. 6111 was filed which proposed the creation of the Philippine Amusements and Gaming Authority, or PAGA, which, if adopted, would replace PAGCOR as the regulatory agency of gaming activities in the Philippines. Also under House Bill No. 6111, the holders of gaming licenses in the Philippines, including the Philippine Licensees, would be required to obtain from the Philippine Congress a legislative franchise to operate gambling casinos, gaming clubs and other similar gambling enterprises within one year from the date of the proposed law's effectiveness. Non-compliance would result in the operations of holders of gaming licenses in the Philippines, including the Philippine Licensees, to be considered as illegal. On October 2, 2017, House Bill No. 6514 was filed whose provisions are essentially similar to House Bill No. 6111, particularly on the need for holders of gaming licenses in the Philippines, including the Philippine Licensees, to obtain from the Philippine Congress a legislative franchise within one year from the date of the proposed law's effectiveness.

In the event that House Bills 6111 and 6514 are signed into law, City of Dreams Manila may be required to obtain an additional legislative franchise in addition to its Philippine License and there can be no assurance that such a franchise, which requires legislative approval, will be granted. In addition, the Philippine License may be subject to amendment or repeal by the Philippine Congress. In the event City of Dreams Manila is not granted any required franchise, or the Philippine License is materially amended or repealed, the operation of City of Dreams Manila may cease, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

***Changes to fiscal incentives and other forms of taxes that may be implemented by the Philippines government from time to time may have a material adverse effect on our Philippine subsidiaries.***

For the gaming-related transactions in our Philippines operations, Melco Resorts Leisure currently enjoys exemptions from national, local, direct and indirect taxes, including VAT, in the Philippines pursuant to the PAGCOR charter and is subject to license fees which are inclusive of the 5% franchise tax payable to PAGCOR based on gross gaming revenue in the Philippines, in lieu of all other taxes. In 2022, the Philippine Bureau of Internal Revenue (“BIR”) issued Revenue Memorandum Circular No. 32-2022, which sought to impose 12% VAT on gaming revenue. While Melco Resorts Leisure and the other integrated resorts submitted a joint letter to BIR challenging the imposition of VAT on gaming transactions, there is no assurance that we will prevail on any challenge and any assessment of VAT on our gaming revenue could have a material adverse effect on our business, financial condition and results of operations.

Further, Melco Resorts Leisure, by virtue of its being registered with the Philippine Economic Zone Authority as a Tourism Economic Zone Enterprise, enjoys a tax and duty exemption on importation and VAT zero-rating on its local purchases of certain capital equipment used in registered activities. Our Philippines subsidiaries are also liable for VAT on certain transactions. On March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was signed and took effect on April 11, 2021 and is applicable to income derived from our non-gaming operations in the Philippines. CREATE reduced the minimum corporate income tax from 2% to 1% for the period from July 1, 2020 to June 30, 2023 and the corporate income tax rate from 30% to 25% starting July 1, 2020.

Any future amendments of CREATE, such as changes on the application of value-added and corporate income taxes and tax rates or changes to the fiscal incentives provided to Melco Resorts Leisure pursuant to its registration with the Philippine Economic Zone Authority as a Tourism Economic Zone Enterprise, may have significant negative impact on our Philippines business. Our Philippine subsidiaries may also be subject to other forms of taxes that may be implemented by the Philippine government from time to time, which could have a material adverse effect on our business, financial condition and results of operations.

***MRP is exposed to risks in relation to MRP’s previous business activities and industry.***

Prior to our acquisition of MRP, MRP’s primary business was the manufacture and processing of pharmaceutical products. The pharmaceuticals industry is highly regulated in the Philippines and abroad. There can be no assurance that MRP will not be involved in or subject to claims, allegations or suits with respect to its previous activities in the pharmaceutical industry for which MRP may not be insured fully or at all. Although MRP has indemnities as to certain liabilities or claims or other protections put in place, any adverse claim or liability imputed to MRP with respect to its previous business activities could have a material adverse effect on its business and prospects, financial condition, results of operations and cash flow.

***Our Philippine operations may be adversely affected by policy changes in the Philippines.***

Our Philippine operations may be adversely affected by changes in policies due to changes in government personnel in the Philippines, including but not limited to any changes following elections in the Philippines. There can be no assurance that newly elected or appointed officials will not modify previous policies in relation to the development and operation of integrated tourism resorts in the Philippines, tax incentives extended to their developers or operators or policies on gaming and tourism in the Philippines in general. Newly elected or appointed officials may also impose more stringent or additional conditions on gaming licenses or seek to discourage Philippine citizens from gambling by imposing restrictions. We are unable to predict whether new officials will seek to further alter or impose stricter conditions relating to gaming in the Philippines. Adverse changes in policies and regulations by the current administration or any officials elected or appointed in the future in the Philippines could disrupt the operations of our Philippine subsidiaries and materially and adversely affect our financial condition and results of operations.

## **Risks Relating to Operating in the Gaming Industry in Cyprus**

*Our operations in Cyprus, particularly at City of Dreams Mediterranean, face significant risks and uncertainties which may materially and adversely affect our business, financial condition and results of operations.*

Our operations in Cyprus include City of Dreams Mediterranean and the license to operate four satellite casinos. In July 2019, we acquired a 75% equity interest in ICR Cyprus from Melco International, our controlling shareholder, while the remaining 25% equity interest in ICR Cyprus is held by The Cyprus Phassouri (Zakaki) Limited. We have entered into a shareholders' agreement with The Cyprus Phassouri (Zakaki) Limited regarding certain commercial and financial arrangements pursuant to which we, as more fully set out in additional management and service contracts, (i) provide certain corporate-level management services to ICR Cyprus and its subsidiaries for a fixed amount of EUR2 million (equivalent to approximately US\$2.2 million) per annum and (ii) have the right to receive an allotment of preference shares in the gaming license-holding subsidiary of ICR Cyprus, which will provide the right to a preferential dividend, among other terms.

We will require the continued partnership and cooperation of The Cyprus Phassouri (Zakaki) Limited for the operation of City of Dreams Mediterranean and the Cyprus Casinos. Two satellite casinos in Nicosia and Larnaca opened in 2018 (the Larnaca satellite casino ceased operations in June 2020), one satellite casino opened in 2019 in Ayia Napa and one satellite casino in Paphos opened in February 2020. In addition, our City of Dreams Mediterranean project, which required significant investment of capital and other resources, opened to the public in July 2023. Prior to the opening of City of Dreams Mediterranean, we operated a temporary casino in Limassol from 2018 to 2023. Our operations in Cyprus are also subject to ongoing compliance with various laws, regulations, licenses, permits and renewals of those licenses and permits. Given our relatively short operating history and limited experience in Cyprus, which also represents our first significant business venture outside of Asia, it may be difficult for us to comply with the applicable laws and regulations or to secure all necessary licenses and permits in Cyprus, which could be time-consuming and significantly increase our costs. In addition, Cyprus is a relatively new gaming market and we may not achieve the intended results or return through our operations in Cyprus.

While we have already made significant capital investments for the development and operation of our operations in Cyprus, the ongoing operation of City of Dreams Mediterranean requires further significant additional capital investments, which may be funded through various sources, including equity, cash on hand, operating free cash flow as well as other financing, including by way of shareholder loans and external debt financing. We will be required to obtain approval from, or the consent of, or notify relevant government authorities, including the CGC, in order to enter into any debt financing. Given that this is the first significant integrated casino resort developed in Cyprus, we may face difficulty in obtaining the necessary approvals or consents for debt financing in a timely manner or at all. Our ability to obtain such debt financing also depends on a number of factors beyond our control, including the military conflict between Russia and Ukraine, the Israel-Hamas conflict, and other conflicts in the Middle East, rising interest rates, market volatility, and a contraction of liquidity in the global credit markets and lenders' perceptions of, and demand for, the debt financing for City of Dreams Mediterranean. Under the shareholders' agreement entered into between us and The Cyprus Phassouri (Zakaki) Limited regarding ICR Cyprus, the shareholders are obligated to use all commercially reasonable endeavors, subject to certain terms and conditions, to source debt financing of up to EUR437 million (equivalent to approximately US\$484 million) for the development of City of Dreams Mediterranean. To the extent there is a shortfall in the amount of third-party debt available (or available on commercially-acceptable terms), we are obligated to fund the shortfall up to the full amount of EUR437 million (equivalent to approximately US\$484 million) on terms which are, subject to certain terms and conditions, no less favorable to the project than any commercially-acceptable terms available in the commercial lending market. In connection therewith, a shareholder loan agreement for up to EUR275 million (equivalent to approximately US\$304 million) was entered into by a subsidiary of the Company as lender, and Integrated Casino Resorts as borrower in March 2020. In addition, a further shareholder loan agreement for up to EUR250 million (equivalent to approximately US\$277 million) was entered into by a subsidiary of the Company as lender, and Integrated Casino Resorts as borrower in



May 2022, along with a subordination agreement pursuant to which the March 2020 shareholder loan was subordinated to the May 2022 shareholder loan. There is no guarantee that we can secure the necessary additional capital investments, including any debt financing, required for the ongoing operation of City of Dreams Mediterranean in a timely manner or at all. In addition, our operation of City of Dreams Mediterranean may be subject to additional risks, particularly, the military conflict between Russia and Ukraine, the Israel-Hamas conflict, and other conflicts in the Middle East, and the resulting disruptions.

See “— Economic or trade sanctions and a heightened trend towards trade and technology “de-coupling” could negatively affect the relationships and collaborations with our suppliers, service providers, technology partners and other business partners and our ability to accept certain customers, which could materially and adversely affect our competitiveness and business operations” for discussions of events relating to Cyprus.

All of the foregoing trends, risks and uncertainties may have a material adverse impact on our business, financial condition and results of operations.

***Cyprus’ gaming operations are dependent on the Cyprus License issued by CGC and any failure to comply with the terms of the Cyprus License could have a material adverse effect on our business, financial condition and results of operations.***

Our current operations in Cyprus, including City of Dreams Mediterranean in Limassol and three satellite casinos in Nicosia, Ayia Napa and Paphos, are dependent on the Cyprus License granted by the government of Cyprus to Integrated Casino Resorts on June 26, 2017. Under the Cyprus License, Integrated Casino Resorts has been granted the right to develop, operate and maintain an integrated casino resort in Limassol, Cyprus and up to four satellite casino premises in Cyprus, for a term of 30 years from the date of grant with the right for exclusivity in Cyprus for the first 15 years of the term. The Cyprus License imposes certain requirements and conditions on Integrated Casino Resorts and its service providers, including the threat of suspension or termination of the Cyprus License upon the occurrence of certain events. Such requirements include, among others:

- in connection with the operation of City of Dreams Mediterranean and, until the operation of such integrated casino resort, a temporary casino, payment to the government of Cyprus of an annual license fee of EUR2.5 million (equivalent to approximately US\$2.8 million) per year for the first four-year period commencing from June 26, 2017, the grant date of the Cyprus License, and an annual license fee of EUR 5.0 million (equivalent to approximately US\$5.5 million) per year for the second four-year period. Upon completion of the above eight-year period and for each four-year period thereafter, the government of Cyprus may review the annual license fee payable for each four-year term, provided that the annual license fee payable per year shall be no less than EUR 5.0 million (equivalent to approximately US\$5.5 million) and subject to a maximum percentage increase;
- in connection with the operation of the satellite casino in Nicosia, payment to the government of Cyprus of an annual license fee of EUR1.0 million (equivalent to approximately US\$1.1 million) per year since its commencement of operations;
- in connection with the operation of each of the satellite casinos in Larnaca (which ceased operation in June 2020), Ayia Napa and Paphos, payment to the government of Cyprus of an annual license fee of EUR0.5 million (equivalent to approximately US\$0.6 million) per year since their operations commenced; and
- payment to the government of Cyprus of a monthly casino tax of an amount equal to 15% of the gross gaming revenue, such casino tax not to be increased during the initial 15-year exclusivity period under the Cyprus License.

Moreover, given that the Cyprus License is the first casino license granted in Cyprus, certain provisions and requirements of the Cyprus License have not yet been interpreted by Cyprus courts and may thereby be subject to different interpretations. There is no guarantee that Integrated Casino Resorts' proposed mode of compliance with these or other requirements of the Cyprus License will be free from administrative or judicial scrutiny in the future. Any difference in interpretation of such Cyprus License requirements between the CGC and/or the government of Cyprus on the one hand and Integrated Casino Resorts on the other could result in sanctions against Integrated Casino Resorts, including fines or other penalties such as suspension or even termination of the Cyprus License.

There can be no assurance that we will be able to continuously comply with all the requirements under the Cyprus License, or that the Cyprus License will not be modified to contain more onerous terms or in such other manner that would cause us to lose our interest in our Cyprus operations, particularly when the initial 15-year exclusivity period expires in 2032. If the Cyprus License is materially altered or revoked for any reason, including due to any failure by us to comply with its terms, we may be required to cease our gaming operations in Cyprus, which could have a material adverse effect on our business, financial condition and results of operations.

#### **Risks Relating to Our Corporate Structure and Ownership**

***Our controlling shareholder has a substantial influence over us, and its interests in our business may be different than yours. We have had, and may continue to have, transactions with our controlling shareholder and its affiliates and such transactions may create conflicts of interest between us and our controlling shareholder.***

As of March 15, 2024, Melco International's beneficial ownership in our Company was approximately 51.69%. There are risks associated with the possibility that Melco International may: (i) have economic or business interests or goals that are inconsistent with ours; (ii) have operations and projects elsewhere in Asia or elsewhere in the world that compete with our businesses in Macau, the Philippines, Cyprus and in other countries and for available resources and management attention; (iii) take actions contrary to our policies or objectives; or (iv) have financial difficulties. In addition, there is no assurance that the laws and regulations relating to foreign investment in Melco International's governing jurisdictions will not be altered in such a manner as to result in a material adverse effect on our business and operating results.

In addition, Melco International has the power, among other things, to elect or appoint all of the directors to our board, including our independent directors, appoint and change our management, affect our legal and capital structure and our day-to-day operations, approve material mergers, acquisitions, dispositions and other business combinations and approve any other material transactions and financings. These actions may be taken in many cases without the approval of other shareholders and the interests of Melco International may conflict with your interests as minority shareholders.

We have entered into various related party transactions with Melco International and its affiliates and subsidiaries. For example, we acquired a 75% equity interest in ICR Cyprus from Melco International on July 31, 2019. Prior to this acquisition, we had entered into arrangements with Melco International to provide planning, design, construction and other services to Melco International and its subsidiaries in connection with the City of Dreams Mediterranean project. In August 2022, we repurchased 9,995,799 ordinary shares and 25,000,000 ADSs, collectively representing approximately 5.5% of our Company's outstanding shares at that time, from Melco Leisure. In March 2023, we repurchased 40,373,076 ordinary shares, representing approximately 3% of our Company's outstanding shares at that time, from Melco Leisure. We may, from time to time, enter into additional agreements and arrangements with Melco International or its affiliates or subsidiaries in connection with other projects. We may, from time to time, purchase, acquire or invest in other assets, companies or projects held or sponsored by Melco International or its affiliates or subsidiaries or Melco International may make such purchases, acquisitions or investments in assets, companies or projects that our Company holds. The

consideration or amount of such purchase, acquisition or investment may be material or significant. While we believe the terms of agreements and arrangements we have with Melco International or its affiliates or subsidiaries are commercially reasonable, the determination of such commercial terms are subject to judgment and estimates and we may have obtained different terms had we entered into such agreements or arrangements with independent third parties.

***Melco International may pursue additional casino projects in Asia, Europe or elsewhere, which, along with its current operations, may compete with our projects in Macau, the Philippines and Cyprus, which could have material adverse consequences to us and the interests of our minority shareholders.***

Melco International may take action to construct and operate new gaming projects located in other countries in the Asian region, Europe or elsewhere, which, along with its current operations, may compete with our projects in Macau, the Philippines and Cyprus and could have adverse consequences to us and the interests of our minority shareholders. We could face competition from these other gaming projects as well as competition from regional competitors. We expect to continue to receive significant support from Melco International in terms of its local experience, operating skills, international experience and high standards. Should Melco International decide to focus more attention on casino gaming projects located in other areas of Asia or elsewhere that may be expanding or commencing their gaming industries, or should economic conditions or other factors result in a significant decrease in gaming revenues and number of patrons in Macau, the Philippines and/or Cyprus, Melco International may make strategic decisions to focus on their other projects rather than us, which could adversely affect our growth.

Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition. We cannot guarantee you that Melco International will make strategic and other decisions which do not adversely affect our business.

***Changes in our share ownership, including a change of control of our shares or our subsidiaries' shares, could result in our subsidiaries' inability to draw loans or cause events of default under our subsidiaries' indebtedness, or could require our subsidiaries to prepay or make offers to repurchase certain indebtedness, as well as potentially negatively affect our ability to retain our concession in Macau.***

Credit facility agreements relating to certain of our indebtedness contain change of control provisions, including in respect of ownership over our shares as well as our obligations relating to our control and/or ownership of certain of our subsidiaries and their assets. Under the terms of such credit facility agreements, the occurrence of certain change of control events, including a decline below certain thresholds in the aggregate direct or indirect shareholdings of us held by Melco International and the aggregate direct or indirect shareholdings of certain of our subsidiaries held by us or certain of our subsidiaries (as the case may be) may result in an event of default and/or a cancellation of committed amounts as well as a requirement to prepay the credit facilities in relation to such indebtedness in full. Other applicable change of control events under the credit facility agreements include steps being taken in connection with the liquidation or dissolution of certain of our subsidiaries.

The terms of the Studio City Notes and the Melco Resorts Finance Notes also contain change of control provisions whereby the occurrence of a relevant change of control event will require us to offer to repurchase the Studio City Notes or the Melco Resorts Finance Notes (as the case may be) (and, in the case of a change of control event under the Melco Resorts Finance Notes, which is accompanied by a ratings decline) at a price equal to 101% of their principal amount, plus accrued and unpaid interest and, if any, additional amounts and other amounts specified under such indebtedness to the date of repurchase.

Any occurrence of these events could be outside our control and could result in events of default and cross-defaults which may cause the termination and acceleration of our credit facilities, the Studio City Notes and Melco Resorts Finance Notes and potential enforcement of remedies by our lenders or note holders (as the

case may be), which would have a material adverse effect on our financial condition and results of operations. For example, Melco Leisure has pledged 667,360,904 ordinary shares of our Company held by it in connection with a credit facility entered into by it and Melco International. If they are unable to comply with certain covenants under such credit facility, it could result in the relevant lenders enforcing the pledge, which could result in a change of control in our Company that would trigger the above provisions under our credit facilities, the Studio City Notes and Melco Resorts Finance Notes.

Such a change of control would also potentially adversely affect our ability to retain our concession in Macau. In the event we are unable to retain our concession in Macau, our business, financial condition, cash flows and prospects would be materially and adversely affected, including as a result of the fact that, in such case, an event of default or a mandatory prepayment obligation would arise under our credit facilities and result in the cancelation of committed amounts as well as a requirement to prepay the credit facilities in relation to such indebtedness in full. Furthermore, under the terms of the Studio City Notes and the Melco Resorts Finance Notes, we would also be required to offer to repurchase the Studio City Notes and the Melco Resorts Finance Notes at a price equal to 100% of their principal amount, plus accrued and unpaid interest and, if any, additional amounts and other amounts specified under such indebtedness to the date of repurchase. We may not have sufficient funds to make such payments or be able to refinance such indebtedness or obtain additional debt to satisfy these obligations on acceptable terms, or at all. See also “— We may not be able to generate sufficient cash flow to meet our debt service obligations.”

***Studio City International may be unable to remain in compliance with the New York Stock Exchange (“NYSE”) requirements for its continued listing and as a result the SC ADSs may be delisted from trading on the New York Stock Exchange, which could have a material effect on us and the liquidity of the SC ADSs and its Class A ordinary shares.***

Our subsidiary, Studio City International, completed the Studio City IPO in 2018 and its SC ADSs have been listed on the New York Stock Exchange since then. In February 2020, Studio City International received a notice from the New York Stock Exchange notifying it that it was not in compliance with Section 802.01A of the New York Stock Exchange Listed Company Manual or the NYSE Manual, which requires the number of total shareholders of Studio City International’s capital stock be no less than 400 shareholders, or the NYSE Notice. Pursuant to the NYSE Notice, Studio City International became subject to the procedures set forth in Sections 801 and 802 of the NYSE Manual and was requested to submit a business plan within 90 days of receipt of the NYSE Notice that demonstrated how it expected to return to compliance with the minimum total shareholder requirement within a maximum period of 18 months of receipt of the notice.

In accordance with the timing requirement under the NYSE Notice, Studio City International submitted a business plan in May 2020, or the NYSE Business Plan. On July 2, 2020, Studio City International was notified the NYSE Business Plan was accepted by the New York Stock Exchange. In such notification, the New York Stock Exchange also notified it that it was not in compliance with the requirement under Section 802.01A of the NYSE Manual which requires the number of total shareholders of Studio City International’s capital stock to be no less than 1,200 shareholders if the average monthly volume of its ADSs is less than 100,000 for the most recent 12 months, or the Additional NYSE Non-Compliance Event, and subject to the procedures set forth in Sections 801 and 802 of the NYSE Manual for the Additional NYSE Non-Compliance Event.

On May 7, 2021, the NYSE notified Studio City International that it had regained compliance with the continued listing requirement contained in the initial NYSE Notice. Subsequently on July 30, 2021, the NYSE further notified Studio City International that it had regained compliance with the Additional NYSE Non-Compliance Event.

We cannot assure you that Studio City International can or will continually adhere to all of the continued listing requirements of the New York Stock Exchange, including those required to maintain our listing on the New York Stock Exchange, or that the New York Stock Exchange will not take any other action in the

course of monitoring its compliance with the continued listing requirements of the New York Stock Exchange. If Studio City International is delisted from the New York Stock Exchange, the SC ADSs or its ordinary shares may be eligible for trading on an over-the-counter market in the United States. In the event that Studio City International is not able to obtain a listing on another U.S. stock exchange or quotation service for its ADSs, it may be extremely difficult for holders of the SC ADSs and its shareholders to sell their SC ADSs or ordinary shares in Studio City International. Moreover, if the SC ADSs are delisted from the New York Stock Exchange but listed elsewhere, it will likely be on a market with less liquidity and more price volatility than experienced on the New York Stock Exchange. Holders of the SC ADSs and its shareholders may not be able to sell their SC ADSs or ordinary shares in Studio City International on any such substitute market in the quantities, at the times or at the prices that could potentially be available on a more liquid trading market. In addition, following a delisting from the New York Stock Exchange, as direct or indirect holders of 5% or more of Studio City International's shares are subject to suitability and financial capacity reviews by the DICJ, any direct or indirect sales of SC ADSs or ordinary shares in Studio City International representing 5% or more of its outstanding share capital may require prior approval by the Macau government.

### **Risks Relating to Our Financing and Indebtedness**

***Our current, projected and potential future indebtedness could impair our financial condition, which could further exacerbate the risks associated with our significant leverage.***

We have incurred and expect to incur, based on current budgets and estimates, secured and unsecured long-term indebtedness.

Our outstanding indebtedness as of December 31, 2023 includes:

- HK\$8.22 billion (equivalent to US\$1.05 billion) under the 2020 Credit Facilities;
- HK\$1.0 million (equivalent to US\$0.1 million) under the 2015 Credit Facilities;
- HK\$1.0 million (equivalent to US\$0.1 million) under the 2028 Studio City Senior Secured Credit Facility;
- US\$1.00 billion from Melco Resorts Finance's issuance of the 2025 Senior Notes;
- US\$500.0 million from Melco Resorts Finance's issuance of the 2026 Senior Notes;
- US\$600.0 million from Melco Resorts Finance's issuance of the 2027 Senior Notes;
- US\$850.0 million from Melco Resorts Finance's issuance of the 2028 Senior Notes;
- US\$1.15 billion from Melco Resorts Finance's issuance of the 2029 Senior Notes;
- US\$397.0 million from Studio City Finance's issuance of the 2025 Studio City Notes;
- US\$500.0 million from Studio City Finance's issuance of the 2028 Studio City Notes;
- US\$1.10 billion from Studio City Finance's issuance of the 2029 Studio City Notes; and
- US\$350.0 million from Studio City Company's issuance of the 2027 Studio City Notes.

We may incur further indebtedness to finance any future projects or phases of projects, or for general corporate purposes.

Our significant indebtedness could have material consequences. For example, it could:

- make it difficult for us to satisfy our debt obligations;
- increase our vulnerability to general adverse economic and industry conditions, including disruptions to global economic conditions;

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- impair our ability to obtain additional financing in the future for working capital needs, capital expenditures, acquisitions or general corporate purposes;
- require us to dedicate a significant portion of our cash flow from operations to the payment of principal and interest on our debt, which would reduce the funds available to us for our operations or expansion of our existing operations;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage as compared to our competitors, to the extent that they are not as leveraged;
- subject us to higher interest expenses in the event of increases in interest rates to the extent a portion of our indebtedness bears interest at variable rates;
- cause us to incur additional expenses by hedging interest rate exposures of our indebtedness and exposure to hedging counterparty failures to pay under such hedging arrangements, which would reduce the funds available to us to fund our operations; and
- in the event we or one of our subsidiaries were to default, result in the loss of all or a substantial portion of our and/or our subsidiaries' assets over which our creditors have taken or will take security.

Any of the above or other consequences or events could have a material adverse effects on our ability to satisfy our other obligations.

***We may require additional financing to complete our investment projects or in our business operations, which may not be available on satisfactory terms or at all.***

We have funded our capital investment projects through, among others, cash generated from our operations, credit facilities, issuance of debt securities and equity financings. For example, we used such capital resources to fund the development of the remaining land for our Studio City development project, and we may require additional financing in the future for our capital investment projects, which we may raise through debt or equity financing. In connection with the Concession Contract, Melco Resorts Macau committed to an overall investment of MOP11,823.7 million (equivalent to approximately US\$1.47 billion) and incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US\$248.9 million), in the event Macau's annual gross gaming revenue reaches MOP180.0 billion (equivalent to approximately US\$22.37 billion) ("Incremental Investment Trigger"). As Macau's annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US\$22.37 billion) in 2023, the Incremental Investment Trigger was triggered in 2023, thereby increasing Melco Resorts Macau's non-gaming investment by MOP2,003.0 million (equivalent to approximately US\$248.9 million), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US\$1.72 billion) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,331.0 million (equivalent to approximately US\$165.4 million). We may also require additional financing in the future to fund our business operations. We may be required to obtain approval from, or consent of, or notify relevant government authorities or third parties in order to enter into such financings. There are no assurances that we would be able to obtain any required approval or consent from the relevant government authorities or third parties with respect to such financing in a timely manner or at all.

Any financing related to the above may also be subject to, among others, the terms of credit facilities, the Melco Resorts Finance Notes and the Studio City Notes and any future financings. In addition, our ability to obtain debt or equity financing on acceptable terms depends on a variety of factors that are beyond our control, including market conditions, investors' and lenders' perceptions of, and demand for, debt and equity securities of gaming companies and interest rates. For example, changes in rating outlooks may subject us to rating agency

downgrades, which could make it more difficult for us to obtain financing on acceptable terms. Central banks across the world have increased interest rates since 2022 and if such increase persists, our borrowing costs will be increased. The continued pressure on the Chinese property market since 2022, as well as the deterioration in the Chinese economy post-COVID-19 also negatively impacted the market for high yield bonds of issuers in other sectors connected with the PRC, including those issued by Macau gaming operators and associated entities. As a result, we cannot assure you that we will be able to obtain sufficient financing on terms satisfactory to us, or at all, to finance our capital investment projects. If we are unable to obtain such funding, our business, cash flow, financial condition, results of operations and prospects could be materially and adversely affected. We may, from time to time, seek to obtain new financings or refinance our outstanding debt through international markets. Any such financing or refinancing, and our evaluation thereof, will depend on the prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Operating in the Gaming Industry in Macau — Our business and operations in Macau are dependent upon our concession and, if we fail to comply with the complex legal and regulatory regime in Macau, our concession may be subject to revocation,” “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Financing and Indebtedness — Any inability to maintain current financing or obtain future financing could result in delays in our project development schedule and could impact our ability to comply with the terms of the Concession Contract and generate revenues from operations at our present and future projects” and “Item 4. Information on the Company — B. Business Overview — Regulations — Gaming Licenses — The Concession Contract in Macau.”

***We may not be able to generate sufficient cash flow to meet our debt service obligations.***

Our ability to make scheduled payments due on our existing and anticipated indebtedness obligations, including our credit facilities, the Melco Resorts Finance Notes and Studio City Notes, to refinance and to fund working capital needs, planned capital expenditures and development efforts will depend on our ability to generate cash. We will require generation of sufficient operating cash flow from our projects to service our current and future projected indebtedness. Our ability to obtain cash to service our existing and projected debt is subject to a range of economic, financial, competitive, legislative, regulatory, business and other factors, many of which are beyond our control, including:

- our future operating performance;
- the demand for services that we provide;
- general economic conditions and economic conditions affecting the PRC, Macau, the Philippines, Cyprus or the gaming industry in particular, including market conditions such as increases in inflation and other global economic, political and social conditions;
- our ability to hire and retain employees and management at a reasonable cost;
- competition; and
- legislative and regulatory factors affecting our operations and business.

We may not be able to generate sufficient cash flow from operations to satisfy our existing and projected indebtedness obligations or our other liquidity needs, in which case we may have to seek additional borrowings or undertake alternative financing plans, such as refinancing or restructuring our indebtedness, selling assets, reducing or delaying capital investments or seek to raise additional capital on terms that may be onerous or highly dilutive, any of which could have a material adverse effect on our operations.

Our ability to incur additional borrowings or refinance our indebtedness, including our credit facilities, the Melco Resorts Finance Notes and Studio City Notes, will depend on the condition of the financing and capital markets, our financial condition at such time and potentially governmental approval. We cannot assure you that

any additional borrowing, refinancing or restructuring would be possible or that any assets could be sold or, if sold, the timing of any sale or the amount of proceeds that would be realized from any such sale. We cannot assure you that additional financing could be obtained on acceptable terms, if at all, or would be permitted under the terms of our various debt instruments then in effect, including the indentures governing the Melco Resorts Finance Notes and Studio City Notes.

In addition, any failure to make scheduled payments of interest or principal on our outstanding indebtedness would likely result in a reduction of our credit rating and constitute an event of default, which would harm our ability to incur additional indebtedness on commercially reasonable terms or at all. Our failure to generate sufficient cash flow to satisfy our existing and projected indebtedness obligations or other liquidity needs, or to refinance our obligations on commercially acceptable terms or at all, could have a material adverse effect on our business, financial condition and results of operations.

***The agreements governing our credit facilities and debt instruments contain certain covenants that restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions or otherwise take actions that may be in our best interests.***

The agreements governing our credit facilities and debt instruments contain restrictions on our ability to engage in certain transactions and may limit our ability to respond to changing business and economic conditions, including regulatory changes, or otherwise take actions that may be in our best interests. Certain of these agreements have restrictions that include, among other things, limitations on our ability and the ability of our restricted subsidiaries or other members of our obligor group to do some or all of the following:

- pay dividends or distributions or repurchase equity;
- make loans, payments on certain indebtedness, distributions and other restricted payments or apply revenues earned in one part of our operations to fund development costs or cover operating losses in another part of our operations;
- incur additional debt, including guarantees;
- make certain investments;
- create liens on assets to secure debt;
- enter into transactions with affiliates;
- issue shares of subsidiaries;
- enter into sale-leaseback transactions;
- engage in other businesses;
- merge or consolidate with another company;
- undergo a change of control;
- transfer, sell or otherwise dispose of assets;
- issue disqualified stock;
- create dividend and other payment restrictions affecting subsidiaries;
- designate restricted and unrestricted subsidiaries; and
- vary Melco Resorts Macau's Concession Contract or Melco Resorts Macau's and certain of its subsidiaries' land concessions and certain other contracts.

Certain of our credit facilities and debt instruments also require us to satisfy various financial covenants, which include requirements for minimum interest coverage ratio and leverage ratios. For more



information on financial covenants we are subject to under our credit facilities and debt instruments, see note 11 to the consolidated financial statements included elsewhere in this annual report. Future indebtedness or other agreements may contain covenants more restrictive than those contained in our existing credit facilities and debt instruments. In addition, we may also rely on waivers given by lenders in respect of certain terms and covenants under the facilities from time to time. For example, on August 16, 2022, MCO Nominee One 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 such as (i) to meet or exceed the interest cover ratio, (ii) not to exceed the senior leverage ratio, and (iii) not to exceed the total leverage ratio. MCO Nominee One paid a customary fee to all consenting lenders in relation to such consent. There is no assurance that we will be successful in any future attempts to obtain consents or waivers of terms and conditions under any of the facilities from any lender on terms that are acceptable to us or at all.

In addition, certain of our indebtedness is secured by mortgages, assignment of land use rights, leases or equivalents, security over shares, charges over bank accounts, security over assets and other customary security over the assets of our Macau subsidiaries. In the event of a default under such agreements governing our existing indebtedness, the holders of such secured indebtedness would first be entitled to payment from their collateral security, and only then would holders of our Macau subsidiaries' unsecured debt be entitled to payment from their remaining assets.

Our ability to comply with the terms of our outstanding credit facilities and debt instruments may be affected by general economic conditions, industry conditions and other events outside of our control. As a result, we may not be able to maintain compliance with these covenants. In addition, if our properties' operations fail to generate adequate cash flow, we may breach these covenants, causing a default under our agreements, upon which creditors could terminate their commitments to lend to us, accelerate repayment of the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, our credit facilities and debt instruments contain cross-acceleration or cross-default provisions, as a result of which our default under one facility or instrument may cause the acceleration of repayment of debt or result in a default under our other facilities or instruments. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness, or that we would be able to find alternative financing. Even if we do obtain alternative financing, we cannot assure you that it would be on terms that are favorable or acceptable to us.

***Drawdown or rollover of advances under our credit facilities involve satisfaction of extensive conditions precedent and our failure to satisfy such conditions precedent will result in our inability to utilize or roll over loan advances under such facilities. There is no assurance that we will be able to satisfy all conditions precedent under our current or future credit facilities.***

Our current and future credit facilities, including the 2015 Credit Facilities, the 2020 Credit Facilities and the 2028 Studio City Senior Secured Credit Facility, require and will require satisfaction of extensive conditions precedent prior to the advance or rollover of loans under such facilities. If there is a breach of any terms or conditions of our credit facilities or other obligations and the breach is not cured or capable of being cured, or if we are unable to make certain representations, then such conditions precedent will not be satisfied. Our ability to satisfy such conditions precedent may also be affected by the actions of third parties and/or matters outside of our control, such as government consents and approvals and market conditions, and thus also result in our inability to satisfy any conditions precedent. We may also rely on waivers given by lenders to waive satisfaction of certain conditions precedent under the facilities from time to time. There is no assurance that we will be successful in any future attempts to obtain consents or waivers of terms and conditions under any of the facilities from any lender on terms that are acceptable to us or at all. The inability to draw down or roll over loan advances under any credit facility may result in a funding shortfall in our operations and we may not be able to fulfill our obligations as planned. Such events may also result in an event of default under the respective credit facility and may also trigger cross-defaults under our other indebtedness obligations. There can be no

assurance that all conditions precedent to draw down or roll over loan advances under our credit facilities will be satisfied in a timely manner or at all. If we are unable to draw down or roll over loan advances under any current or future facility, we may have to find a new group of lenders and negotiate new financing terms or consider other financing alternatives. If required, it is possible that new financing would not be available or would have to be procured on substantially less attractive terms, which could harm the economic viability of the relevant development project. The need to arrange such alternative financing would likely also delay the construction and/or operations of our future projects or existing properties, which would affect our cash flows, results of operations and financial condition.

***Any inability to maintain current financing or obtain future financing could result in delays in our project development schedule and could impact our ability to comply with the terms of the Concession Contract and generate revenues from operations at our present and future projects.***

If we are unable to maintain our current financing arrangements or obtain suitable financing for our operations and our current or future projects (including any acquisitions we may make), such failure could adversely impact our compliance with our Concession Contract, our existing operations, or cause delays in, or prevent completion of, the development of any current or future projects. In connection with the Concession Contract, Melco Resorts Macau committed to an overall investment of MOP11,823.7 million (equivalent to approximately US\$1.47 billion) and incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US\$248.9 million), in the event Macau's annual gross gaming revenue reaches MOP180.0 billion (equivalent to approximately US\$22.37 billion). As Macau's annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US\$22.37 billion) in 2023, the Incremental Investment Trigger was triggered in 2023, thereby increasing Melco Resorts Macau's non-gaming investment by MOP2,003.0 million (equivalent to approximately US\$248.9 million), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US\$1.72 billion) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,331.0 million (equivalent to approximately US\$165.4 million). Any inability to obtain suitable financing, or at all, may cause us to fail to comply with the terms of our Concession Contract, the harshest penalty of which for any non-compliance that may be imposed on us is revocation of the Concession Contract. See "Item 3. Key Information — D. Risk Factors — Risks Relating to Operating in the Gaming Industry in Macau — Our business and operations in Macau are dependent upon our concession and, if we fail to comply with the complex legal and regulatory regime in Macau, our concession may be subject to revocation" and "Item 4. Information on the Company — B. Business Overview — Regulations — Gaming Licenses — The Concession Contract in Macau."

In addition, such failure may also limit our ability to operate and expand our business and may adversely impact our ability to generate revenue. Furthermore, the costs incurred by any new financing may be greater than anticipated due to unfavorable market conditions. Any such increase in funding costs may have a negative impact on our revenue and financial condition.

#### **Risks Relating to Our Shares and ADSs**

***The trading price of our ADSs has been volatile since our ADSs began trading on Nasdaq and may be subject to fluctuations in the future, which could result in substantial losses to investors.***

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. Our ADSs were first quoted on the Nasdaq Global Market beginning on December 19, 2006, and were upgraded to trade on the Nasdaq Global Select Market, or the Nasdaq, since January 2, 2009. During the period from December 19, 2006 to March 15, 2024, the trading prices of our ADSs ranged from US\$2.27 to US\$45.70 per ADS and the closing sale price on March 15, 2024 was US\$7.20 per ADS. The market price for our shares and ADSs may continue to be volatile and subject to wide fluctuations in response to factors, including the following:

- international political tensions, including between China and the U.S., and policies and/or legislation which may be proposed and/or enacted in relation to such tensions;

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- developments in the Macau market, the Philippine market, the Cyprus market or other Asian or European gaming markets, including disruptions caused by widespread health epidemics or pandemics, such as COVID-19 outbreaks, and the announcement or completion of major new projects by our competitors;
- uncertainties or delays relating to the financing, completion and successful operation of our projects;
- general economic, political or other factors that affect the region where our properties are located and/or the macroeconomic environment, including any global pandemic or crisis;
- regulatory developments affecting us or our competitors;
- actual or anticipated fluctuations in our quarterly operating results;
- announcements of new investments, acquisitions, strategic partnerships, joint ventures or divestments by us or our competitors;
- changes in performance and value of our investments;
- changes in financial estimates by securities research analysts;
- changes in the economic performance or market valuations of other gaming and leisure industry companies;
- changes in our market share of the Macau, Philippine and/or Cyprus gaming markets;
- detrimental adverse publicity about us, our properties or our industries;
- addition or departure of our executive officers and key personnel;
- fluctuations in the exchange rates between the U.S. dollar, H.K. dollar, Pataca, Renminbi, Euro and the Philippine peso;
- release or expiration of lock-up or other transfer restrictions on our outstanding shares or ADSs;
- sales or perceived sales of additional shares or ADSs or securities convertible or exchangeable or exercisable for shares or ADSs;
- potential litigation or regulatory investigations; and
- rumors related to any of the above, irrespective of their veracity.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. For example, in connection with COVID-19 outbreaks, securities markets across the globe have experienced significant volatility. These market fluctuations may also have a material adverse effect on the market price of our ADSs. In addition, we are a Cayman Islands holding company and not a Chinese operating company and investors may never directly hold equity interests in our operating subsidiaries. This organizational structure involves unique risks to investors, including the possibility of Chinese or Macau regulatory authorities disallowing our organizational structure, which would likely result in a material change in our operations and/or value of our ADSs making them significantly decline or worthless.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and

results of operations. In addition, as a company listed on Nasdaq, we are subject to certain rules and requirements implemented by Nasdaq. The rules of Nasdaq impose various continued listing requirements. We cannot assure you that we can or will continually adhere to all of such requirements, including those required to maintain our listing on Nasdaq. Any failure to adhere to the applicable requirements could result in costs, penalties, administrative remedies or other consequences, any of which may result in a material adverse effect on our business, prospects, results of operations and financial condition.

***We cannot assure you that we will make dividend payments in the future.***

On May 14, 2020, we announced the suspension of the Company's quarterly dividend program to preserve liquidity in light of the COVID-19 outbreaks and to continue investing in our business. We cannot assure you that we will resume the Company's quarterly dividend program or make any dividend payments on our shares in the future. Dividend payments will depend upon a number of factors, including the operating environment, our results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered relevant by our board. Except as permitted under the Companies Act (as amended) of the Cayman Islands, and the common law of the Cayman Islands, we are not permitted to distribute dividends unless we have a profit, realized or unrealized, or a reserve set aside from profits which our directors determine is no longer needed. Our ability, or the ability of our subsidiaries, to pay dividends is further subject to restrictive covenants contained in the 2015 Credit Facilities, the 2020 Credit Facilities, the Studio City Notes, the 2028 Studio City Senior Secured Credit Facility and other agreements governing indebtedness we and our subsidiaries may incur. Such restrictive covenants contained in the 2015 Credit Facilities and the 2020 Credit Facilities include satisfaction of certain financial tests and conditions such as continued compliance with specified interest cover, cash cover and leverage ratios. The Studio City Notes and 2028 Studio City Senior Secured Credit Facility also contain certain covenants restricting payment of dividends by Studio City Finance and its subsidiaries, respectively. For more details, see "Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Indebtedness."

***Substantial sales or perceived sales of our shares or ADSs in the public market could cause the price of our ADSs and shares to decline.***

Sales of our ADSs or shares in the public market, or the perception that these sales could occur, could cause the market price of our shares and ADSs to decline. There is no assurance that Melco International will not sell all or a part of its ownership interest in us. Any sale of their interest may be subject to volume and other restrictions, as applicable, under Rule 144 under the Securities Act of 1933, or the Securities Act. To the extent these or other shares are sold into the market, the market price of our shares and ADSs could decline. The ADSs represent interests in our shares. We would, subject to market forces, expect there to be a close correlation in the price of our ADSs and the price of the shares and any factors contributing to a decline in one market is likely to result to a similar decline in another. In addition, Melco International has the right to cause us to register the sale of their shares under the Securities Act, subject to the terms of the registration rights agreement. Registration of these shares under the Securities Act would result in these shares becoming eligible for deposit in exchange for freely tradable ADSs without restriction under the Securities Act immediately upon the effectiveness of the registration statement. Sales of these registered shares in the public market could cause the price of our share and ADSs to decline.

Any decision by us to issue or raise further equity, which would result in dilution to existing shareholders, could cause the price of our ADSs and shares to decline.

***If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.***

The trading market for our ADSs depends in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research

coverage or if one or more of the analysts who covers us downgrades our ADSs or publishes inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

***Techniques employed by short sellers may drive down the market price of our ADSs.***

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies that have substantially all of their operations in Greater China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in our ADSs could be greatly reduced or even rendered worthless.

***Holders of ADSs have fewer rights than shareholders and must act through the depository to exercise those rights.***

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying ordinary shares of the depository and in accordance with the provisions of the deposit agreement. Advance notice of at least seven days is required for the convening of our annual general meeting and other shareholders meetings. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw ordinary shares represented by your ADSs to allow you to cast your vote with respect to any specific matter. In addition, the depository and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depository to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depository to vote your ADSs. The depository and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to convene a shareholder meeting.

***You may be subject to limitations on transfers of your ADSs.***

Your ADSs are transferable on the books of the depository. However, the depository may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depository may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depository are closed, or at any time if we deem or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

***Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is unlawful or impractical to make them available to you.***

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act of 1933, or the Securities Act, or an exemption from the registration requirements is available. Also, under the deposit agreement, the depository bank will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depository may, at its discretion, decide that it is unlawful, inequitable or impractical to make a distribution available to any holders of ADSs. For example, the depository may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depository may decide not to distribute such property and you will not receive such distribution.

***We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.***

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Act (as amended) of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands (except for those decisions handed down from the Judicial Committee of the Privy Council to the extent that these have been appealed from the Cayman Islands courts). The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association, a list of the current directors and the register of mortgages and charges) or to obtain copies of lists of shareholders of these

companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a U.S. public company. For a discussion of significant differences between the provisions of the Companies Act (as amended) of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Item 10. Additional Information — B. Memorandum and Articles of Association — Differences in Corporate Law.”

***You may have difficulty enforcing judgments obtained against us.***

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. All of our current operations, and administrative and corporate functions are conducted in Macau, Hong Kong, Singapore, the Philippines and Cyprus. In addition, substantially all of our directors and officers are nationals and residents of countries other than the United States. A substantial portion of the assets of these persons are located outside the United States. Due to the lack of reciprocity and treaties between the United States and some of these foreign jurisdictions, together with cost and time constraints, it may be difficult for you to effect service of process within the United States upon these persons. In particular, while none of our directors or officers spend a significant amount of time physically located in mainland China, all of our directors and officers, other than Ms. Galante, spend a significant amount of time physically located in Hong Kong and/or Macau, and it will be more difficult to enforce liabilities and enforce judgments on those individuals.

It may also be difficult for you to enforce in the Cayman Islands, Macau, Hong Kong, Singapore, the Philippines, Cyprus or Japan courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors, most of whom are not residents in the United States and the substantial portion of whose assets are located outside of the United States. For instance, judgments of United States courts may not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, the common law permits an action to be brought upon a foreign judgment. Similarly, the judgment of United States courts may not be directly enforced in Macau. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Macau and the United States. However, Macau’s civil procedure law permits an action to be brought to the Macau Second Instance Court for the recognition of a judgment obtained in a foreign jurisdiction. However, a separate legal action for enforcement of the foreign judgment must be commenced in Macau in order to recover a debt from the judgment debtor, in case the debtor does not make voluntary payment of its debt upon recognition of the foreign judgment by the Courts in Macau.

In addition, there is uncertainty as to whether the courts of the Cayman Islands, Macau, Hong Kong, Singapore, the Philippines, Cyprus or Japan would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. In addition, it is uncertain whether such Cayman Islands, Macau, Hong Kong, Singapore, Philippines, Cyprus or Japan courts would be competent to hear original actions brought in the Cayman Islands, Macau, Hong Kong, Singapore, the Philippines, Cyprus or Japan against us or such persons predicated upon the securities laws of the United States or any state.

***We may be classified as a passive foreign investment company for U.S. federal income tax purposes, which could result in adverse U.S. federal income tax consequences to U.S. Holders of our ADSs or ordinary shares.***

Based on the current market price of our ADSs and ordinary shares, and the composition of our income, assets and operations, we do not believe we were a passive foreign investment company, or PFIC, for

our taxable year ended December 31, 2023. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you that we will not be a PFIC for any taxable year. A non-U.S. corporation will be a PFIC for any taxable year if either (i) at least 75% of its gross income for such year is “passive income” (as defined in the relevant provisions of the Internal Revenue Code of 1986, as amended) or (ii) at least 50% of the value of its assets (generally based on a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash are categorized as passive assets, and the company’s goodwill and other unbooked intangibles are generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, more than 25% (by value) of the stock. A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets, including the value of our goodwill and unbooked intangibles, for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and ordinary shares, a significant decrease in the market price of the ADSs and ordinary shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC. If we are a PFIC for any taxable year during which a U.S. Holder (as defined in “Item 10. Additional Information — E. Taxation — United States Federal Income Taxation”) holds an ADS or ordinary share, certain adverse U.S. federal income tax consequences could apply to such U.S. Holder. For example, such U.S. Holder may incur a significantly increased U.S. federal income tax liability on the receipt of certain distributions on our ADSs or ordinary shares or on any gain recognized from a sale or other disposition of our ADSs or ordinary shares, and will become subject to potentially burdensome reporting requirements. U.S. Holders should consult their tax advisers regarding the application of these rules. See “Item 10. Additional Information — E. Taxation — United States Federal Income Taxation — Passive Foreign Investment Company.”

***Changes in tax law relating to multinational corporations could adversely affect our tax position.***

The member countries of the Organization for Economic Co-operation and Development (“OECD”), with the support of the G20, initiated the base erosion and profit shifting (“BEPS”) project in 2013 in response to concerns that changes were needed to international tax laws. In November 2015, the G20 finance ministers adopted final BEPS reports designed to prevent, among other things, the artificial shifting of income to low-tax jurisdictions, and legislation to adopt and implement the standards set forth in such reports has been enacted or is currently under consideration in a number of jurisdictions. In May 2019, the OECD published a “Programme of Work,” which was divided into two pillars. Pillar One focused on the allocation of group profits among taxing jurisdictions based on a market-based concept rather than the historical “permanent establishment” concept. Pillar Two, among other things, introduced a global minimum tax. On October 10, 2021, 137 member jurisdictions of the G20/OECD Inclusive Framework on BEPS (including Israel) joined the “Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy” which sets forth the key terms of such two-pillar solution, including a reallocation of taxing rights among market jurisdictions under Pillar One and a global minimum tax rate of 15% under Pillar Two. The agreement reached by 137 of the 140 members of the OECD’s Inclusive Framework on BEPS calls for law enactment by OECD and G20 members in 2022 to take effect in 2023 and 2024. On December 20, 2021, the OECD published model rules to implement the Pillar Two rules and released commentary to the Pillar Two model rules in March 2022 and published administrative guidance in February 2023, July 2023 and December 2023. The model rules and commentary allow the OECD’s Inclusive Framework members to begin implementing the Pillar Two rules in accordance with the agreement reached in October 2021. As the Two Pillar solution is subject to implementation by each member country, the timing and ultimate impact of any such changes on our tax obligations is uncertain. These changes, when enacted, by various countries in which we do business may increase our taxes in these countries. The foregoing tax changes and other possible future tax changes may have an adverse impact on us, our business, financial condition, results of operations and cash flow.



**ITEM 4. INFORMATION ON THE COMPANY**

**A. HISTORY AND DEVELOPMENT OF THE COMPANY**

Our Company was incorporated in December 2004 as an exempted company with limited liability under the Companies Act (as amended) of the Cayman Islands. Our subsidiary Melco Resorts Macau is one of six companies licensed, through concession, to operate casinos in Macau. For more information on our corporate structure, see “— C. Organizational Structure.”

In December 2006, we completed the initial public offering of our ADSs, each of which represents three ordinary shares, and listed our ADSs on the Nasdaq under the symbol “MPEL.”

In May 2008, we changed our name from Melco PBL Entertainment (Macau) Limited to Melco Crown Entertainment Limited.

In January 2009, we were upgraded to trade on the Nasdaq Global Select Market.

On July 27, 2011, we acquired a 60% equity interest in SCI, the developer of Studio City. Studio City is a large-scale cinematically-themed integrated resort developed in Macau.

On December 19, 2012, we completed the acquisition of a majority interest in the issued share capital of MRP, a company then listed on The Philippine Stock Exchange, Inc. (the “Philippine Stock Exchange”). Following the completion of our acquisition of MRP, we transferred our 100% equity interest in Melco Resorts Leisure to MRP in March 2013. Melco Resorts Leisure has been granted the exclusive right to manage, operate and control our Philippines integrated casino resort project, City of Dreams Manila.

In May 2016, we repurchased 155 million of our ordinary shares from Crown Asia Investments Pty, Ltd. Following completion of the repurchase and cancellation of such shares and certain changes in the composition of our board of directors, Melco International became our single largest shareholder and we were thereafter treated as a subsidiary of Melco International.

In February 2017, the privately-negotiated sale by Crown Asia Investments Pty, Ltd. to Melco Leisure, through which Melco Leisure purchased 198,000,000 of our ordinary shares from Crown Asia Investments Pty, Ltd., closed and Melco International became our sole majority shareholder.

In March 2017, our name change from Melco Crown Entertainment Limited to Melco Resorts & Entertainment Limited became effective.

In April 2017, our Nasdaq ticker symbol changed from “MPEL” to “MLCO.”

In May 2017, we issued and sold 27,769,248 ADSs (equivalent to 83,307,744 ordinary shares) and 81,995,799 ordinary shares and also repurchased 165,303,544 ordinary shares from Crown Asia Investments Pty, Ltd. for the aggregate purchase price of US\$1.2 billion, and such repurchased shares were subsequently canceled by us.

In October 2018, SCI completed its initial public offering of 28,750,000 SC ADSs (equivalent to 115,000,000 Class A ordinary shares of SCI), of which 15,330,000 SC ADSs were purchased by our subsidiary, MCO Cotai Investments Limited. In November 2018, the underwriters exercised their over-allotment option in full to purchase an additional 4,312,500 SC ADSs from SCI. After giving effect to the exercise of the over-allotment option, the total number of SC ADSs sold in the Studio City IPO was 33,062,500 SC ADSs, which raised net proceeds of approximately US\$406.7 million from the SC ADSs sold in the Studio City IPO and aggregate gross proceeds of approximately US\$2.5 million from the concurrent private placement to Melco

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International in connection with Melco International's "assured entitlement" distribution to its shareholders, after deducting underwriting discounts and commissions and a structuring fee, but before deducting offering expenses payable by SCI.

In December 2018, we completed the voluntary tender offer to acquire a total of 1,338,477,668 common shares of MRP from other minority shareholders of MRP and, together with an additional 107,475,300 shares acquired on or after December 6, 2018, increased our equity interest in MRP from approximately 72.8% immediately prior to the announcement of the tender offer to approximately 97.9% on December 13, 2018. MRP was involuntarily delisted from the Philippine Stock Exchange in June 2019 as its public ownership had fallen below the minimum requirement of the Philippine Stock Exchange for more than six months.

In June 2019, we acquired an approximately 9.99% ownership interest in Crown Resorts and in April 2020, we sold the entire equity interest to a third party and ceased to be a shareholder of Crown Resorts.

On July 31, 2019, we acquired a 75% equity interest in ICR Cyprus, whose subsidiaries are currently operating City of Dreams Mediterranean in Limassol and three satellite casinos in Nicosia, Ayia Napa and Paphos.

On May 4, 2022, we were identified as a Commission-Identified Issuer under the Holding Foreign Companies Accountable Act (the "HFCAA") and the rules promulgated thereunder because our auditor at that time was Ernst & Young, located in Hong Kong, which was a PCAOB-Identified Firm as of May 4, 2022. On August 16, 2022, we changed our auditor from Ernst & Young, located in Hong Kong, to Ernst & Young LLP, located in Singapore, which is not a PCAOB-Identified Firm. In December 2022, the PCAOB announced that it secured complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong. As a result, until such time as the PCAOB issues any new determination, we do not believe we are at risk of being a Commission-Identified Issuer nor at risk of having our securities subject to a trading prohibition under the HFCAA.

In August 2022, we repurchased 9,995,799 ordinary shares and 25,000,000 ADSs from Melco Leisure.

In March 2023, we repurchased 40,373,076 ordinary shares from Melco Leisure.

Our principal executive offices are located at 71 Robinson Road, #04-03, Singapore 068895 and 38<sup>th</sup> Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Our telephone number is 852-2598-3600 and our fax number is 852-2537-3618. Our registered office is located at Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands. Our website is [www.melco-resorts.com](http://www.melco-resorts.com). The information contained on our website is not part of this annual report on Form 20-F.

The SEC maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

## **B. BUSINESS OVERVIEW**

### **Overview**

We are a developer, owner and operator of integrated resort facilities in Asia and Europe. We currently have three major casino-based operations in Macau, namely, City of Dreams, Altira Macau and Studio City, and non-casino based operations in Macau at our Mocha Clubs. We also have a casino-based operation in the Philippines, City of Dreams Manila. In 2019, we expanded our footprint outside of Asia and into Europe following our acquisition of a 75% equity interest in ICR Cyprus, which owns and operates City of Dreams Mediterranean and three satellite casinos in Cyprus.

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Our current and future operations are designed to cater to a broad spectrum of gaming patrons, from high-stakes rolling chip gaming patrons to gaming patrons seeking a broader entertainment experience. We currently own and operate five Forbes Travel Guide Five-Star hotels in Asia — Altira Macau, Studio City's Star Tower, Morpheus and Nüwa in both Macau and Manila — and received 16 Forbes Travel Guide Five-Star and three Forbes Travel Guide Four-Star recognitions across our properties in 2024. We seek to attract patrons throughout Asia, Europe and, in particular, from Greater China.

In the Philippines, Melco Resorts Leisure, a subsidiary of MRP, currently operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila.

In Cyprus, Integrated Casino Resorts, a wholly-owned subsidiary of ICR Cyprus, currently operates and manages City of Dreams Mediterranean in Limassol and our three satellite casinos in Cyprus.

We have earned multiple international accolades recognizing our excellence in operations, corporate social responsibility and contributions towards sustainability. These awards include:

- “Best Overall CSR Program” at the IAG Academy IR Awards 2023,
- “Outstanding Contribution in Corporate Social Responsibility” and “Best Responsible Gaming Program” at the Asia Gaming Awards 2023,
- “Corporate Social Responsibility Award of the Year” at the Global Gaming Awards Asia for the second consecutive year in 2023,
- “2023 Excellence in Practice Award” by The Association for Talent Development (ATD) in the “Career Development” category for the Company’s “Foundation Accelerated Program”,
- “Best Environmental Responsibility” at the Asian Excellence Awards by *Corporate Governance Asia* magazine for the 11<sup>th</sup> consecutive year in 2023,
- Being named among the Top 10 most sustainable hospitality companies in the 3<sup>rd</sup> Greater China Hotel Business Sustainability Index launched by CUHK Business School’s Centre for Business Sustainability in 2023,
- “Sustainability Award” at the International Gaming Awards in 2022,
- The Company’s training program “Morpheus Moments – Whatever It Takes, Whenever, However” was granted the “2022 Excellence in Practice Award” by The Association for Talent Development (ATD) in the “Customer Service Training” category,
- “Sustainable Resort of the Year” at the International Gaming Awards in 2021,
- “Climate Change Initiative” at the Pacific Asia Travel Association (PATA) Gold Awards in 2021,
- “Asia’s Best CSR” at the Asian Excellence Awards by *Corporate Governance Asia* magazine for the second consecutive year in 2021,
- “WeCare™ HR Asia Most Caring Companies Award” in 2021,
- “Best Companies to Work for in Asia” by *HR Asia* magazine for the third consecutive year in 2021, and
- RG Check certifications for our entire global portfolio, including Altira Macau, City of Dreams, Studio City, City of Dreams Manila and the Cyprus Casinos in 2021, making us the first and only operator globally to receive RG Check certifications for its entire portfolio. Developed by the Responsible Gambling Council, RG Check is the world’s gold standard and most comprehensive responsible gaming accreditation program established and implemented by an independent panel of respected gaming specialists.

We generated a significant majority of our total revenues for each of the years ended December 31, 2023, 2022 and 2021 from our operations in Macau, the principal market in which we compete. For further information on the Macau gaming market, see “— Market and Competition — Macau Gaming Market.”

## **Our Major Existing Operations**

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

City of Dreams is an integrated resort in Cotai, Macau, which opened in June 2009. City of Dreams is a premium-focused property, targeting high-end customers and rolling chip patrons from regional markets across Asia. City of Dreams had an average of approximately 430 gaming tables and approximately 628 gaming machines in 2023, compared to an average of approximately 447 gaming tables and approximately 677 gaming machines in 2022 and an average of approximately 511 gaming tables and approximately 572 gaming machines in 2021.

The resort brings together a collection of brands to create an experience that appeals to a broad spectrum of visitors from around Asia. Morpheus offers approximately 783 rooms, suites and villas. Nüwa, which was under renovation since early 2020 and re-opened at the end of March 2021 offers approximately 286 guest rooms and the Grand Hyatt Macau hotel offers approximately 763 guest rooms. The Countdown is expected to undergo renovations as part of its rebranding. In addition, City of Dreams includes approximately 41 restaurants and bars, approximately 162 retail outlets, a wet stage performance theater, recreation and leisure facilities, including health and fitness clubs, swimming pools, spas and salons and banquet and meeting facilities. The Para nightclub offers approximately 2,232 square meters (equivalent to approximately 24,025 square feet) of live entertainment space. SOHO, a lifestyle entertainment and dining precinct located on the second floor of City of Dreams, offers customers a wide selection of food and beverage and other non-gaming offerings. The wet stage performance theater with approximately 2,000 seats features The House of Dancing Water (temporarily closed since June 2020) is expected to re-open in late 2024.

City of Dreams has garnered numerous awards in recognition of its high level of customer service and diverse range of entertainment experiences. Below are some of these accolades:

- Morpheus and its spa were recognized by Forbes Travel Guide with Five-Star recognition for the fifth consecutive year in 2024. Other accolades garnered by Morpheus include:
  - Being listed among the World’s Most Beautiful Hotels by the Prix Versailles in 2023, and
  - Top 10% worldwide hotels for 2021 Travelers’ Choice Award by Tripadvisor.
- Nüwa was recognized as a Forbes Travel Guide Five-Star hotel for the 12<sup>th</sup> consecutive year in 2024, while its spa was awarded Forbes Travel Guide Five-Star recognition for the 11<sup>th</sup> consecutive year,
- The Cantonese culinary masterpiece Jade Dragon was awarded Forbes Travel Guide Five-Star recognition for the 11<sup>th</sup> consecutive year in 2024. It maintained its three-star MICHELIN rating for the sixth consecutive year in the MICHELIN Guide Hong Kong Macau 2024 and received Three Diamonds in the Black Pearl Restaurant Guide 2024 for the fifth consecutive year,
- The ultimate French culinary experience provided by Alain Ducasse at Morpheus enabled it to receive Forbes Travel Guide Five-Star recognition for the fifth year in 2024. It attained two MICHELIN stars in the MICHELIN Guide Hong Kong Macau 2024 for the sixth year running and was honored with One Diamond in its Black Pearl Restaurant Guide debut in 2024, and
- Yi at Morpheus was honored with Forbes Travel Guide Five-Star recognition for the fifth year in 2024. It received One Diamond in the Black Pearl Restaurant Guide 2024 for the fifth consecutive year and was recommended by MICHELIN Guide Hong Kong Macau 2024.

The Dancing Water Theater, a wet stage performance theater with approximately 2,000 seats, features the internationally acclaimed and award-winning water-based extravaganza, The House of Dancing Water. The

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House of Dancing Water is the live entertainment centerpiece of the overall leisure and entertainment offering at City of Dreams and highlights City of Dreams as an innovative entertainment-focused destination, strengthening the overall diversity of Macau as a multi-day stay market and one of Asia's premier leisure and entertainment destinations. The House of Dancing Water incorporates costumes, sets and audio-visual special effects and showcases an international cast of performance artists. The House of Dancing Water has been temporarily closed since June 2020 and is expected to re-open in late 2024.

### ***Altira Macau***

Since the third quarter of 2021, Altira Macau has strategically repositioned to cater to the premium mass and mass segments and has shut down VIP rolling chip operations. Prior to that, Altira Macau was designed to provide a casino and hotel experience that catered to Asian rolling chip customers. Altira Macau had an average of approximately 44 gaming tables and 141 gaming machines operated under the brand Mocha at Altira Macau in 2023, compared to an average of approximately 93 gaming tables and 146 gaming machines operated under the brand Mocha at Altira Macau in 2022 and an average of approximately 101 gaming tables and 121 gaming machines operated under the brand Mocha at Altira Macau in 2021. Altira Macau has a multi-floor layout comprising various gaming areas. Our multi-floor layout allows us the flexibility to reconfigure Altira Macau's gaming areas to meet the changing demands of our patrons and target specific customer segments.

We consider Altira hotel, located within the 38-story Altira Macau, to be one of the leading hotels in Macau as evidenced by its long-standing Forbes Travel Guide Five-Star recognition. The top floor of the Altira hotel serves as the hotel lobby and reception area, providing guests with views of the surrounding area. The Altira hotel comprises approximately 216 guest rooms, including suites and villas, as of December 31, 2023. A number of restaurants and dining facilities are available at Altira Macau, including a leading Italian restaurant, Aurora, several Chinese and international restaurants and several bars. Altira hotel also offers several non-gaming amenities, including a spa, gymnasium, outdoor garden podium and sky terrace lounge.

Altira Macau offers a luxurious hotel experience with its internationally acclaimed accommodation and guest services. Below are some of the awards Altira Macau has received:

- Forbes Travel Guide Five-Star recognition in lodging and spa categories by Forbes Travel Guide for 15 consecutive years in 2024,
- Its Japanese tempura specialist Tenmasa received Forbes Travel Guide Five-Star recognition for the tenth consecutive year in 2024,
- Its Cantonese restaurant Ying was honored with the Forbes Travel Guide Five-Star recognition for the fifth consecutive year in 2024 and was awarded a MICHELIN star in the MICHELIN Guide Hong Kong Macau 2024 for the eighth consecutive year, and
- Its Italian restaurant Aurora earned Forbes Travel Guide Five-Star recognition for the tenth consecutive year in 2023.

### ***Studio City***

Studio City is a large-scale cinematically-themed integrated resort which opened in October 2015. The gaming operations of Studio City are focused on the mass market and target all ranges of mass market patrons. The mass market focus of Studio City Casino is currently complemented with VIP rolling chip operations. Melco Resorts Macau currently has 250 gaming tables, including 15 tables for VIP rolling chip operations, and 552 gaming machines available for operation at the Studio City Casino pursuant to the Studio City Casino Agreement. Studio City Casino had an average of approximately 246 gaming tables and 661 gaming machines in operation in 2023, compared to an average of approximately 277 gaming tables and 700 gaming machines in operation in 2022 and an average of approximately 290 gaming tables and 645 gaming machines in operation in 2021.

Studio City also includes luxury hotel offerings and various entertainment, retail and food and beverage outlets to attract a diverse range of customers. Designed to focus on the mass market segment, Studio City offers cinematically-themed, unique and innovative interactive attractions, including the world's first figure-8 Ferris wheel, a deluxe night club and karaoke venue, a 5,000-seat multi-purpose live performance arena and a water park with indoor and outdoor areas, as well as approximately 2,493 luxury hotel rooms, various food and beverage outlets and approximately 38,500 square meters of themed and complementary retail space.

Studio City has received numerous awards, including:

- Studio City's Star Tower received the Forbes Travel Guide Five-Star recognition for the seventh consecutive year in 2024,
- Zensa Spa was awarded the Forbes Travel Guide Five-Star recognition for the sixth time in 2024,
- Its signature Cantonese restaurant Pearl Dragon received its sixth Forbes Travel Guide Five-Star recognition in 2024, received one-MICHELIN-starred establishment rank for the eighth consecutive year in the MICHELIN Guide Hong Kong Macau 2024 and was honored with the "Best Chinese Cuisine in Asia – Excellence Award" by 2022 Haute Grandeur Global Restaurant Awards,
- Studio City Water Park was listed among China's Top 100 Novel Attractions in the 2023 Global Travel Play Book released by the China Tourism Academy and Mafengwo, and also received the "World Waterpark Association ("WWA") Leading Edge Award" for its indoor water park in 2023 and the "WWA Leading Edge Award" for its outdoor water park in 2021, and
- Studio City Phase 2 received the "Regional Award, Asia" at the 2021 BREEAM Awards which acknowledges the sustainability-related measures implemented during the project, as well as its contribution to the goals of carbon neutrality and zero waste.

In addition to its diverse range of gaming and non-gaming offerings, Studio City is strategically located in the Cotai region of Macau.

Our subsidiary Melco Resorts Macau operates the gaming areas of Studio City pursuant to the Studio City Casino Agreement. Melco Resorts Macau is reimbursed for the costs incurred in connection with its operation of Studio City's gaming areas.

### ***Mocha Clubs***

Mocha Clubs comprise the largest non-casino based operations of electronic gaming machines in Macau. Mocha Clubs had an average of approximately 874 gaming machines in operation (excluding approximately 141 gaming machines at Altira Macau) in 2023, compared to an average of approximately 935 gaming machines in operation (excluding approximately 146 gaming machines at Altira Macau) in 2022 and an average of approximately 813 gaming machines in operation (excluding approximately 121 gaming machines at Altira Macau) in 2021. According to the DICJ, there were a total of 12,000 slot machines in the Macau market as of December 31, 2023. Mocha Clubs focus on general mass market patrons, including day trip customers, outside the conventional casino setting. We operate Mocha Clubs at leased or sub-leased premises or under right-to-use agreements.

The Mocha Club gaming facilities offer both electronic gaming machines, including stand-alone machines, stand-alone progressive jackpot machines and linked progressive jackpot machines with a variety of games, and electronic table games which feature fully-automated multi-player machines with roulette, baccarat and sic-bo, a traditional Chinese dice game.

In addition to the Mocha Clubs, we also operate the Grand Dragon Casino, which focuses on mass market table games. We operate Grand Dragon Casino under a right-to-use agreement. Grand Dragon Casino had an average of approximately 17 gaming tables in 2023.

### *City of Dreams Manila*

City of Dreams Manila is one of the leading integrated tourism resorts in the Philippines. The property is located on an approximately 6.2-hectare site at the gateway of Entertainment City's Manila Bay area in the city of Paranaque and is part of the Aseana City township development. It is close to Metro Manila's international airport terminals and central business districts. City of Dreams Manila opened in December 2014 and represented our first entry into an entertainment and gaming market outside of Macau and an incremental source of earnings and cash flow outside of Macau.

The property's total gross floor area is approximately 313,000 square meters (equivalent to approximately 3.4 million square feet). We are authorized by PAGCOR to operate up to approximately 2,300 slot machines, 1,200 electronic gaming tables and 380 gaming tables. City of Dreams Manila had an average of approximately 2,297 gaming machines and 267 gaming tables in 2023, compared to an average of approximately 2,266 gaming machines and 274 gaming tables in 2022, and an average of approximately 2,338 gaming machines and 301 gaming tables in 2021.

City of Dreams Manila has three hotels: Nüwa Manila, Nobu Hotel and Hyatt Regency Manila, City of Dreams Manila, with 939 rooms in aggregate. Exciting entertainment venues characterize the luxurious integrated resort: DreamPlay, the world's first DreamWorks-inspired family entertainment center, which officially opened in June 2015; and CenterPlay, a lounge at the center of the main gaming floor which features live band performances from late afternoons. City of Dreams Manila also features The Shops at the Boulevard, a spacious retail strip where luxury retail shops that provide a broad range of choices are juxtaposed with exciting food and beverage outlets. Impressive regional and international specialty restaurants and bars, spas, gyms, and a multi-level car park are also available for guests.

City of Dreams Manila has been recognized for its warm hospitality for its guests, impressive dining options and luxurious spaces. Below are some of the awards City of Dreams Manila has received:

- Named as the "World's Leading Casino Resort" for the fourth consecutive year and "World's Leading Fully Integrated Resort" in 2023 in the World Travel Awards. The resort was also awarded "Asia's Leading Fully Integrated Resort" in 2021 and 2023 and "Asia's Leading Casino Resort" in 2021 and 2022,
- Nüwa Manila attained Forbes Travel Guide Five-Star recognition in 2024 for the seventh consecutive year,
- Nobu Hotel, and Hyatt Regency Manila, City of Dreams Manila were awarded with Forbes Travel Guide Four-Star recognition for the seventh and eighth consecutive years, respectively, in 2024,
- Nüwa Spa had set a milestone as the first and only spa in the Philippines to be awarded Forbes Travel Guide Five-Star for five years in a row in 2024,
- TripAdvisor's annual Traveler's Choice Awards 2023 listed Nüwa Manila for the sixth consecutive year, Nobu Hotel for the sixth consecutive year and Hyatt Regency Manila, City of Dreams for the eighth consecutive year,
- In the 2023 rebranded Tatler Dining Guide, Crystal Dragon, Nobu Manila and Red Ginger maintained their recognition on the list since 2022 with Haliya as a new addition in 2023 among 230 must-try restaurants in the country,

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- Spot.ph, the one-stop urban lifestyle guide to the best of Manila, named Haliya as one of the 10 Restaurants in Manila for Regional Filipino Eats in 2023 and in its 50 Great Restaurants List of 2021,
- The luxury resort was given the 2022 Forbes Travel Guide “Work Here, Work Happy” accolade,
- Nüwa Manila, Nobu Hotel and Hyatt Regency Manila, City of Dreams Manila were Safety Seal-certified by the Philippines’ Department of Tourism (DOT). They each received a World Travel & Tourism Council (WTTC) SafeTravels Stamp through the DOT. The SafeTravels Stamp is the world’s first safety and hygiene stamp for travelers to recognize businesses that have adopted global health and hygiene standardized protocols,
- Nobu Hotel received the Agoda Customer Review Award for the fourth consecutive year in 2022, and Nüwa Manila and Hyatt Regency Manila in 2022,
- Booking.com recognized the three luxury hotels at City of Dreams Manila in its Traveler Review Awards for the second time in 2022,
- Hotels.com recognized Nobu Hotel and Hyatt Regency Manila, City of Dreams Manila with the “Loved by Guests” annual award for the fourth time in 2021, and
- Crystal Dragon restaurant was named among The Top 20 restaurants in the Philippine Tatler’s Best Restaurants Guide four times, among approximately 200 restaurants.

The integrated resort is also acclaimed for its contributions towards sustainability and talent development. Below are some of the recognitions received:

- One of only three global Finalists in the inaugural 2023 Responsible Hospitality Award in the annual Best of the Year Awards of Forbes Travel Guide,
- Nüwa Manila, Nobu Hotel, and Hyatt Regency Manila, City of Dreams were recognized with the 2022-2024 ASEAN Green Hotel Award in the ASEAN Tourism Forum by the various tourism organizations in the region,
- City of Dreams Manila was recognized by Manila Bulletin among 15 awardees in the country for notable green practices, at the national publication’s First Sustainability Forum in November 2022, and
- City of Dreams Manila was conferred with various distinctions for exemplary performance by the Parañaque City government and in the civic, media and business circles for its contributions to business, creation of jobs, promotion of Philippine tourism and its sustainability efforts.

Melco Resorts Leisure operates the casino business of City of Dreams Manila in accordance with the terms of the Philippine License and the operating agreement between Melco Resorts Leisure and the Philippine Parties dated March 13, 2013. Under the operating agreement, PremiumLeisure and Amusement, Inc. (a member of the Philippine Parties) has the right to receive monthly payments from Melco Resorts Leisure, based on the performance of gaming operations of City of Dreams Manila, and Melco Resorts Leisure has the right to retain all revenues from non-gaming operations of City of Dreams Manila. The operating agreement was amended on March 22, 2021 where the monthly payments paid or payable by Melco Resorts Leisure from 2019 to 2022 have been adjusted to recognize the suspension of operations of City of Dreams Manila in 2020 due to COVID-19 outbreaks and the related disruptions to its operations since COVID-19 outbreaks.

Having met the minimum investment levels and other requirements under our Provisional License, the Philippine License dated April 29, 2015 was issued by PAGCOR to the Philippine Licensees. The Philippine License has the same terms and conditions as the Provisional License and is valid until July 11, 2033.

For a breakdown of total revenues by category of activity and geographic market for each of the last three financial years, see “Item 5. Operating and Financial Review and Prospects — A. Operating Results.”



### ***City of Dreams Mediterranean and Other***

City of Dreams Mediterranean is a large premier destination resort located in Limassol, Cyprus. It features a fourteen-story luxury hotel with 500 guest rooms and suites, over 8,000 square meters of MICE space, an outdoor amphitheater, a family adventure park, and a variety of premium dining outlets and luxury retail. The total gross floor area of City of Dreams Mediterranean is approximately 86,000 square meters (equivalent to approximately 925,700 square feet). In addition, we currently operate three satellite casinos in Nicosia, Ayia Napa and Paphos in Cyprus in conjunction with City of Dreams Mediterranean.

Under the terms of the Cyprus License, we have been granted the right to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and until the operation of such integrated casino resort, the operation of a temporary casino in Limassol) and up to four satellite casino premises in Cyprus, for a term of 30 years from the date of grant on June 26, 2017 and with the right for exclusivity in Cyprus for the first 15 years of the term. We ceased operations of the temporary casino in June 2023 and City of Dreams Mediterranean opened to the public in July 2023. The operations of the temporary casino in Limassol and all the Cyprus Casinos were closed from January 1, 2021 to May 16, 2021 due to the government-imposed COVID-19 restrictions. In 2023, our facilities in Cyprus had an average of approximately 35 gaming tables and 453 gaming machines before the closure of the temporary casino and the City of Dreams Mediterranean opening. With the increased offering following the resort opening, our facilities in Cyprus had an average of approximately 103 gaming tables and 902 gaming machines, with an average of approximately 99 gaming tables and 744 gaming machines being operated under City of Dreams Mediterranean in the second half of 2023. This is compared to an average of approximately 35 gaming tables and 454 gaming machines in 2022, and an average of approximately 32 gaming tables and 440 gaming machines in 2021.

We acquired a 75% equity interest in ICR Cyprus from Melco International, our parent company, in July 2019. The remaining 25% equity interest in ICR Cyprus is owned by The Cyprus Phassouri (Zakaki) Limited. On July 31, 2019, we entered into a shareholders' agreement with The Cyprus Phassouri (Zakaki) Limited regarding certain commercial and financial arrangements pursuant to which we will, as more fully set out in additional management and service contracts, (i) provide certain corporate-level management services to ICR Cyprus and its subsidiaries for a fixed amount of EUR2 million (equivalent to approximately US\$2.2 million) per annum and (ii) have the right to receive an allotment of preference shares in the gaming license-holding subsidiary of ICR Cyprus which will provide the right to a preferential dividend, among other terms.

In recognition of our continuous efforts in human resources management, we were honored with the Silver Awards for the categories of "Most Effective Recruitment Strategy" and "Best CSR Initiative with Employees' Involvement," and the Bronze Award for "HR Corporate Event of the Year" at the Cyprus HR Awards 2021. City of Dreams Mediterranean was also named "Best New Luxury Casino Resort – World" at the 2023 Seven Stars Luxury Hospitality and Lifestyle Awards. It received The European Property Awards 2023 for achievements in three categories, "Best Hotel Architecture Cyprus", "Best Sustainable Commercial Development Cyprus" and "Best New Hotel Construction & Design Cyprus", and was named "Best International Sustainable Commercial Development" and "Best Sustainable Commercial Development Europe" at the International Property Awards 2023.

### **Our Development Projects**

We continually seek new opportunities for additional gaming or related businesses in Macau and in other countries and will continue to target the development of a project pipeline in order to expand our footprint in countries which offer legalized casino gaming. In defining and setting the timing, form and structure for any future development, we focus on evaluating alternative available financing, market conditions and market demand. In order to pursue these opportunities and such development, we have incurred and will continue to incur capital expenditures at our properties and for our projects.

## **Our Land and Premises**

We operate our gaming business at the properties leased from the Macau government in accordance with the terms and conditions of our gaming concession, or, with respect to the Mocha Clubs and Grand Dragon Casino, in third party-owned properties. In addition, our existing operating properties and development projects in Macau are subject to the terms and conditions of land concession contracts. See “— Regulations — Macau Regulations — Land Regulations.” Through MRP, we also operate our gaming business in the Philippines through the Philippine License issued by PAGCOR on a property which Melco Resorts Leisure leases from Belle Corporation under the Lease Agreement. In Cyprus, we operate our gaming business at a site owned by us at Zakaki in western Limassol and three satellite casinos at our leased premises pursuant to the Cyprus License.

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

City of Dreams is located in Cotai, Macau, with a land area of 113,325 square meters (equivalent to approximately 1.2 million square feet). In August 2008, the Macau government granted the land on which City of Dreams is located to COD Resorts and Melco Resorts Macau for a period of 25 years, renewable for further consecutive periods of ten years, subject to applicable legislation in Macau. Total land premium required for the land is in the amount of approximately MOP1,286.6 million (equivalent to approximately US\$160 million), which was paid in full in January 2016. As of December 31, 2023, the total gross floor area at City of Dreams is 641,431.70 square meters (equivalent to approximately 6.9 million square feet), of which approximately 31,227.3 square meters, or 4.87% comprises gaming and gaming support area and is owned by the Macau SAR. Effective January 1, 2023, the Macau government has transferred this area to us for usage in our operations during the duration of the Concession Contract for a fee of MOP750.00 (equivalent to approximately US\$93) per square meter for years 1 to 3 of the Concession Contract, subject to consumer price index increase in years 2 and 3 of the concession. The fee will increase to MOP2,500.00 (equivalent to approximately US\$311) per square meter for years 4 to 10 of the concession, subject to consumer price index increase in years 5 to 10 of the concession.

Under the current terms of the land concession, the annual land use fees payable to the Macau government range from approximately MOP3.4 million (equivalent to approximately US\$0.4 million) during development up to approximately MOP9.9 million (equivalent to approximately US\$1.2 million) after completion of development. The land use fee amounts may be adjusted every five years as agreed between the Macau government and the land concessionaire using the applicable rates in effect at the time of the rent adjustment.

Certain gaming and gaming support equipment utilized by the City of Dreams casino on or before December 31, 2022 is owned by the Macau SAR and has been transferred to us and held for use at City of Dreams during the duration of the Concession Contract, including the main gaming equipment to support our table games and gaming machine operations, cage equipment, security and surveillance equipment, casino fittings and equipment. We own the remaining gaming and gaming support equipment utilized by the City of Dreams casino and equipment utilized in the hotels at City of Dreams.

### ***Altira Macau***

Altira Macau is located in Taipa, Macau with a land area of approximately 5,230 square meters (equivalent to approximately 56,295 square feet). In March 2006, Macau government granted the land on which the Altira is built to Altira Resorts for 25 years, renewable for further consecutive periods of ten years, subject to applicable legislation in Macau. The land grant was amended in December 2013. As of December 31, 2023, the total gross floor area of Altira Macau is approximately 104,583.39 square meters (equivalent to approximately 1.1 million square feet), of which approximately 17,128.8 square meters or 16.38% comprises the gaming and gaming support area and is owned by the Macau SAR. Effective from January 1, 2023, the Macau government has transferred this area to us for usage in our operations during the duration of the Concession Contract for the same fee set for the usage of the City of Dreams casino. Total land premium required is in the amount of MOP169.3

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million (equivalent to approximately US\$21 million) which was paid in full in 2013. According to the current terms of the land concession, the annual land use fees payable to the Macau government are approximately MOP1.5 million (equivalent to approximately US\$190,000). This amount may be adjusted every five years as agreed between the Macau government and the land concessionaire using the applicable rates in effect at the time of the rent adjustment.

Certain gaming and gaming support equipment utilized by Altira Macau in the casino on or before December 31, 2022 is owned by the Macau SAR and has been transferred to us for usage in our operations during the duration of the Concession Contract and held for use at Altira Macau, including the main gaming equipment to support our table games and gaming machine operations, cage equipment, security and surveillance equipment and casino fittings and equipment. We own the remaining gaming and gaming support equipment utilized by the Altira casino and equipment utilized at the Altira hotel.

### ***Mocha Clubs***

Mocha Clubs operate at premises with a total floor area of approximately 68,800 square feet at the following locations in Macau as of December 31, 2023:

<b>Mocha Club</b>	<b>Opening Month</b>	<b>Location</b>	<b>Total Floor Area (In square feet)</b>
Royal	September 2003	G/F and 1/F of Hotel Royal	13,600
Grand Dragon	January 2005	G/F, 1/F and 2/F of Grand Dragon Hotel	12,700
Sintra	November 2005	G/F and 1/F of Hotel Sintra	7,800
Golden Dragon	January 2012	G/F, 1/F and 2/F of Hotel Golden Dragon	15,700
Inner Harbor	December 2013	Rua Nova do Comércio, n.os 2-12, Macau	7,300
Kuong Fat	June 2014	Rua de Pequim, n.º 174, Centro Comercial Kuong Fat Cave A-H, Macau	11,700
<b>Total</b>			<b>68,800</b>

Premises are being operated under leases, subleases or right to use agreements that expire at various dates through December 2026, which are renewable upon reaching agreements with the owners.

The leasehold improvements to Mocha Club premises and the onsite equipment utilized at the Mocha Clubs are owned and held for use to support the gaming machine operations. In addition, the gaming machines at Altira are operated under the Mocha Club brand.

In addition to the Mocha Clubs, we also operate the Grand Dragon Casino, which focuses on mass market table games. Grand Dragon Casino premises, including the fit-out and gaming-related equipment, are located on the ground floor and level one within Grand Dragon Hotel in Macau and occupy a floor area of approximately 10,700 square feet as of December 31, 2023. We operate Grand Dragon Casino under a right-to-use agreement. The gaming equipment operated at the Grand Dragon Casino on or before December 31, 2022 is owned by the Macau SAR and has been transferred to us for usage in our operations during the duration of the Concession Contract. We own the remaining gaming and gaming support equipment at the Grand Dragon Casino.

### ***Studio City***

Studio City is located in Cotai, Macau and has a land area of 130,789 square meters (equivalent to approximately 1.4 million square feet) held under a 25-year land lease agreement with the Macau government that is renewable for further consecutive periods of ten years, subject to applicable legislation in Macau. In October 2001, the Macau government granted the land on which Studio City is located to Studio City

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Developments Limited, which is a company incorporated in Macau with limited liability and which is also an indirect subsidiary of SCI. The Studio City land concession contract was amended in July 2012 and September 2015 to permit Studio City Developments Limited to build a complex comprising a four-star hotel, a facility for cinematographic industry, including supporting facilities for entertainment and tourism, parking and free area.

The gross construction area of the Studio City site is approximately 657,879.39 square meters (equivalent to approximately 7.1 million square feet) of which approximately 28,784.3 square meters or 4.38% comprises the gaming and gaming support area and is owned by the Macau SAR. Effective from January 1, 2023, the Macau government has transferred this area to us for usage in our operations during the duration of the Concession Contract for the same fee set for the usage of the City of Dreams casino. Currently, the gross floor area of Studio City is approximately 457,462 square meters (equivalent to approximately 4.9 million square feet). The land premium of approximately MOP1,402.0 million (equivalent to approximately US\$174 million) was paid in full in January 2015. As announced by Studio City International in May 2022, the development period under the Studio City land concession was extended to June 30, 2023. Land use fees of approximately MOP3.9 million (equivalent to approximately US\$480,000) per annum were paid to the Macau government during the development stage. The annual land use fees payable to the Macau government after completion of development are MOP9.1 million (equivalent to approximately US\$1.1 million). The amounts may be adjusted every five years as agreed between the Macau government and the land concessionaire using the applicable rates in effect at the time of the rent adjustment.

Certain gaming and gaming support equipment utilized at the Studio City Casino on or before December 31, 2022 is owned by the Macau SAR and has been transferred to us and held for use at the Studio City Casino during the duration of the Concession Contract, including the main gaming equipment to support our table games and gaming machines operations, cage equipment, security and surveillance equipment, casino fittings and equipment. We own the remaining gaming and gaming support equipment utilized at the Studio City Casino and the equipment utilized in the Studio City Hotel.

As part of the security provided in relation to the 2027 Studio City Notes and the 2021 Studio City Senior Secured Credit Facility, we assigned certain leases and right to use agreements and granted a mortgage over our rights under the Studio City land concession. Such security remains in place under the 2028 Studio City Senior Secured Credit Facility.

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

The City of Dreams Manila site is located on reclaimed land (“Project Reclaimed Land”). The Project Reclaimed Land was originally acquired by an entity known as R 1 Consortium from the Philippine Public Estates Authority. R 1 Consortium conveyed all its interest to the Project Reclaimed Land in favor of two entities which later merged with Belle Bay City Corporation, which is 34.9% owned by Belle Corporation, one of the Philippine Parties, with Belle Bay City Corporation becoming the surviving entity and owner of the Project Reclaimed Land. Belle Bay City Corporation was, however, dissolved in 2005 and is still undergoing liquidation. The Project Reclaimed Land was allocated to Belle Corporation as part of Belle Bay City Corporation’s plan of dissolution. Belle Corporation has since exercised possession and other rights over the Project Reclaimed Land. In 2005, Belle Corporation transferred a portion of the Project Reclaimed Land to the Philippine Social Security System. In 2010, Belle Corporation and the Philippine Social Security System entered into a lease agreement for that part of the land.

Melco Resorts Leisure does not own the land or the buildings comprising the site for City of Dreams Manila. Rather, Melco Resorts Leisure leases the Project Reclaimed Land and buildings from Belle Corporation under a Contract of Lease dated October 25, 2012 (“Lease Agreement”). Under the Lease Agreement, Melco Resorts Leisure leases from Belle Corporation the land upon which City of Dreams Manila is located with a total area of 61,141 square meters, as well as the buildings erected thereon, which are classified into Phase 1 and Phase 2 Buildings (collectively, “Leased Premises”). The Lease Agreement commenced upon the handover of

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the Leased Premises to Melco Resorts Leisure in 2013 and will continue during the term of the Philippine License, subject to certain termination events. The Lease Premises shall be used exclusively as a hotel, casino and resort complex, with retail, entertainment, convention exhibition, food and beverage services as well as other related activities. In August 2022 and October 2022, we entered into amendment agreements to the Lease Agreement with Belle Corporation, under which the parties revised the rent payable (i) for the year ended December 31, 2022; and (ii) for the year ended December 31, 2022 through the year ending December 31, 2033, respectively, subject to adjustments based on the annual headline inflation and bonus rent pursuant to the terms thereof.

### *City of Dreams Mediterranean and Other*

The City of Dreams Mediterranean site is located at Zakaki, in western Limassol, Cyprus (“Cyprus Project Land”) and has a land area of 367,000 square meters (equivalent to approximately 3.95 million square feet). Prior to our acquisition of Melco International’s 75% equity interest in ICR Cyprus on July 31, 2019, The Cyprus Phassouri (Zakaki) Limited, the current owner of a 25% equity interest in ICR Cyprus, acquired such 25% equity interest in ICR Cyprus by contributing its freehold interest over the Cyprus Project Land and as a result, a subsidiary of ICR Cyprus became owner of the freehold interest over the Cyprus Project Land. As of December 31, 2023, the total gross floor area of City of Dreams Mediterranean is 86,000 square meters (equivalent to approximately 925,700 square feet), of which approximately 6,549 square meters or 7.62% comprises the gaming and gaming support area.

In addition to City of Dreams Mediterranean, we also have the following satellite casinos in operation with the total floor area of approximately 21,452 square feet at various locations in Cyprus as of December 31, 2023:

<u>Cyprus Casinos</u>	<u>Opening Month</u>	<u>Location</u>	<u>Total Floor Area (In square feet)</u>
Nicosia	December 2018	Neas Engomis Street No.35, Engomi, 2409 Nicosia, Cyprus.	10,968
Ayia Napa	July 2019	Archiepiscopou Makariou III, 34 Ayia Napa, Cyprus	4,682
Paphos	February 2020	9 Theas Aphroditis 8204 Paphos, Cyprus	5,802
<b>Total</b>			<b>21,452</b>

The leases for our three satellite casinos run up to March 31, 2028 for Nicosia, June 15, 2028 for Ayia Napa and February 14, 2029 for Paphos and are renewable for a further five-year term unless we elect not to renew those leases by giving at least six months’ notice prior to the expiration of the term.

### *Other Premises*

We completed the disposal of three plots of land (and support buildings) in Hakone, Japan with a total site area of approximately 9,656 square meters (equivalent to approximately 103,943 square feet) in July 2023.

Apart from the aforesaid property sites, we maintain various offices and storage locations in Macau, Hong Kong, Cyprus, Singapore and the Philippines. We lease all of our office and storage premises.

### **Advertising and Marketing**

We seek to attract customers to our properties and to grow our customer base over time by undertaking several forms of advertising, sales and marketing activities and plans. We utilize local and regional media to

publicize and promote our projects and operations. We have built public relations and marketing and branding teams that cultivate media relationships, promote our brands and explore media opportunities in various markets. We use a variety of media platforms that include social media, digital, print, television, online, outdoor, on collaterals and direct mail pieces. A resorts marketing team has been established that directly liaises with current and potential customers within target Asian and other countries in order to grow and retain high-end customers. We hold various promotions and special events, operate loyalty programs with our patrons and have developed a series of programs. In Macau, the Philippines and Cyprus, we employ a tiered loyalty program at our properties to ensure that each customer segment is specifically recognized and incentivized. Dedicated customer hosting programs provide personalized service to our most valuable customers. In addition, we utilize sophisticated analytical programs and capabilities to track the behavior and spending patterns of our patrons. We believe these tools help deepen our understanding of our customers to optimize yields and make continued improvements to our properties. As our advertising and marketing activities occur in various jurisdictions, we aim to ensure we are in compliance with all applicable laws in relation to our advertising and marketing activities.

## **Customers**

We seek to cater to a broad range of customers through our diverse gaming and non-gaming facilities and amenities across our operating properties.

### ***Non-Gaming Patrons***

City of Dreams offers visitors to Macau an array of multi-dimensional entertainment amenities, four hotels, as well as a selection of restaurants, bars and retail outlets. Since the third quarter of 2021, Altira Macau has strategically repositioned to cater to the premium mass and mass segments. Mocha Clubs are targeted to deliver a relaxed, café-style non-casino based electronic gaming experience. Studio City is designated to primarily target mass market guests through its vast array of non-gaming amenities and entertainment attractions.

City of Dreams Manila features different entertainment venues: DreamPlay, a family entertainment center which features activities catering to children aged four and above, and CenterPlay, a live performance central lounge within the casino. With these diverse entertainment venues and attractions, we believe City of Dreams Manila will be able to leverage on the experiences of City of Dreams in Macau, which has developed world-class attractions such as The House of Dancing Water.

City of Dreams Mediterranean features a five-star hotel tower with 500 luxury hotel rooms, MICE facilities, an outdoor amphitheater, a family adventure park, spa, fitness center and a variety of fine-dining restaurants and luxury retail. Entertainment attractions, family amenities and non-gaming recreational activities attract both local and international visitors alike. The Cyprus Casinos do not specifically target non-gaming patrons but do offer a selection of food and beverage options at the premises.

### ***Gaming Patrons***

Our gaming patrons include table game rolling chip patrons, table game mass market patrons and gaming machine players.

Mass market patrons are non-rolling chip patrons who come to our properties for a variety of reasons, including our high-quality hotel brands, our broad dining options and a variety of other non-gaming attractions and activities.

Rolling chip patrons at our casinos are patrons who participate in our in-house rolling chip programs or, in some cases, in the rolling chip programs of gaming promoters. Our rolling chip patrons or premium direct players play mostly in our VIP rooms or designated gaming areas and can earn a variety of gaming-related rebates, such as cash, rooms, food and beverage and other complimentary products or services.

### **Gaming Promoters**

A portion of our rolling chip play in Macau in past years was brought to us by gaming promoters, also known as junket operators. While we had terminated our arrangements with all gaming promoters in Macau in December 2021, including at the Studio City Casino, we currently engage gaming promoters in Macau. Gaming promoters in Macau are independent third parties that include both individuals and corporate entities, all of which are officially required to be licensed by the DICJ.

We continue to work with gaming promoters in Cyprus and the Philippines. In Cyprus, there are currently three licensed gaming promoters. Gaming promoters in the Philippines are not subject to licensing requirements, but gaming operators are subject to certain notice requirements related to the engagement of gaming promoters and need to demonstrate the fitness and propriety of gaming promoters.

We have procedures to screen prospective gaming promoters prior to their engagement and conduct periodic checks that are designed to ensure that the gaming promoters with whom we associate meet suitability standards. Where licensing requirements apply, we only engage gaming promoters who have been licensed by the relevant authority.

In the Philippines and Macau, our gaming promoters are compensated through commission arrangements that are calculated on a monthly or a per trip basis. In the Philippines, we generally offer commission payment structures that are calculated by reference to revenue share or monthly rolling chip volume. In Macau, we offer commission payment structures that are calculated by reference to the monthly rolling chip volume. Under the revenue share-based arrangements, the gaming promoter participates in our gaming wins or losses from the rolling chip patrons brought in by the gaming promoter. In Cyprus, our gaming promoters are compensated through a profit sharing scheme. Our gaming promoters in the Philippines, Macau and Cyprus may also receive complimentary allowances for food and beverage, hotel accommodation and transportation.

We conduct, and expect to continue to conduct, our table gaming activities at our casinos on a credit basis as well as a cash basis. In the Philippines, Macau and Cyprus, as a customary practice in these gaming markets, we grant interest-free credit to certain gaming promoters for short-term, renewable periods. The credit we extend is typically unsecured. The gaming promoters bear the responsibility for issuing credit to and, subsequently collecting, from their players. Gaming promoters' rolling chip programs are currently not implemented in Cyprus due to a lack of demand. See "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — We depend upon gaming promoters for a portion of our gaming revenues in Macau, the Philippines and Cyprus. If we are unable to establish, maintain and increase the number of successful relationships with gaming promoters in Macau, the Philippines or Cyprus, the financial resources of our gaming promoters are insufficient to allow them to continue doing business or we are unable to find alternative means to attract VIP rolling chip patrons in markets such as Macau where gaming promoters have become subject to restrictions on doing business due to legal and regulatory requirements, our results of operations could be materially and adversely impacted" and "— Risks Relating to Our Business and Operations — We extend credit to a portion of our customers, and we may not be able to collect gaming receivables from our credit customers."

### **Market and Competition**

We believe that the gaming markets in Macau and the Philippines are and will continue to be intensely competitive. Our competitors in Macau and elsewhere in Asia include all the current concession holders, other

PAGCOR license holders and many of the largest gaming, hospitality, leisure and property development companies in the world. Some of these current and future competitors are larger than us and have significantly longer track records in the operation of major hotel casino resort properties. Compared to Macau and the Philippines, the competitive environment in Cyprus is more favorable with our exclusive license to operate casinos in the Republic of Cyprus until 2032, but we may face competition from casinos in the occupied part of Cyprus or from casinos in nearby parts of Europe and the Middle East.

### ***Macau Gaming Market***

In 2023, 2022 and 2021, Macau generated approximately US\$22.8 billion, US\$5.2 billion and US\$10.8 billion of gross gaming revenue, respectively, according to the DICJ. Macau is currently the only market in Greater China, and one of only several in Asia, to offer legalized casino gaming.

We believe COVID-19 outbreaks and the related policies implemented globally, especially the travel or visa restrictions imposed by the PRC resulted in a significant decline in inbound tourism, among other things, leading to an 85.6% decrease in gross gaming revenue in 2022 compared to 2019, according to the DICJ. While travel restrictions globally have eased and travel restrictions between Macau and the PRC have been significantly relaxed in 2023, contributing to an increase in gross gaming revenues in Macau by 334% in 2023 compared to 2022 according to the DICJ, we believe that disruptions resulting from COVID-19 are ongoing. The disruptions to our business caused by COVID-19 outbreaks have had an adverse effect on our operations. For the years ended December 31, 2023, 2022 and 2021, our operating revenues generated amounted to US\$3.78 billion, US\$1.35 billion and US\$2.01 billion. Lower operating revenues in 2022 and 2021 were mainly due to the effects of COVID-19.

In addition to the effects of COVID-19, Macau continues to be impacted by a range of external factors, including uneven growth in the Chinese economy and government policies that may adversely affect the Macau gaming market. For example, the Chinese government has taken measures to deter marketing of gaming activities to mainland Chinese residents by offshore casinos and to reduce capital outflow. Such measures include reducing the amount that PRC-issued ATM cardholders can withdraw in each withdrawal, setting a limit for annual withdrawals and the launch of facial recognition and identity card checks with respect to certain ATM users.

The mass market table games segment accounted for 69.4% of market-wide gross gaming revenues in 2023, compared to 68.5% of market-wide gross gaming revenues in 2022 and 61.8% in 2021, according to the DICJ. With our strategic focus on the premium mass market in the Cotai region, we believe we are well positioned to cater to this increasingly important, and more profitable, segment of the market. Moreover, we believe the long-term growth in gaming and non-gaming revenues in Macau are supported by, among other things, the continuing emergence of a wealthier demographic in the PRC, a robust regulatory framework and significant new infrastructure developments in Macau and the PRC, as well as by the anticipated new supply of gaming and non-gaming facilities in Macau, which is predominantly focused on the Cotai region. According to the DSEC, visitation to Macau totaled more than 28.2 million in 2023, an increase of 394.9% compared to 2022 but below the 39.4 million visitors in 2019. Visitors from the PRC represented 67.5% of all visitors to Macau in 2023, compared to 89.6% in 2022, and visitors from Hong Kong and Taiwan represented 25.5% and 1.8%, of all visitors to Macau in 2023, respectively.

In terms of competition, gaming in Macau is administered through concessions awarded by the Macau government to six different concessionaires: Melco Resorts Macau; SJM, in which family members of Mr. Lawrence Ho, our chairman and chief executive officer, have shareholding interests; Wynn Macau, a subsidiary of Wynn Resorts Ltd.; Galaxy; MGM Grand Paradise, which was originally formed as a joint venture by MGM-Mirage and Ms. Pansy Ho, sister of Mr. Lawrence Ho; and VML, a subsidiary of Sands China Ltd and Las Vegas Sands Corporation.



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SJM currently operates multiple casinos throughout Macau. SJM (through its predecessor, Tourism and Entertainment Company of Macau Limited) commenced its gaming operations in Macau in 1962. In July 2021, SJM opened Grand Lisboa Palace, in Cotai. SJM opened The Karl Lagerfeld and Palazzo Versace Macau, respectively, in June and November 2023.

Wynn Macau opened the Wynn Macau in September 2006 on the Macau peninsula and an extension called Encore in 2010. In August 2016, Wynn Macau opened Wynn Palace, in Cotai.

Galaxy currently operates multiple casinos in Macau, including StarWorld, a hotel and casino resort in Macau's central business and tourism district. The Galaxy Macau Resort opened in Cotai in May 2011 and the opening of Phase 2 of the Galaxy Macau Resort took place in May 2015. Galaxy progressively opened Phase 3 of the Galaxy Macau Resort from the second quarter 2023, while Phase 4 is currently under development and is expected to open in 2027.

VML operates Sands Macao on the Macau peninsula, The Venetian Macao, the Plaza Casino at The Four Seasons Hotel Macao and the Parisian Macao. VML also operated Sands Cotai Central in Cotai in the past, which has been rebranded and redeveloped as The Londoner Macao, which opened in February 2021.

MGM Grand Paradise opened its MGM Macau facilities in December 2007, which are located next to Wynn Macau on the Macau peninsula, and its MGM Cotai resort in February 2018.

In addition to facing competition from existing operations of these concessionaires, we will face increased competition when any of them constructs new, or renovates pre-existing, hotels and casinos in Macau or enters into leasing, services or other arrangements with hotel owners, developers or other parties for the operation of casinos and gaming activities in new or renovated properties.

The existing concessions do not place any limits on the number of gaming facilities that may be operated. The Macau government does, however, limit the aggregate number of gaming tables and gaming machines in Macau and the opening of a new facility is subject to Macau government approval. The current cap of gaming tables and gaming machines are 6,000 and 12,000 respectively.

Law no. 7/2022 which amends the Macau Gaming Operations Law (Law no. 16/2001) came into force in June 2022. Principal changes under the amended Macau Gaming Operations Law include, among others, the following:

- the number of gaming concessions that may be awarded by the Macau government is up to six;
- the term of the concessions may be up to ten years, subject to extension(s) of up to three years in total;
- the registered share capital of each concessionaire shall be at least MOP5 billion (equivalent to approximately US\$621.4 million);
- the managing director of each concessionaire must be a Macau permanent resident and hold at least 15% of the concessionaire's registered share capital;
- significant transactions should be notified by concessionaires to the Macau government in advance;
- an administrative sanctions regime is established;
- national security is one of the main objectives of the Macau gaming legal framework and a concession may be terminated without compensation in case it is considered a threat to national security;
- a per gaming table and per gaming machine special premium is due should gross gaming revenue fall below the gross gaming revenue threshold set by the Macau government;

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- the Macau government sets the maximum number of gaming tables and gaming machines allocated to each concessionaire and the allocation of such gaming tables and gaming machines to a specific casino is subject to the approval of the Macau government;
- the Macau government may reduce the number of gaming tables or gaming machines in certain circumstances;
- the amount of gaming chips of each concessionaire in circulation is subject to Macau government approval; and
- the concessionaires are jointly and severally liable for administrative fines and civil liability arising from the exercise in their casinos of the authorized gaming promotion activity by gaming promoters, their directors and key employees, as well as their collaborators. Such joint and several liability may be excluded when it is proved that the concessionaire has responsibly fulfilled its supervision duty.

See “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Gaming Operation Regulations” for a discussion of the amendments made to the gaming law in Macau.

### ***Philippine Gaming Market***

The Philippine economy has been one of the faster growing economies in the region, with favorable demographics and consumer spending that are beneficial to the Philippine gaming market. City of Dreams Manila, however, presently faces stronger competition in the Philippine market from hotels and resorts owned by both Philippine nationals and foreigners, including many of the largest gaming, hospitality, leisure and resort companies in the world, such as Travellers International Hotel Group, Inc., Bloomberry Resorts Corporation and Tiger Resorts Leisure and Entertainment Inc. as well as the Philippine Amusement and Gaming Corporation, an entity owned and controlled by the government of the Philippines, which operates certain gaming facilities across the Philippines.

### ***Cyprus Gaming Market***

We currently operate City of Dreams Mediterranean and three satellite casinos in Cyprus. In June 2023, we ceased operations of the temporary casino, which was opened in Limassol in June 2018 as the first licensed casino in Cyprus. We opened two satellite casinos in Nicosia and Larnaca in December 2018, one satellite casino in Ayia Napa in July 2019 and one satellite casino in Paphos in February 2020. In June 2020, we ceased operations of the satellite casino in Larnaca. In July 2023, City of Dreams Mediterranean was opened to the public. Although we have an exclusive license to operate casinos in the Republic of Cyprus until 2032, we may face competition from casinos in the occupied part of Cyprus or from casinos in nearby parts of Europe and the Middle East.

### ***Other Regional Markets***

We may also face competition from casinos and gaming resorts located in other Asian or European destinations together with cruise ships. Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition. There are major gaming facilities in Australia located in Melbourne, Perth, Sydney and the Gold Coast. Genting Highlands is a popular international gaming resort in Malaysia, approximately a one-hour drive from Kuala Lumpur. South Korea has allowed gaming for some time but these offerings are available primarily to foreign visitors. Kangwon Land operates the only casino in the country that is open to Korean nationals. There are also casinos in Vietnam and Cambodia, although they are relatively small compared to those in Macau. There are two major gaming facilities in Singapore located on Sentosa and at Marina Bay.

In December 2016, a law which conceptually enables the development of integrated resorts in Japan took effect, with corresponding legislation providing a legislative framework for the development and implementation of integrated resorts in Japan taking effect in July 2018. A proposed project in Osaka was awarded to MGM Resorts International and its joint venture partner Orix Corporation which is currently scheduled to open in 2030. In addition, several other Asian countries are considering or are in the process of legalizing gambling and establishing casino-based entertainment complexes.

### **Seasonality**

Macau, our principal market of operation, experiences many peaks and seasonal effects. The “Golden Week” and “Chinese New Year” holidays are in general the key periods where business and visitation increase considerably in Macau. In the Philippines, business considerably slows down during the “Holy Week,” as well as during the “Chinese New Year” and the “Chinese Ghost Month.” In Cyprus, summer is generally the key period where business and visitation experience significant increase, while business considerably slows down during winter. While we may experience fluctuations in revenues and cash flows from month to month, we do not believe that our business is materially impacted by seasonality.

### **Intellectual Property**

We have applied for and/or registered certain trademarks, including “Melco,” “Morpheus,” “Altira,” “Mocha Club,” “City of Dreams,” “Nüwa,” “The Countdown,” “The House of Dancing Water,” “City of Dreams Manila,” “Studio City,” “Melco Resorts Philippines” and “Melco Resorts & Entertainment” in Macau, the Philippines, Cyprus and/or other jurisdictions. We have also applied for or registered in Macau, the Philippines, Cyprus and other jurisdictions certain other trademarks and service marks used or to be used in connection with the operations of our hotel casino projects in Macau, Manila and Cyprus.

For our license or hotel management agreements that are required for our operations, see “Item 5. Operating and Financial Review and Prospects — C. Research and Development, Patents and Licenses, etc.”

### **Regulations**

#### ***Macau Regulations***

##### ***Gaming Operation Regulations***

The ownership and operation of casino gaming facilities in Macau are subject to the general civil and commercial laws and specific gaming laws, in particular, Law no. 16/2001, as amended in June 2022 pursuant Law no. 7/2022, or the Macau Gaming Operations Law. Macau’s gaming operations are also subject to the grant of a concession by, and regulatory control of, the Macau government. See “— Gaming Licenses” below for more details.

The DICJ is the supervisory authority and regulator of the gaming industry in Macau. The core functions of the DICJ are:

- to collaborate in the definition of gaming policies;
- to supervise and monitor the activities of the concessionaires;
- to investigate and monitor the continuing suitability and financial capacity requirements of concessionaires and gaming promoters;
- to issue licenses to gaming promoters;
- to license and certify gaming equipment; and
- to issue directives and recommend practices with respect to the ordinary operation of casinos.

Below are the main features of the Macau Gaming Operations Law, including amended provisions, as supplemented by Administrative Regulation no. 26/2001 (as amended in July 2022 pursuant to Administrative Regulation no. 28/2022), that are currently applicable to our business.

- If we breach the Macau Gaming Operations Law, Melco Resorts Macau's Concession Contract could be limited, conditioned, suspended or revoked, subject to compliance with certain statutory and regulatory procedures. In addition, we, and the persons involved, could be subject to substantial fines for each separate breach of Macau Gaming Operations Law or of the Concession Contract at the discretion of the Macau government. Further, if we terminate or suspend the operation of all or a part of our gaming operations without permission for reasons not due to *force majeure*, or in the event of serious disruptions or deficiencies in our organization and operation or in the general condition of our facilities and equipment which may affect the normal operation of our gaming business, the Macau government would be entitled to replace Melco Resorts Macau during such disruption and to ensure the continued operation of the gaming business. Under such circumstances, we would bear the expenses required for maintaining the normal operation of the gaming business.
- The Macau government also has the power to supervise concessionaires in order to assure financial stability and capability. See “— Gaming Licenses — The Concession Contract in Macau.”
- Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau government may be found unsuitable. Any shareholder of a concessionaire holding shares equal to or in excess of 5% of such concessionaire's share capital who is found unsuitable will be required to dispose of such shares by a certain time (the transfer itself being subject to the Macau government's authorization). If a disposal has not taken place by the time so designated, such shares must be acquired by the concessionaire. Melco Resorts Macau may be subject to administrative sanctions if, after it receives notice that a person is unsuitable to be a shareholder or to have any other relationship with it, Melco Resorts Macau:
  - pays that person any dividend or interest upon its shares;
  - allows that person to exercise, directly or indirectly, any voting right conferred through shares held by that person;
  - pays remuneration in any form to that person for services rendered or otherwise; or
  - fails to pursue all lawful efforts to require that unsuitable person to relinquish his or her shares.
- The Macau government also requires prior approval for the creation of a lien over shares or gaming equipment and utensils of a concession holder.
- The Macau government must give its prior approval to changes in control through a merger, consolidation, shares acquisition, or any act or conduct by any person whereby such person obtains control. Entities seeking to acquire control of a concessionaire must satisfy the Macau government with regards to a variety of stringent standards prior to assuming control. The Macau government may also require controlling shareholders, directors and key employees, to be investigated for suitability as part of the approval process of the transaction.
- The maximum number of gaming concessions is six.
- The term of a gaming concession is set in the concession contract and cannot exceed 10 years but the Chief Executive of Macau may exceptionally authorize, based on justified reasons, one or more extensions of the term of the concession up to the total period of three years.
- The concessionaires' general contractual compliance is subject to review by the DICJ every three years. In the event that the results of the review reveal non-compliance or lack of proactiveness in complying with the concession contracts, concessionaires should improve compliance within the deadline determined by the Secretary for Economy and Finance.

- The concessionaires registered share capital shall not be less than MOP5 billion (equivalent to approximately US\$621.4 million) and during the term of the concession their net assets shall not be less than such amount. The concessionaires must mandatorily notify the Chief Executive of Macau prior to executing large financial initiatives, which are defined as those with a value greater than MOP2.5 billion (equivalent to approximately US\$310.7 million) regarding the internal movement of funds and MOP500 million (equivalent to approximately US\$62.1 million) regarding salaries, remunerations, benefits of employees, and any other financial decisions.
- The main objectives of the gaming law are, amongst others, safeguarding of national and Macau security, adequate diversification and sustainable development of the Macau economy, assurance that the development and operation of games of chance in casinos are in line with Macau's policies and mechanisms in respect of combating the illegal flow of cross-border capital and preventing money laundering, and the scale, operation and practice of games of chance in casinos are subject to legal restrictions. A concession may be terminated if it poses a threat to national security or that of Macau.
- The operation of games of chance in casinos is limited to the locations and premises authorized by the Chief Executive of Macau with such authorization having to take into account, amongst others, Macau urban planning, its impact on the social community and the opinion of the Specialized Committee for the Games of Chance Sector.
- The concessionaires undertake to operate games of chance in self owned premises or premises leased or otherwise granted a right to use by the Macau government. Premises owned by a concessionaire will revert to the Macau government without compensation upon the concession expiration or earlier termination. The concessionaires may continue to operate games of chance in casinos by means of a contract in properties that are not owned by them for a period of three years from January 1, 2023 under authorization of the Chief Executive of Macau. After the end of such three-year transition period the concessionaires may only continue to operate games of chance in properties that are not owned by them by engaging a managing company. If such locations are closed pursuant to the law or the concession contracts, new operation of games of chance in casino will not be permitted in such locations. The Macau government owns the City of Dreams, Altira and Studio City Casinos gaming and gaming support areas, and the Macau government has transferred these areas to us for usage in our operations during the duration of the concession for a fee of MOP750.00 (equivalent to approximately US\$93) per square meter for years 1 to 3 of the Concession Contract, subject to consumer price index increase in years 2 and 3 of the concession. The fee will increase to MOP2,500.00 (equivalent to approximately US\$311) per square meter for years 4 to 10 of the concession, subject to consumer price index increase in years 5 to 10 of the concession.
- The concessionaires shall assume certain corporate social responsibilities, including support for the development of local small and medium-sized enterprises; support the diversification of local industries, guaranteeing labor rights and interests, namely those concerning the guarantee of labor credits, on-the-job training and professional advancement of local employees, as well as a pension scheme designed to protect employees; hiring disabled or rehabilitated individuals; support for public interest activities; support for activities of an educational, scientific and technological, environmental protection, cultural and sporting nature, among others.
- The concessionaires and the shareholders holding 5% or more of their registered share capital shall not hold directly any capital of another concessionaire for the operation of games of chance in casinos in Macau, and shall not hold indirectly 5% or more of its registered share capital.
- Management companies are entities that have management powers over all or some casinos from one concessionaire and are subject to suitability reviews at DICJ's discretion. The execution of a contract between a concessionaire and a managing company pursuant to which the company assumes or may assume management powers relating to the concessionaire is prohibited and any such contract will be deemed null and void. Notwithstanding, the Chief Executive of Macau may authorize and approve the engagement of a management company by a concessionaire provided that under such engagement, a

concessionaire may only pay to the managing company management fees, with casino revenue sharing or payment of commissions not being permitted by any means. Members of the corporate bodies of a management company may not be members of a corporate body of a concessionaire or gaming promoter.

- The concessionaires must have a managing-director who is a Macau permanent resident and holds at least 15% of the registered share capital of the concessionaire.
- The concessionaires are subject to the payment of an annual premium, established in the concession contracts, which varies depending on the number of casinos that each concessionaire is authorized to operate, the number of authorized gaming tables and gaming machines, the type of games of chance operated, the location of the casinos, and other relevant criteria set by the Macau government.
- If the average gross gaming revenue of the gaming tables or gaming machines does not reach a set minimum limit, the concessionaire must pay a special premium, in an amount equal to the difference between the amount of the special tax on gaming, calculated according to the average gross gaming revenue, and such minimum limit. The average gross revenue is calculated according to the maximum number of gaming tables and gaming machines authorized for the concessionaire in the year to which it relates, with the exception of the number of gaming tables and gaming machines authorized to operate provisionally during the period designated for such purpose. The annual minimum limit of the gross gaming revenue of each gaming table and each gaming machine, as well as the period designated for the provisional operation of gaming tables and gaming machines, are determined by dispatch from the Chief Executive of Macau. The annual minimum limit of the gross gaming revenue must be set out in view of the past gross gaming revenue of Macau and the current situation of the economic development of Macau, and may be adjusted exceptionally in case of extraordinary, unpredictable or force majeure incidents, and is currently in the amount of MOP7 million (equivalent to approximately US\$869,988) annual gross gaming revenue for gaming tables and MOP300,000 (equivalent to approximately US\$37,285) annual gross gaming revenue for gaming machines.
- With respect to the gaming promotion activities, the concessionaires must inform the DICJ of any facts that may affect the solvency of gaming promoters, including the fact that they have been named as defendants in civil proceedings or have entered into loan or financing agreements that exceed their solvency, within a period of five days counted from the date of occurrence of the respective facts or the concessionaires' knowledge thereof; inform the DICJ of facts that indicate the practice, by gaming promoters, of crimes and administrative offenses provided for in the law, within five days from the date of the concessionaires' knowledge thereof, without prejudice to duties provided in other laws; supervise the activity of the gaming promoters, including their fulfillment of the duties provided in gaming laws and regulations; and adopt appropriate measures to prevent gaming promoters from conducting illegal activities in the casinos of the concessionaires.
- Each gaming promoter can only conduct gaming promotion activities with one concessionaire and may only receive commission, not being a gaming promoter permitted to share with the concessionaires, in any form whatsoever, the casino revenue.
- The concessionaires are jointly and severally liable for administrative fines and civil liability arising from the exercise in their casinos of the authorized gaming promotion activity by gaming promoters, their directors and key employees, as well as their collaborators. Such joint and several liability may be excluded when it is proved that the concessionaire has responsibly fulfilled its supervision duty.
- The maximum number of gaming tables and gaming machines that may be operated by the concessionaires is determined by dispatch from the Chief Executive of Macau and the number of gaming tables and gaming machines to be installed, added or reduced in each casino by the concessionaires is subject to authorization of the Secretary for Economy and Finance. The Secretary for Economy and Finance may reduce the number of gaming tables or gaming machines if the gross gaming revenue from gaming tables or gaming machines fails, for two consecutive years, to reach the

minimum limit of the annual gross revenue determined by dispatch from the Chief Executive of Macau or if the authorized gaming tables or gaming machines are not fully utilized without just cause, by the concessionaires, within the deadline set out by the Secretary for Economy and Finance. Currently the maximum number of gaming tables that may be operated in Macau is 6,000 and the maximum number of gaming machines is 12,000 and Melco Resorts Macau has been authorized to operate 750 gaming tables and 2,100 gaming machines.

- The circulation of chips is subject to authorization from the Secretary for Economy and Finance, which may establish the maximum limit of the total amount of chips in circulation.
- The concessionaires can only disseminate information or activities related to gaming in the zones for games of chance of the casinos, under the applicable laws and regulations.
- The concessionaires and the companies of which they are dominant shareholders cannot be admitted to listing on stock exchanges.
- An administrative sanctions regime is established with fines ranging from MOP100,000 (equivalent to approximately US\$12,428) and MOP5,000,000 (equivalent to approximately US\$621,420) and, depending on the seriousness of the offense, damages, fault, benefits obtained, economic situation and previous conduct, a supplemental penalty of total or partial closure of gaming areas for periods ranging from one month to one year.
- In the event of dissolution of a current concessionaire for failing to obtain a new concession in the next tender, the shareholders of the concessionaire holding 5% or more of the concessionaire's share capital as of the date of termination of the concession contract or the date of termination of the concession are jointly and severally liable for the concessionaire's outstanding chips.

Non-compliance with these obligations could lead to the revocation of Melco Resorts Macau's Concession Contract and could materially and adversely affect our gaming operations.

The Macau government has also enacted other gaming legislation, rules and policies. Further, it imposed policies, regulations and restrictions that affect the minimum age required for entrance into casinos in Macau, location requirements for sites with gaming machine lounges, supply and requirements of gaming machines, equipment and systems, instructions on promoting responsible gaming, restrictions on the reallocation of gaming tables between properties and other matters. In addition, the Macau government may consider enacting new regulations that may adversely affect our gaming operations. Our inability to address the requirements or restrictions imposed by the Macau government under such legislation or rules could adversely affect our gaming operations.

#### ***Gaming Activities Regulations***

Macau Law no. 16/2022 regulates, among other things, the exercise of the gaming promotion activity. Such activity is subject to a gaming promoter license. Licenses are subject to annual renewal and a list of licensed gaming promoters is published in the DICJ's website and is subject to regular updates. The issuance, renewal and cancellation of gaming promoter licenses are the responsibility of the Secretary for Economy and Finance, who also determines the maximum annual number of gaming promoters which each concessionaire may engage as published on the DICJ's website.

The granting or renewal of a gaming promoter license may be requested by a commercial company that fulfills certain cumulative requirements, such as having its registered office in Macau, being a limited liability company by shares with the activity of gaming promotion as its exclusive business purpose, having a registered capital of not less than MOP10 million (equivalent to approximately US\$1.2 million) fully paid up in cash, and net assets of not less than such amount during the license period, having as shareholders individuals only, having 50% or more of its registered capital being held by permanent residents of Macau who are at least 21 years of

age, having agreed with one concessionaire the provision of gaming promotion services to the same, having provided a security deposit, not having any debts or fines imposed for breach of legal provisions relating to gaming under tax enforcement proceedings, having adequate financial capacity, not having the company and its shareholders, directors and key employees previously being declared insolvent or bankrupt, nor being responsible for debts arising from the insolvency or bankruptcy of third parties, and the company and its shareholders, directors and key employees being deemed suitable.

Each gaming promoter can only conduct the gaming promotion activity with one concessionaire, and only for a commission. Gaming promoters are prohibited from resorting to the support of entities that are not their directors, employees or collaborators, in the exercise of the gaming promotion activity; from sharing, by any means, the revenues from the casinos with the concessionaire; from making, through the sharing of revenues from the casinos, the payment of commissions to any entity with which it cooperates; from cooperating with those who are prohibited from carrying out the activity of gaming promotion or of collaborator; and from depositing, by themselves or through third parties, chips or funds from third parties. The DICJ and the Macau Financial Services Bureau monitor each gaming promoter and its staff and collaborators. In October 2015, the DICJ issued specific accounting related instructions applicable to gaming promoters and their operations. Any failure by the gaming promoters to comply with such instructions may impact their license and ability to operate in Macau.

In addition, concessionaires are jointly and severally liable for administrative fines and civil liability arising from the exercise in their casinos of the authorized gaming promotion activity by gaming promoters, their directors and key employees, as well as their collaborators. Such joint and several liability may be excluded when it is proved that the concessionaire has responsibly fulfilled its supervision duty. Law no. 16/2022 also clarified that under Macau Administrative Regulation no. 6/2002, concessionaires may only be jointly and severally liable for the acceptance, in their casinos, of the deposit of funds or chips from third parties, by gaming promoters, their directors and their collaborators, as well as by the employees of the gaming promoters who exercise duties in the casinos, if such funds or chips were used in games of chance in their casino or were earned in these games. When assessing whether the funds or chips deposited were used in games of chance in casino or were earned in these games, the law provides that it shall be taken into account, in particular, the concessionaire's records.

Furthermore, gaming promoters, including their shareholders, directors, and key employees, are subject to verification of suitability based on criteria such as reputation, tendency to take on excessive risks in view of how they usually conduct business or the nature of their professional activities, their economic and financial situation, existence of well-founded suspicions on the legality of the origin of the funds to be used in the gaming promotion activity or regarding the true identity of the holder of such funds, existence of improper transactions with criminal groups, and indictment or conviction for crime punishable by imprisonment of three years or more.

In addition to the licensing and suitability assessment process performed by the DICJ, all of our gaming promoters (if any) undergo thorough internal vetting procedures. We conduct background checks and also conduct periodic reviews of the activities of each gaming promoter (if any), its employees and its collaborators for possible non-compliance with Macau legal and regulatory requirements. Such reviews generally include investigations into compliance with applicable anti-money laundering laws and regulations as well as tax withholding requirements.

Concessionaires are required to report periodically on commissions paid to their gaming promoters. A 5% tax must be withheld on commissions paid by a concessionaire to its gaming promoters. Under Law no. 16/2022 and in accordance with the Secretary for Economy and Finance Dispatch no. 90/2022, a commission cap of 1.25% of net rolling has been in effect. Such commission cap was confirmed by the Macau government in 2022. Any advantages or liberalities offered or provided, in Macau or abroad, directly or indirectly, to the gaming promoter by the concessionaire, a company in which the concession holds participation, or others with which the concessionaire is in a group relationship, shall be considered and calculated as commission and be



within such commission cap. The commission cap regulations impose fines, ranging from MOP2,000,000 (equivalent to approximately US\$248,568) up to MOP5,000,000 (equivalent to approximately US\$621,420) on concessionaires that do not comply with the cap and other fines, ranging from MOP600,000 (equivalent to approximately US\$74,570) up to MOP1,500,000 (equivalent to approximately US\$186,426) on concessionaires that do not comply with their reporting obligations regarding commission payments. If breached by the concessionaire, the legislation on commission caps has a sanction enabling the relevant government authority to determine the closure, in whole or in part, of the areas for games of chance, for a period of one month to one year, and/or to make public a government decision imposing a fine on a concessionaire, by publishing such decision on the DICJ website and in two Macau newspapers (in Chinese and Portuguese, respectively). We believe we have implemented the necessary internal control systems to ensure compliance with the commission cap and reporting obligations in accordance with applicable rules and regulations.

The exercise of the activity of collaborators and managing companies is also governed under Macau Law no. 16/2022. Collaborators, managing companies, as well as managing companies' shareholders holding an amount equal to or greater than 5% of their registered capital, directors, and key employees are subject to suitability assessment process performed by the DICJ.

The issuance and renewal of the authorization of collaborator are the responsibility of the DICJ and may be requested by those who fulfill certain requirements, including having completed 21 years of age, being deemed suitable, having agreed to collaborate with, at least, one gaming promoter, and having provided a security deposit. The maximum annual total number of collaborators is set out by the DICJ and published on its website. Collaborators shall not perform operations of credit concession for gaming or betting in casino, on behalf of any person, and shall be prohibited from depositing, by itself or through third parties, chips or funds from third parties.

A concessionaire that intends to engage a managing company to provide casino management services must obtain authorization from the Chief Executive of Macau and submit the draft management agreement for approval. The business purpose of the managing company is limited to the management of the concessionaires' casinos. A managing company can only enter into a managing agreement with one concessionaire, and can only receive management fees from the concessionaire, with casino revenue sharing or payment of commissions not being permitted. Managing companies are prohibited from managing the financial activities of casinos, including in matters of accounting or settlement of chips and gaming funds, as well as from depositing, by themselves or through third parties, chips or funds from third parties.

Macau Law no. 16/2022 further established the crime of unlawful deposit and the crime of disobedience. The crime of unlawful deposit is applicable to concessionaires, gaming promoters or managing companies, their directors or representatives, or persons under their authority, in the exercise of their duties, or collaborators, in the exercise of their activity, who deposit funds from third parties not intended for gaming, and is punishable by imprisonment from 2 to 5 years in case of individuals, or fines up to MOP18 million (equivalent to approximately US\$2.2 million) or judicial dissolution in case of legal persons. The crime of disobedience is applicable to whoever refuses to fulfill the access and presence of the DICJ and Macau Financial Services Bureau supervisory personnel in the areas subject to supervision until the conclusion of the supervisory action, or the presentation or provision of the documents, data and assets required under the terms of the law by the supervisory personnel, or to whoever does not comply with the measure of preventive suspension of activity, with individuals being subject to imprisonment from 1 to 2 years and legal persons being punishable by fines up to MOP9 million (equivalent to approximately US\$1.1 million) or judicial dissolution. In addition to such penalties, certain accessory penalties may be applied, including closure of gaming areas, prohibition of the exercise of the activity of gaming promotion, collaborator or management of casinos, for a period of 1 month to 2 years, interdiction on applying for a gaming promoter license or collaborator authorization for a period of 1 to 2 years, judicial injunction or publication of the decision in two Macau newspapers (in Chinese and Portuguese, respectively) and through public notice.

### ***Gaming Credit Regulations***

Macau Law no. 5/2004 has legalized the extension of gaming credit to patrons or gaming promoters by concessionaires. Gaming promoters may also extend credit to patrons upon obtaining an authorization by a concessionaire to carry out such activity. Assigning or transferring one's authorization to extend gaming credit is not permitted. This statute sets forth filing obligations for those extending credit and the supervising role of the DICJ in this activity. Gaming debts contracted pursuant to this statute are a source of civil obligations and may be enforced in courts in Macau. This law is currently under review by the Macau government.

### ***Illegal Gambling Crimes Regulations***

The Macau government is currently considering the enactment of a new law to combat illegal gambling crimes. The proposed "Law to Combat Illegal Gaming Crimes" will replace the existing Illegal Gaming Law (Law no. 8/96/M). Among other things, the proposed new law clarifies that illegal gaming crimes include side betting activities, increases the penalties applicable to illegal gaming crimes (imprisonment of up to 8 years and fine of up to 360 days, i.e., MOP3,600,000), and prohibits the operation, promotion and organization of online gaming in Macau, even if the servers or IT equipment are located outside Macau. Furthermore, it proposes the introduction of several measures to enhance investigations, such as the ability of authorities to resort to undercover agents.

In addition to natural persons, legal entities are also subject to this proposed new law and, in the case of legal entities, are subject to a judicial dissolution penalty or daily fines ranging from MOP250 to MOP15,000 for a period of no less than 100 days to a maximum period of 1,200 days and representatives of legal entities may be jointly and severally responsible to pay such fines.

In addition to the penalties described above, other sanctions which may be imposed include prohibition from attending certain establishments or places, prohibition or suspension to exercise certain profession or activity, deportation or prohibition from entering the Macau SAR in case of non-residents, and prohibition to enter casinos.

The draft law continues to cover other crimes related to gaming, such as the crimes of illegal concession of credit for gaming, fraudulent gaming and falsification of gaming chips.

The proposed law is currently under review and approval by the Macau Legislative Assembly.

### ***Access to Casinos and Gaming Areas Regulations***

Under Law no. 10/2012, as amended pursuant to Law no. 17/2018, the minimum age required for entrance into casinos in Macau is 21 years of age. The director of the DICJ may authorize employees under 21 years of age to temporarily enter casinos or gaming areas, after considering their special technical qualifications. In addition, off-duty gaming related employees of concessionaires and gaming promoters may not, starting from December 2019, access any casinos or gaming areas, except during the Chinese New Year festive season or under specific circumstances.

### ***Smoking Regulations***

Under the Smoking Prevention and Tobacco Control Law, as amended pursuant to Law no. 9/2017, smoking on casino premises is only permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to meet certain standards determined by the Macau government.

***Anti-Money Laundering and Terrorism Financing Regulations***

In conjunction with current gaming laws and regulations, we are required to comply with the laws and regulations relating to anti-money laundering activities in Macau. Law no. 2/2006 (as amended pursuant to Law no. 3/2017), the Administrative Regulation no. 7/2006 (as amended pursuant to Administrative Regulation no. 17/2017) and the DICJ Instruction no. 1/2016 in effect from May 13, 2016 (as amended pursuant to DICJ Instruction no. 1/2019), govern our compliance requirements with respect to identifying, reporting and preventing anti-money laundering and terrorism financing crimes at our casinos in Macau. Under these laws and regulations, we are required to:

- implement internal procedures and rules governing the prevention of anti-money laundering and terrorism financing crimes which are subject to prior approval from DICJ;
- identify and evaluate the money laundering and terrorism financing risk inherent to gaming activities;
- identify any customer who is in a stable business relationship with Melco Resorts Macau, who is a politically exposed person or any customer or transaction where there is a sign of money laundering or financing of terrorism or which involves significant sums of money in the context of the transaction, even if any sign of money laundering is absent;
- refuse to deal with any of our customers who fail to provide any information requested by us;
- keep records on the identification of a customer for a period of five years;
- establish a regime for electronic transfers;
- keep individual records of all transactions related to gaming which involve credit securities;
- keep records of all electronic transactions for amounts equal to or exceeding MOP8,000 (equivalent to approximately US\$994) in cases of occasional transactions and MOP120,000 (equivalent to approximately US\$14,914) in cases of transactions that arose in the context of a continuous business relationship;
- notify the Macau Finance Information Bureau if there is any sign of money laundering or financing of terrorism;
- adopt as compliance function and appoint compliance officers; and
- cooperate with the Macau government by providing all required information and documentation requested in relation to anti-money laundering activities.

Under Article 2 of Administrative Regulation no. 7/2006 (as amended pursuant to Administrative Regulation no. 17/2017) and the DICJ Instruction no. 1/2016 (as amended pursuant to DICJ Instruction no.1/2019), we are required to track and report transactions and granting of credit that are of MOP500,000 (equivalent to approximately US\$62,142) or above. Pursuant to the legal requirements above, if the customer provides all required information, after submitting the reports, we may continue to deal with those customers that were reported to the DICJ and, in case of suspicious transactions, to the Macau Finance Information Bureau.

We employ internal controls and procedures designed to help ensure that our gaming and other operations are conducted in a professional manner and in compliance with internal control requirements issued by the DICJ set forth in its instruction on anti-money laundering, the applicable laws and regulations in Macau, as well as the requirements set forth in the Concession Contract.

We have developed a comprehensive anti-money laundering policy and related procedures covering our anti-money laundering responsibilities, which have been approved by the DICJ, and has training programs in place to ensure that all relevant employees understand such anti-money laundering policy and procedures. We also use an integrated IT system to track and automatically generate significant cash transaction reports and, as permitted by the DICJ and the Macau Finance Information Bureau, submit those reports electronically.

### ***Responsible Gaming Regulations***

On October 18, 2019, the DICJ issued Instruction no. 4/2019, which came into effect on December 27, 2019, setting out measures for the implementation of responsible gaming principles. Under this instruction, concessionaires are required to implement certain measures to promote responsible gambling, including making information available on the risks of gambling, responsible gambling and odds, both inside and outside the casinos and gaming areas and through electronic means; creation of information and counseling kiosks and a hotline; adequate regulation of lighting inside casinos and gaming areas; self-exclusion and exclusion at third party request procedures, off-duty gaming related employees entry restriction procedures, physical entry requirements, preventive measures for restricted access by persons under 21 years of age; public exhibition of time; creation and training of teams and a coordinator responsible for promoting responsible gambling.

Law no. 16/2001, as amended in June 2022 pursuant to Law no. 7/2022, or the Macau Gaming Operations Law, also sets out responsible gaming obligations, including the obligation of the concessionaires to prepare a plan for the promotion of responsible gaming, as well as to adopt measures that allow the public, including tourists, to have sufficient information to assume a responsible, moderate and controlled posture towards gaming. These measures include providing players with information about responsible gaming behaviors, as well as about gaming dependency and addiction issues, including the information on responsible gaming; adequate measures to ensure the prohibition of entry into casinos of those to whom access is prohibited; information on the dissemination of the measure of interdiction of entry in casino upon request, as well as the means of submitting such request; creation of a specialized gaming group to provide adequate assistance and counseling services to those in need; and training and recycling actions on responsible gaming aimed at employees, as well as counseling services. Furthermore, the concessionaires must annually submit to the DICJ a report on the execution of the plan for the promotion of responsible gaming of such year, as well as a plan for the promotion of responsible gaming for the subsequent year.

### ***Control of Cross-border Transportation of Cash Regulations***

On June 12, 2017, Law no. 6/2017 with respect to the control of cross-border transportation of cash and other negotiable instruments to the bearer, was enacted. Such law came into effect on November 1, 2017. In accordance with such law, all individuals entering Macau with an amount in cash or negotiable instrument to the bearer equal to or higher than the amount determined by the order of the Chief Executive of Macau at MOP120,000 (equivalent to approximately US\$14,914) will be required to declare such amount to the customs authorities. The customs authorities may also request an individual exiting Macau to declare if such individual is carrying an amount in cash or negotiable instruments to the bearer equal to or higher to such amount. Individuals that fail to duly complete the required declaration may be subject to a fine (ranging from 1% to 5% of the amount that exceeds the amount determined by the order of the Chief Executive of Macau for declaration purposes, such fine being at least MOP1,000 (equivalent to approximately US\$124) and not exceeding MOP500,000 (equivalent to approximately US\$62,142)). In the event the relevant customs authorities find that the cash or negotiable instrument to the bearer carried by an individual while entering or exiting Macau may be associated with or result from any criminal activity, such incident shall be notified to the relevant criminal authorities and the relevant amounts shall be seized pending investigation. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Operating in the Gaming Industry in Macau — Our gaming operations in Macau could be adversely affected by restrictions on the export of the Renminbi and any unfavorable fluctuations in the currency exchange rates of the Renminbi.”

### ***Prevention and Suppression of Corruption in External Trade Regulations***

In addition to the general criminal laws regarding corrupt practices in the public and private sector that are in force in Macau, on January 1, 2015, Law no. 10/2014, criminalizing corruption acts in external trade and providing for a system for prevention and suppression of such criminal acts came into effect in Macau. Our internal policies, address this issue.

### ***Asset Freezing Enforcement Regulations***

On August 29, 2016, Law no. 6/2016 with respect to the framework for the enforcement of asset freezing orders, which comprised of United Nations Security Council sanctions resolutions for the fight against terrorism and proliferation of weapons of mass destruction, was enacted. Under this law, the Chief Executive of Macau is the competent authority to enforce freezing orders and the Asset Freeze Coordination Commission must assist the Chief Executive in all technical aspects of such enforcement. Among other entities, concessionaires are subject to certain obligations and duties regarding the freezing of assets ordered by the United Nations Security Council sanctions resolutions, including reporting and cooperation obligations.

### ***Foreign Exchange Regulations***

Concessionaires in Macau may be authorized to open foreign exchange counters at their casinos and gaming areas subject to compliance with the Foreign Exchange Agencies Constitution and Operation Law (Decree-Law no. 38/97/M), the Exchange Rate Regime (Decree-Law no. 39/97/M) and the specific requirements determined by the Monetary Authority of Macau. The transaction permitted to be performed in such counters is limited to buying and selling bank bills and coins in foreign currency, and to buying travelers checks.

### ***Intellectual Property Rights Regulations***

Our subsidiaries incorporated in Macau are subject to local intellectual property regulations. Intellectual property protection in Macau is supervised by the Intellectual Property Department of the Economic and Technological Development Bureau of the Macau government.

The applicable regime in Macau with regard to intellectual property rights is defined by two main laws. The Industrial Property Code (Decree-Law no. 97/99/M, as amended pursuant to Law no. 11/2001), covers (i) inventions meeting the patentability requirements; (ii) semiconductor topography products; (iii) trademarks; (iv) designations of origin and geographical indications; and (v) awards. The Regime of Copyright and Related Rights (Decree-Law no. 43/99/M, as amended by Law no. 5/2012), protects intellectual works and creations in the literary, scientific and artistic fields, by copyright and related rights. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — A failure to establish and protect our intellectual property rights could have an adverse effect on our business, financial condition and results of operations.”

### ***Personal Information Regulations***

Processing of personal information by our subsidiaries in Macau is subject to compliance with the Personal Data Protection Act (Law no. 8/2005), in the case of Melco Resorts Macau, any instructions issued by DICJ from time to time. The Office for Personal Data Protection, or GPDP, is the regulatory authority in Macau specially in charge of supervising and enforcing the Personal Data Protection Act. Breaches are subject to civil liability, administrative and criminal sanctions.

The legal framework and the instructions issued by DICJ require that certain procedures must be adopted before collecting, processing and/or transferring personal information, including obtaining consent from the data subject and/or notifying or requesting authorization from the GPDP and/or DICJ, as applicable, prior to processing personal information.

### ***Cybersecurity Regulations***

Law no. 13/2019, the Cybersecurity Law came into effect on December 21, 2019 and is intended to protect networks, systems and data of public and private operators of critical infra-structures, among which operators of games of chance in casino are included.

The cybersecurity system is composed of a Cybersecurity Commission, a Cybersecurity Alert and Response Incident Centre (“CARIC”) and cybersecurity supervisory entities.

Among other duties, private infrastructure operators are required to appoint a suitable and experienced person to be responsible for handling its cybersecurity and to be permanently reachable by CARIC, create a cybersecurity department, implement adequate internal cybersecurity procedures, conduct evaluations of its networks’ security and risks, submit annual reports to their supervisory entity and inform CARIC and the respective supervisory entity of any cybersecurity incidents.

Additional regulations have been enacted to further determine and detail how the above-mentioned obligations are to be fulfilled.

#### ***Labor Quotas Regulations***

All businesses in Macau must apply to the Labor Affairs Bureau for labor quotas to import non-resident unskilled workers from the PRC and other regions or countries. Non-resident skilled workers are also subject to the issuance of a work permit by the Macau government, which is given individually on a case-by-case basis. Businesses are free to employ Macau residents in any position, as by definition all Macau residents have the right to work in Macau. We have, through our subsidiaries, two main groups of labor quotas in Macau, one to import non-skilled workers from the PRC and the other to import non-skilled workers from all other countries. Melco Resorts Macau is not currently allowed to hire non-Macau resident dealers and supervisors under the Macau government’s policy.

Pursuant to Macau social security laws, Macau employers must register their employees under a mandatory social security fund and make social security contributions for each of its resident employees and pay a special duty for each of its non-resident employees on a quarterly basis. Employers must also buy insurance to cover employment accidents and occupational illnesses for all employees.

#### ***Minimum Salary Regulations***

On April 27, 2020, Law no. 5/2020, with respect to minimum salary, was enacted. Such law came into effect on November 1, 2020. In accordance with such law, the monthly minimum salary in Macau is MOP6,656 (equivalent to approximately US\$827) per month (excluding overtime, night and shift allowances and regular bonus related payments). The minimum salary requirement applies to all workers in Macau, except domestic helpers and special needs workers.

#### ***Land Regulations***

Land in Macau is legally divided into plots. In most cases, private interests in real property located in Macau are obtained through long-term leases from the Macau government.

Our subsidiaries have entered into land concession contracts for the land on which our Altira Macau, City of Dreams and Studio City properties are located. Each contract has a term of 25 years and is renewable for further consecutive periods of ten years and imposes, among other conditions, a development period, a land premium payment, a nominal annual government land use fee, which may be adjusted every five years, and a guarantee deposit upon acceptance of the land lease terms, which are subject to adjustments from time to time in line with the amounts paid as annual land use fees.

The land is initially granted on a provisional basis and registered as such with the Macau Real Property Registry and only upon completion of the development is the land concession converted into definitive status and so registered with the Macau Real Property Registry.

### ***Restrictions on Distribution of Profits Regulations***

Subsidiaries incorporated in Macau are required to set aside a minimum between 10% to 25% of the entity's profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to between 25% to 50% of the entity's share capital, in accordance with the provisions of the Macau Commercial Code. The legal reserve is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the board of directors or the shareholders (as applicable) of the relevant subsidiaries.

As of December 31, 2023, the aggregate balance of the legal reserves of all of our Macau subsidiaries amounted to US\$31.5 million.

### ***Philippines Regulations***

#### ***Gaming Regulations***

Melco Philippine Parties and Philippine Parties are co-licensees of the Philippine License dated April 29, 2015 issued by PAGCOR (previously the Provisional License) for the development of an integrated casino, hotel, retail and entertainment complex within the Entertainment City, Manila. As one of the Philippine Licensees, Melco Resorts Leisure has been named as the special purpose entity to operate the casino business and act as the sole and exclusive representative of the Philippine Licensees for the purposes of the Philippine License. The Philippine License is one of the four licenses granted to various parties to develop integrated tourism resorts and establish and operate casinos in Entertainment City.

The Casino Regulatory Manual (CRM) was originally issued in January 2013 by PAGCOR for the guidance of the Entertainment City licensees. It was developed to meet the following objectives of PAGCOR: (a) to ensure a level playing field among industry proponents; (b) maintain the orderly and predictable environment; (c) enforce license terms and conditions; (d) promote fairness and integrity in the conduct of games; (e) provide an underlying platform for responsible gaming; (f) disallow access to gaming venues by minors and financially vulnerable persons; and (g) prevent licensed gaming venues from being used for illegal activities.

The CRM contains regulations and standards that the Entertainment City licensees, including City of Dreams Manila, should adhere to and observe. It should be read in conjunction with the Philippine License. It contains regulations on areas such as, but not limited to: casino layout, table games and electronic gaming machines, casino management systems, surveillance, gaming chips and plaques, procurement of gaming equipment and gaming paraphernalia as well as the accreditation of suppliers thereof, casino operational rules and guidelines, conduct of gaming, casino player incentives, marketing and promotions, chipwashing and junket operations, banned personalities, determination of gross gaming revenues for table games, electronic gaming machines and other fees; and determination, collection and remittance of PAGCOR license fees. The CRM is revised from time to time to incorporate changes and revisions to the CRM proposed by any of the Entertainment City licensees and approved by PAGCOR. To date, the CRM is now on its fourth (4<sup>th</sup>) version.

The ownership and operation of casino gaming facilities in the Philippines are subject to the regulatory supervision of PAGCOR. See “— Gaming Licenses — PAGCOR Licenses in the Philippines” below for more details.

#### ***Anti-Money Laundering Regulations in the Philippines***

The Philippine AMLA criminalized money laundering and imposed certain requirements on customer identification, record keeping, and reporting of covered and suspicious transactions by covered persons as defined under the law.

Previously, City of Dreams Manila was covered by the Philippine AMLA only to a limited extent and was only required to report its foreign exchange transactions/money changer activities. However, with the new amendment to the existing Philippine AMLA, casinos are now included as covered persons subject to reporting and other requirements. Therefore, City of Dreams Manila, both in relation to its foreign exchange transactions/money changer activities, as well as its casino operations, is now required to report (i) transactions in cash or other equivalent monetary instrument involving a total amount in excess of PHP500,000 (equivalent to approximately US\$8,998) within one (1) banking day, with respect to its foreign exchange transactions/money changer activities, and (ii) single casino cash transaction involving an amount in excess of PHP5,000,000 (equivalent to approximately US\$89,980) or its equivalent in any other currency, with respect to its casino operations. Suspicious transactions, regardless of amount, are also required to be reported in connection with both its foreign exchange transactions/money changer activities and casino operations.

The Anti-Money Laundering Council and PAGCOR have also recently released regulations and guidelines on compliance and we have adjusted our anti-money laundering policies for our Philippine operations to these new rules and regulations.

### ***Environmental Laws***

Development projects that are classified by law as Environmentally Critical Projects within statutorily defined Environmentally Critical Areas are required to obtain an Environmental Compliance Certificate (“ECC”) prior to commencement.

The Environmental Management Bureau of the Department of Environment and Natural Resources issued an ECC to Belle Corporation for City of Dreams Manila. Under the terms of its Philippine Economic Zone Authority registration, Melco Resorts Leisure is required, prior to the start of commercial operations of City of Dreams Manila, to either: (a) apply for an ECC with the Environmental Management Bureau of the Department of Environment and Natural Resources and submit an approved copy of the ECC to the Philippine Economic Zone Authority within 15 days from its issuance, or (b) submit the ECC issued to Belle Corporation, as the same may be amended to reflect any changes made to City of Dreams Manila, for the review and approval by the Philippine Economic Zone Authority. Accordingly, Belle Corporation applied for an Amended ECC to reflect the changes made to City of Dreams Manila. The Environmental Management Bureau of the Department of Environment and Natural Resources issued the Amended ECC to Belle Corporation on July 31, 2014.

### ***Cyprus Regulations***

#### ***Gaming Law and Regulations***

The Cyprus Casino Operations and Control Laws of 2015-2022 (as amended from time to time) (“the Law”) and Casino Operations and Control Law (General) Regulations 2016 provide the main regulatory framework for the establishment, operation, function, supervision and control of casinos operating in Cyprus. The Law established The Cyprus Gaming and Casino Supervision Commission, known as the Cyprus Gaming Commission, in 2015. The Law also provided for a gaming license to be granted to a single operator, which was granted to Integrated Casino Resorts on June 26, 2017, to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and until the operation of such integrated casino resort, the operation of a temporary casino in Limassol) and up to four satellite casino premises in Cyprus, for a term of 30 years from the date of grant and with the right for exclusivity in Cyprus for the first 15 years of the term. These are the only lawful and regulated casino operations in Cyprus. The Cyprus Gaming Commission also issues binding directions to Integrated Casino Resorts concerning its operations from time to time. Such directions issued by the Cyprus Gaming Commission in the past cover casino advertising and promotions, anti-money laundering and combating the financing of terrorism, casino layout, casino surveillance, conduct of casino games and rules for games, use of agents for referrals of casino customers and the gaming equipment technical standards and others.



### ***Anti-Money Laundering Law and Regulations***

The Prevention and Suppression of Money Laundering Activities Laws of 2007 to 2022 (188(I)/2007) N. 98 (I)/2023 (“Cyprus AML Law”) as amended in March 2021 transposed the European Union’s Sixth AML Directive (“AMLD 6”) into national law of Cyprus. Amendments to the Cyprus AML Law were also made in March 2022 in order to provide further clarifications on the provisions of the AMLD 6. The amendments to the Cyprus AML Law mostly relate to the enforcement procedure and measures to be undertaken to better enforce, supervise and coordinate the EU’s rules in this area. Notably, a new article 55A provides for the exchange of information between competent authorities of member states as well as the introduction of a new article 61Z, which provides for the exchange of information with Europol. Additionally, in October 2023, new amendments were announced in relation to the Cyprus AML Law. Particularly, the newly introduced article 66 sets out the duties of the obliged entities, emphasizing their obligations to identify, assess and mitigate the risks related to money laundering and terrorist financing.

The CGC’s anti-money laundering Direction requires the Company to implement compliance measures to meet obligations relating to the Company’s monitoring and control obligations and CGC reporting requirements. The principal objectives of the Cyprus AML Law are to prevent the laundering of proceeds of serious criminal offenses (“predicate offenses”), including terrorist financing and related activities, to detect and prosecute money laundering activities and to provide for the restraint and confiscation of illicit funds. The law makes money laundering or assisting in it a criminal offense and establishes a Financial Intelligence Unit (“FIU”).

Casino operators are an obliged entity under the Cyprus AML Law. Integrated Casino Resorts is therefore required to have procedures in place for customer due diligence, recordkeeping and internal reporting and to appoint an appropriate person as money laundering compliance officer. The Cyprus AML Law also contains powers of MOKAS to confiscate the assets of persons who are convicted of a predicate offense and to restrain the assets of such persons and of persons who are reasonably suspected of involvement in money laundering activities. In addition, there are a number of regulations related to anti-corruption, anti-bribery, anti-money laundering and sanctions. The CGC also has supervisory powers for anti-money laundering and combating the financing of terrorism.

On January 17, 2024, the Council of the European Union and European Parliament reached a provisional agreement on a new Anti-Money Laundering (“AML”) framework aimed at solidifying the EU’s commitment to addressing AML and terrorist financing risks through a harmonized regulatory framework, including:

- the formulation of a new AML Regulation (“AMLR”), introducing a unified and directly applicable ‘single rulebook’ across the EU, providing detailed and directly applicable AML rules throughout the EU;
- the provisions of the AMLD 6 as already enacted will be transferred to the AMLR, implementing measures at a national level, including specific obligations for enhanced due diligence by all obliged entities for transactions involving high-risk third countries;
- the introduction of new maximum limits for cash payments. Specifically, an EU-wide maximum limit of €10 000 was set for cash payments, in an attempt to further enhance the protective measures against money laundering and terrorist financing. Notably, member states will have the flexibility to impose a lower maximum limit. Moreover, AMLD 6 introduced reinforced rules concerning beneficial ownership registers, in an attempt to ensure the reliability of and access to beneficial ownership registers. In addition, FIUs will have reinforced powers, through having immediate and direct access to financial, administrative and law enforcement information. Profoundly, AMLD 6 aims to strengthen cooperation between FIUs and other competent authorities, such as the EU-wide Authority for AML and Countering the Financing of Terrorism (“AMLA”), Europol, Eurojust and the European Public Prosecutor’s Office; and

- a political accord on the creation of the AMLA, which will have direct and indirect supervisory powers to oversee selected high-risk entities and assist national supervisors. The AMLA will reinforce the whistleblowing mechanism in the financial sector and have a supporting role with respect to the non-financial sector. The location of the AMLA is under consideration, with applications from member states being assessed.

The provisional agreement will be finalized and presented to EU member states' representatives in the Committee of Permanent Representatives and the European Parliament for approval. After the approval, the agreement will need to be formally adopted by the Council and Parliament before entered into force.

### ***EU's General Data Protection Regulation***

The EU's General Data Protection Regulation 2016/679 ("GDPR"), which came into force on May 25, 2018, is the EU's data protection regulation which aims primarily to give control to individuals over their personal data and imposes strict requirements on organizations' processing individuals' personal data. It places a strong emphasis on the protection of personal data during international transfers outside the EU and European Economic Area ("EEA"), requiring organizations to employ adequate safeguards or relying on other GDPR-approved transfer mechanisms to ensure that the transferred data receives a level of protection equivalent to that within the EU or EEA. Established within the EU, our operations in Cyprus are subject to the GDPR requirements. We have therefore developed and implemented a strategy that encompasses regular staff training, data protection impact assessments and the establishment of policies and procedures which regulate the organization's activities and aim to protect all personal data that is collected, processed and maintained by all business units.

An external Data Protection Officer has been appointed for our Cyprus operations, in line with the GDPR. In addition to the implementation of various policies and procedures, a number of physical and technical safeguards have been adopted, in an effort to ensure the protection of all personal data our Cyprus operations maintain. There are open channels for communication with data subjects, allowing them to exercise their rights under the GDPR. Additionally, we have put in place processes in our Cyprus operations to facilitate compliance with the GDPR requirements governing international data transfers, in an effort to ensure that any cross-border data transfer incorporates the necessary safeguards and mechanisms.

### ***Environmental Laws***

The European Union's Directive on the Assessment of the Effects of Certain Plans and Programmes on the Environment provides for a high level of protection of the environment with a view to contributing to the integration of environmental considerations for the preparation and adoption of plans and programs promoting sustainable development. This aims to ensure that an Environmental Impact Assessment is conducted on certain plans and programs which are likely to have significant effects on the environment, including those in the tourism sector. The Directive was transposed into Cyprus law in 2005 by the Environmental Impact Assessment from Certain Plans and/or Programmes Law 102(I)/2005, which is enforced by the Cyprus Department of Environment. To comply with the requirements of the environmental law, an Environmental Impact Assessment was conducted for the development of the City of Dreams Mediterranean project which, inter alia, includes the study of impacts on the nearby environment.

### ***Other Applicable Laws***

#### ***Foreign Corrupt Practices Act***

The FCPA prohibits our Company and our employees and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any foreign official. The Code of Business Conduct and Ethics includes specific FCPA related provisions in Section IV and VIII B. To

further supplement the Code of Business Conduct and Ethics, our Company implemented a FCPA Compliance Program in 2007, which was revised and expanded in scope in December 2013 as the Ethical Business Practices Program. This covers the activities of the shareholders, directors, officers, employees and counterparties of our Company.

## ***Gaming Licenses***

### ***The Concession Regime in Macau***

The Macau government conducted an international tender process for gaming concessions in Macau in 2022, and granted six gaming concessions to SJM, MGM Grand, Galaxy, Venetian Macau Limited (“VML”), Wynn Macau and Melco Resorts Macau, respectively. Subconcessions are prohibited. Though there are no restrictions on the number of casinos or gaming areas that may be operated under each concession, Macau government approval is required for the commencement of operations of any casino or gaming area. Prior to the tendering process in 2022, the subconcessionaires that entered into subconcession contracts with Wynn Macau, SJM and Galaxy were Melco Resorts Macau, MGM Grand Paradise and VML, respectively. Our subsidiary, Melco Resorts Macau, executed the Subconcession Contract with Wynn Macau on September 8, 2006, which was extended until December 31, 2022 pursuant to the execution of an Amendment Agreement to the Subconcession Contract dated June 23, 2022, with Wynn Macau continuing to develop and run hotel operations and casino projects independent of ours. Upon the completion of the tender process for new concessions, Melco Resorts Macau was granted with a new gaming concession by the Macau government for a period of 10 years, effective from January 1, 2023 until December 31, 2032, and entered into the respective Concession Contract on December 16, 2022.

A summary of the key terms of the Concession Contract is as follows.

All concessionaires must pay a special gaming tax of 35% of gross gaming revenues, defined as all gaming revenues derived from casino or gaming areas, plus an annual gaming premium of:

- MOP30 million (equivalent to approximately US\$3.7 million) per annum fixed premium;
- MOP300,000 (equivalent to approximately US\$37,285) per annum per VIP gaming table;
- MOP150,000 (equivalent to approximately US\$18,643) per annum per mass market gaming table; and
- MOP1,000 (equivalent to approximately US\$124) per annum per electric or mechanical gaming

subject to a minimum annual payment of an amount required for the operation of 500 gaming tables and 1,000 electronic gaming machines.

A special premium may be due by Melco Resorts Macau 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 US\$869,988) and the average gross gaming revenue of the gaming machines does not reach the annual minimum of MOP300,000 (equivalent to approximately US\$37,285). 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 gaming machines.

### ***The Concession Contract in Macau***

The Concession Contract in Macau provides for the terms and conditions of the concession granted to Melco Resorts Macau with expiration on December 31, 2032. Melco Resorts Macau, pursuant to a legal restriction applicable to all concessionaires, does not have the right to grant a subconcession or transfer the operation to third parties.

On December 16, 2022, Melco Resorts Macau was granted the right to operate games of chance in casinos in Macau under a new gaming concession effective from January 1, 2023 until the expiration of the concession on December 31, 2032.

A summary of the key terms of the Concession Contract is as follows.

*Gaming and Non-Gaming Investment Obligations.* The Concession Contract requires us to make a minimum investment in Macau of MOP11,823.7 million (equivalent to approximately US\$1.47 billion). 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. Of the total investment amount referred to above, MOP10,008.0 million (equivalent to approximately US\$1.24 billion) 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 MOP2,003.0 million (equivalent to approximately US\$248.9 million), in the event Macau's annual gross gaming revenue reaches MOP180.0 billion (equivalent to approximately US\$22.37 billion), which occurred in 2023.

The minimum investment amount is without prejudice to the activation of the mechanism for top-up investment, including investment projects related to gaming and non-gaming in areas such as international visitors, conventions and exhibitions, entertainment shows, sports events, culture and art, health and well-being, thematic entertainment, city of gastronomy, community tourism, maritime tourism, and others. If, after the completion of the execution of the investment plan under the Concession Contract, the total amount of expenses made by the concessionaire, directly or, with approval from the Macau government, indirectly, is lower than the global amount and the amount committed at the time of activation of the Incremental Investment Trigger, the concessionaire undertakes to use the remaining amount on projects correlated to its activity to be designated by the concessionaire and accepted by the Macau government and/or on projects that are designated by the Macau government with significant public benefit to Macau.

During the implementation of the investment plan under the Concession Contract, the Macau government may request the concessionaire to provide any document or to amend the implementation of projects contained in the investment plans to ensure compliance with current technical norms or rules and the required quality standard. However, the Macau government shall not impose any amendment that may result in an increase of the global investment amount and the amount committed at the time of activation of the Incremental Investment Trigger.

The execution of the investment plan under the Concession Contract is subject to the supervision of the Macau government, with the concessionaire being required to submit to the Macau government's approval on an annual basis the proposal for the execution of specific projects that it intends to execute in the subsequent year, which shall contain, at least, the content of such projects, the amount of the investment, and the deadline for execution. Furthermore, the concessionaire must submit to the Macau government on an annual basis a report on the execution, in the previous year, of the investment plan under the Concession Contract and of the approved proposal for the execution of the specific investment projects, which must contain, at least, an update on the execution of the specific investment projects, the invested amount, the deadline and the results of its execution. The concessionaire must also submit any other additional information as requested by the Macau government.

*Payments.* Concession premiums and taxes, computed in various ways depending upon the type of gaming or activity involved, are payable to the Macau government. The method for computing these fees and taxes may be changed from time to time by the Macau government. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly or annually and are based upon either a percentage of the gross revenues or the number and type of gaming devices operated. In addition to special gaming taxes of 35% of gross gaming revenues, we are also required to contribute to the Macau government an annual amount

equivalent to 2% of the gross gaming revenues to a public fund that has as purposes the promotion, development or study of cultural, social, economic, educational, scientific, academic and philanthropic actions. Furthermore, we are also obligated to contribute to Macau an amount equivalent to 3% of the gross gaming revenues for urban development, tourism promotion and the social security of Macau. We are required to collect and pay, through withholding, statutory taxes on commissions or other remunerations paid to gaming promoters.

*Termination Rights.* The Macau government has the right to unilaterally terminate Melco Resorts Macau's concession in the event of non-compliance by us with our basic obligations under the concession and applicable Macau laws. Upon termination, all of our casino premises and gaming equipment, would revert or be transferred to the Macau government automatically without compensation to us and we would cease to generate any revenues from these operations. In many of these instances, the Concession Contract does not provide a specific cure period within which any such events may be cured and, instead, we may be dependent on consultations and negotiations with the Macau government to give us an opportunity to remedy any such default. Melco Resorts Macau is not granted with explicit rights of veto, or of prior consultation. The Macau government may be able to unilaterally rescind the Concession Contract upon the following termination events:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the concession;
- abandonment of approved business or suspension of operations of our gaming business in Macau without reasonable grounds;
- transfer of all or part of Melco Resorts Macau's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of chance in casino in Macau and without Macau government approval;
- failure to pay taxes, premiums, levies or other amounts payable to the Macau government;
- refusal or failure to resume operations following the temporary assumption of operations by the Macau government;
- repeated opposition to the supervision and inspection by the Macau government and failure to comply with decisions and recommendations of the Macau government, especially those of the DICJ, applicable to us;
- failure to provide or supplement the guarantee deposit or the guarantees specified in the concession within the prescribed period;
- bankruptcy or insolvency of Melco Resorts Macau;
- fraudulent activity harming public interest;
- serious and repeated violation of the applicable rules for carrying out games of chance in casino or damage to the fairness of games of chance in casino;
- systematic non-compliance with the Macau Gaming Operations Law's or Concession Contract's obligations; or
- non-compliance with the investment amount and the respective criteria provided for in the Concession Contract, within the deadline set out by the Secretary for Economy and Finance.

In addition, the Macau government may, from the eighth year of the Concession, redeem the Concession by notice to Melco Resorts Macau at least one year in advance. Pursuant to such redemption, the Macau government would assume all rights and obligations of Melco Resorts Macau resulting from business legally and validly conducted by Melco Resorts Macau before the date of the redemption notice and Melco Resorts Macau would have a right to obtain reasonable and fair compensation under applicable Macau law.

Ownership and Capitalization. Set out below are the key terms in relation to ownership and capitalization under the Concession Contract:

- the registered share capital and net asset value of Melco Resorts Macau cannot be less than MOP5,000,000,000 (equivalent to approximately US\$621,419,999) and, to guarantee its performance of certain of its legal and contractual obligations, including labor obligations, Melco Resorts Macau must maintain a guarantee issued by a Macau SAR bank in favor of the Macau SAR in the amount of MOP1,000,000,000 (equivalent to approximately US\$124,284,000) until 180 days after the earlier of the expiration or termination of the Concession;
- the managing director of Melco Resorts Macau must be a permanent resident of the Macau SAR and must hold at least 15% of the registered share capital of Melco Resorts Macau;
- any person who directly acquires voting rights in Melco Resorts Macau will be subject to authorization from the Macau government;
- Melco Resorts Macau will be required to take the necessary measures to ensure that any person who directly or indirectly acquires more than 5% of the shares in Melco Resorts Macau would be subject to authorization from the Macau government, except when such acquisition is wholly made through the shares of publicly-listed companies tradable at a stock exchange;
- any person who directly or indirectly acquires more than 5% of the shares in Melco Resorts Macau will be required to report the acquisition to the Macau government (except when such acquisition is wholly made through shares tradable on a stock exchange as a publicly-listed company);
- the Macau government's prior approval would be required for any recapitalization plan of Melco Resorts Macau; and
- the Chief Executive of Macau could require the increase of Melco Resorts Macau's share capital, if deemed necessary.

*Others.* In addition, the Concession Contract contains various general covenants and obligations and other provisions, including special duties of cooperation, special duties of information, and execution of our investment obligations.

Transfers of property and credit rights of Melco Resorts Macau exceeding MOP100,000,000 (equivalent to approximately US\$12,428,400) and loan agreements or similar arrangements executed by Melco Resorts Macau as borrower or creditor equal to or exceeding that amount are each subject to approval by the Macau SAR government, except for those loan agreements related to credit granted for gaming purposes. The issue of debt securities by Melco Resorts Macau is also subject to approval by the Macau government and the Concession prohibits Melco Resorts Macau from being listed on a stock exchange. The Concession requires that prior notice be given to the Macau government of financial decisions relating to the internal movement of funds of Melco Resorts Macau exceeding 50% of its registered capital, financial decisions relating to salaries, remuneration or benefits of employees, among others, exceeding 10% of its registered capital and other financial decisions exceeding 10% of its registered capital.

The Concession Contract provides for Melco Resorts Macau's right to use the casino premises and related land for the purpose of operating games of chance under the Concession Contract during the term of the Concession Contract. On the termination or expiry of the Concession Contract, the casino premises operated by the concessionaire and the gaming equipment would automatically revert or be transferred to the Macau SAR without compensation.

#### ***PAGCOR Licenses in the Philippines***

The Philippine License issued by PAGCOR authorizes the Philippine Licensees, through Melco Resorts Leisure, to establish and operate a casino in the Philippines for both local and foreign patrons who are at least 21 years of age.

In general, the Philippine License imposes certain obligations such as, but not limited to, the following:

- payment of monthly license fees to PAGCOR;
- maintenance of a debt-to-equity ratio (based on calculation as agreed with PAGCOR) for each of the Philippine Licensees of no greater than 70:30;
- at least 95.0% of the total employees of City of Dreams Manila must be Philippine citizens;
- 2.0% of certain casino revenues must be remitted to a foundation devoted to the restoration of cultural heritage and 5.0% of certain non-gaming revenues to PAGCOR; and
- operation of only the authorized casino games approved by PAGCOR.

See “Item 3. Key Information — D. Risk Factors — Risks Relating to Operating in the Gaming Industry in the Philippines — MRP’s gaming operations are dependent on the Philippine License issued by PAGCOR.”

### ***Gaming License in Cyprus***

Under the Cyprus License, Integrated Casino Resorts is granted the right to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and until the operation of such integrated casino resort, the operation of a temporary casino in Limassol) and up to four satellite casino premises in Cyprus, for a term of 30 years from the date of grant and with the right for exclusivity in Cyprus for the first 15 years of the term. The Cyprus License imposes certain requirements on Integrated Casino Resorts and their service providers.

The Cyprus License is also subject to suspension or termination upon the occurrence of certain events. The requirements imposed by the Cyprus License include, among others:

- payment of an annual license fee of EUR2.5 million (equivalent to approximately US\$2.8 million) per year for the first four-year period commencing from the date of grant of the Cyprus License on June 26, 2017 and an annual license fee of EUR5.0 million (equivalent to approximately US\$5.5 million) per year for the second four-year period as annual license fees for the operation of the temporary casino and City of Dreams Mediterranean to the government of Cyprus. Upon completion of the above eight-year period and for each four-year period thereafter, the government of Cyprus may review the annual license fee payable for each four-year term, provided that the annual license fee payable per year shall be no less than EUR5.0 million (equivalent to approximately US\$5.5 million) and subject to a maximum percentage increase.
- payment of annual license fee of EUR1.0 million (equivalent to approximately US\$1.1 million) per year for the satellite casino in Nicosia since its commencement of operations in 2018 and annual license fee of EUR0.5 million (equivalent to approximately US\$0.6 million) per year for each of the satellite casinos in Larnaca (which ceased operation in June 2020), Ayia Napa and Paphos since their operations commenced in 2018, 2019 and 2020, respectively.
- payment of a monthly casino tax of an amount equal to 15% of the gross gaming revenue, such percentage not to be increased during the initial 15-year exclusivity period under the Cyprus License.

See “Item 3. Key Information — D. Risk Factors — Risks Relating to Operating in the Gaming Industry in Cyprus — Cyprus’ gaming operations are dependent on the Cyprus License issued by CGC and any failure to comply with the terms of the Cyprus License could have a material adverse effect on our business, financial condition and results of operations.”

## Tax

We are incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we and our subsidiaries incorporated in the Cayman Islands are not subject to Cayman Islands income or capital gains tax. In addition, dividend payments are not subject to withholding tax in the Cayman Islands. However, we and certain subsidiaries are subject to Hong Kong profits tax of 16.5% on profits arising from our activities conducted in Hong Kong.

Our subsidiaries incorporated in the British Virgin Islands are not subject to tax in the British Virgin Islands, but certain subsidiaries incorporated in the British Virgin Islands are subject to Hong Kong profits tax of 16.5% on profits arising from our activities conducted in Hong Kong and Macau complementary tax of 12% on profits earned in or derived from its activities conducted in Macau.

Our subsidiaries incorporated in Macau are subject to Macau complementary tax of up to 12% on profits earned in or derived from their activities conducted in Macau. Melco Resorts Macau applied for and was granted the benefit of a corporate tax holiday on Macau complementary tax (but not gaming tax) from 2017 through 2021. Melco Resorts Macau was further granted such benefit for the period from January 1, 2022 to December 31, 2022. Melco Resorts Macau continues to benefit from the Macau Complementary Tax exemption on gaming profits for the period from January 1, 2023 to December 31, 2027 pursuant to a Dispatch of the Macau Chief Executive dated January 29, 2024. The non-gaming profits of Melco Resorts Macau remain subject to the Macau Complementary Tax. In addition, the Macau government granted one of our subsidiaries in Macau the complementary tax exemption until 2021 on profits generated from income received from Melco Resorts Macau, to the extent that such income is derived from Studio City gaming operations and has been subject to gaming tax. We have applied for an extension of the Macau Complementary Tax exemption for the period from January 1, 2022 to December 31, 2022 and further for the period from January 1, 2023 to December 31, 2027 but we cannot assure you that such extensions will be granted. The dividend distributions of such subsidiary to its shareholders continue to be subject to complementary tax. We remain subject to Macau complementary tax on our non-gaming profits.

For the five-year period from 2017 through 2021, an annual payment of MOP18.9 million (equivalent to approximately US\$2.3 million) is payable by Melco Resorts Macau, with respect to tax due for dividend distributions to the shareholders of Melco Resorts Macau from gaming profits, whether such dividends are actually distributions by Melco Resorts Macau or not, or whether Melco Resorts Macau has distributable profits in the relevant year. For the period from January 1, 2022 to June 26, 2022, a payment of MOP4 million (equivalent to approximately US\$0.5 million) was payable by Melco Resorts Macau. In March 2023, Melco Resorts Macau received an extension of the agreement with the Macau government for an amount of MOP4.2 million (equivalent to approximately US\$0.5 million) as payment for the period from June 27, 2022 to December 31, 2022. Upon the payment of such payment amounts, the shareholders of Melco Resorts Macau will not be liable to pay any other tax in Macau for dividend distributions received from gaming profits. In February 2024, Melco Resorts Macau entered into an agreement with the Macau government for an annual payment for the period from 2023 through 2025. However, we cannot assure you that the same arrangement will be applied beyond such period or, in the event a similar arrangement is adopted, whether we will be required to pay a higher annual sum.

Melco Resorts Macau is subject to Macau gaming tax based on gross gaming revenue in Macau. These gaming taxes are an assessment on Melco Resorts Macau's gaming revenue and are recorded as casino expense.

The Macau government granted to Altira Resorts in 2007, and COD Resorts, in 2011 and 2013, the declaration of utility purposes benefit in respect of Altira Macau, The Countdown, Nüwa and Grand Hyatt Macau hotel, pursuant to which they are entitled to a property tax holiday, for a period of 12 years, on any immovable property that they own or is operated by them. Under such declaration of utility purposes benefit, they will also be allowed to double the maximum rates applicable regarding depreciation and reintegration for the purposes of



assessing the Macau complementary tax. The transfer of the declaration of utility purpose to COD Resorts and Altira Resorts was requested on November 8, 2017 and was duly approved by the Macau government.

In September 2017, the Macau government granted Studio City Hotels the declaration of touristic utility purpose pursuant to which Studio City Hotels is entitled to a property tax holiday for a period of twelve years on the immovable property to which the touristic utility was granted, owned or operated by Studio City Hotels. Under such tax holiday, Studio City Hotels is allowed to double the maximum rates applicable to depreciation and reintegration for the purposes of assessment of the Macau complementary tax. In August 2021, the hotel license of Studio City Hotels was transferred from Studio City Hotels to Studio City Developments Limited, the owner of the Studio City property. In July 2023, the Macau government granted the declaration of touristic utility purpose to Studio City Developments Limited pursuant to which Studio City Developments Limited is entitled to the property tax holiday and is allowed to double the maximum rates applicable to depreciation and reintegration for the purposes of assessment of the Macau complementary tax.

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax of 16.5% on any profits arising in or derived from Hong Kong. One of our subsidiaries incorporated in Hong Kong is also subject to Macau complementary tax on profits earned in or derived from its activities conducted in Macau and another one is subject to corporate tax on profits in a number of other Asian jurisdictions through its activities conducted in these jurisdictions.

In the Philippines, on March 26, 2021, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) was signed and took effect on April 11, 2021. CREATE reduced the minimum corporate income tax from 2% to 1% for the period from July 1, 2020 to June 30, 2023 and the corporate income tax rate from 30% to 25% starting July 1, 2020. Certain of our subsidiaries are liable for VAT on certain transactions. For gaming-related transactions in our Philippines operations, Melco Resorts Leisure currently enjoys exemptions from national, local, direct and indirect taxes, including VAT, in the Philippines pursuant to the PAGCOR charter and is subject to license fees which are inclusive of the 5% franchise tax payable to PAGCOR based on gross gaming revenue in the Philippines, in lieu of all other taxes.

The franchise tax and license fees are an assessment on Melco Resorts Leisure’s gaming revenue and are recorded as casino expense in the consolidated statements of operations. Further, Melco Resorts Leisure, by virtue of its being registered with the Philippine Economic Zone Authority as a Tourism Economic Zone Enterprise, enjoys a tax and duty exemption on importation and VAT zero-rating on its local purchases of certain capital equipment used in registered activities.

In 2022, the Philippine BIR issued Revenue Memorandum Circular No. 32-2022, which sought to impose 12% VAT on gaming revenue. While Melco Resorts Leisure and the other integrated resorts submitted a joint letter to the BIR challenging the imposition of VAT on gaming transactions, there is no assurance that we will prevail on any challenge and any assessment of VAT on our gaming revenue could have a material adverse effect on our business, financial condition and results of operations.

Our subsidiaries incorporated in Cyprus are subject to Cyprus corporate income tax of 12.5% on profit earned in or derived from Cyprus and abroad. Our gaming revenues in Cyprus are exempt from VAT while certain of our subsidiaries are subject to VAT on certain non-gaming transactions. Pursuant to the Cyprus License, a casino tax of 15% is imposed on gross gaming revenues in Cyprus. These casino taxes are recorded as a casino expense in the consolidated statements of operations.

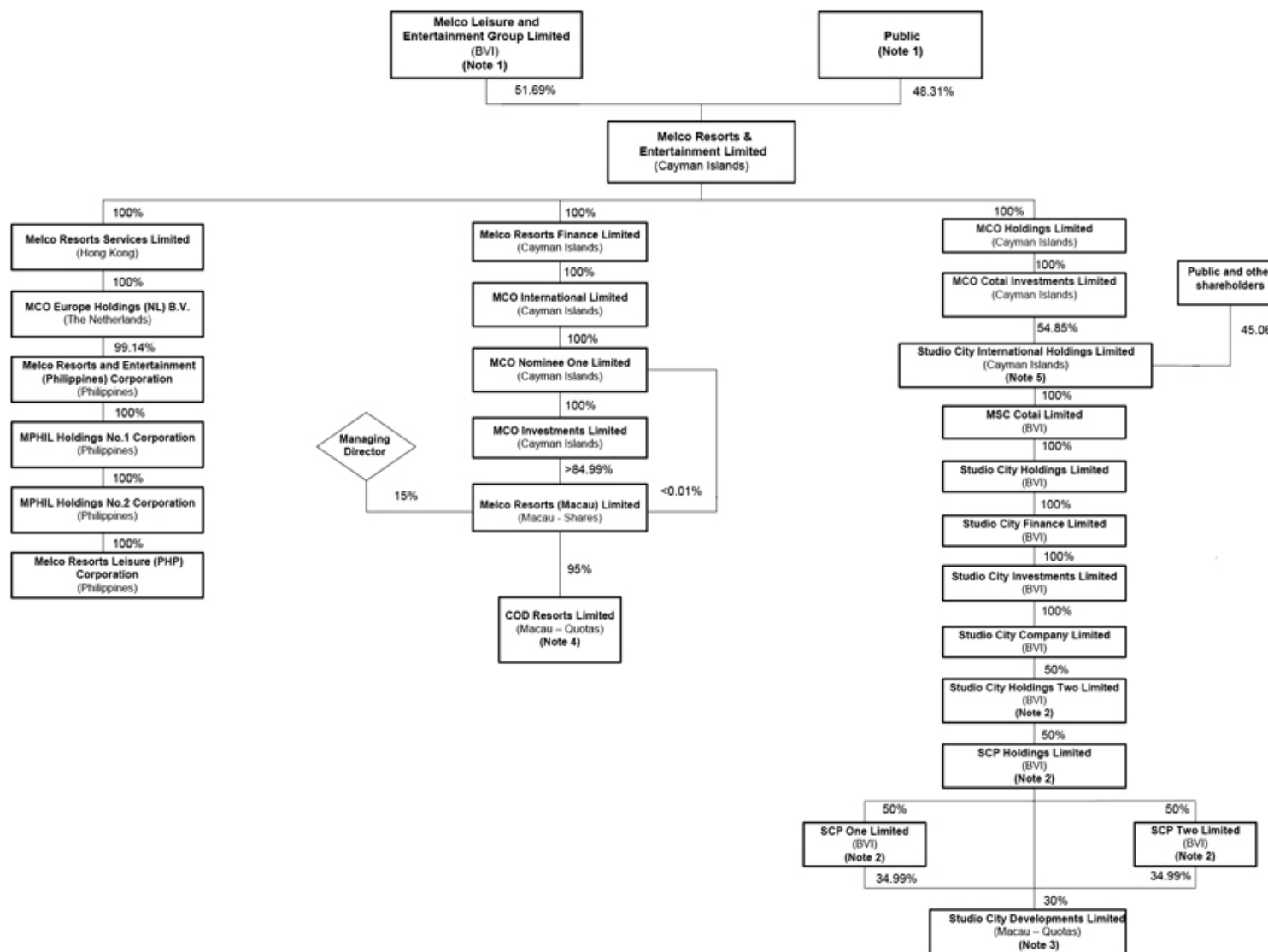
### **C. ORGANIZATIONAL STRUCTURE**

We are a Cayman Islands holding company for the following principal businesses and developments: (1) 100% economic interest in our Macau gaming concession holder, Melco Resorts Macau, which, directly or

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indirectly through its subsidiary, is the operator of our gaming and non-gaming businesses in various properties in Macau; (2) a majority equity and economic interest in SCI, the holding company of Studio City; (3) a majority equity and economic interest in MRP, the holding company of City of Dreams Manila; and (4) a majority equity and economic interest in ICR Cyprus, the holding company of our current operations in Cyprus including City of Dreams Mediterranean and three satellite casinos in Nicosia, Ayia Napa and Paphos. Our operations are conducted by our subsidiaries. Investors may never directly hold equity interests in our operating subsidiaries.

The following diagram illustrates our organizational structure, including the place of formation, ownership interest and affiliation of our significant subsidiaries, as of March 15, 2024:



Notes:

- (1) Based on 1,329,679,067 shares outstanding as of March 15, 2024. The 1,329,679,067 shares outstanding include shares held by our depository bank to facilitate the administration and operation of our share incentive plans. Such shares represent 1.39% of the Company’s outstanding shares as of March 15, 2024. For a description of our share incentive plans, see “Item 6. Directors, Senior Management and Employees — E. Share Ownership — Share Incentive Plans.”
- (2) The remaining 50% of the equity interests of these companies are owned by Studio City Holdings Five Limited, a wholly-owned subsidiary of SCI. The 50% interest held by Studio City Holdings Five Limited in various Studio City companies incorporated in the British Virgin Islands is non-voting.
- (3) 0.02% of the equity interests are owned by Studio City Holdings Five Limited.

- (4) The remaining 5% of the equity interests are owned by MCO Nominee Two Limited.
- (5) 0.089% of the equity interests are owned by Melco International.

See “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders” for more information regarding the beneficial ownership of Melco International in our Company and “Exhibit 8.1 — List of Significant Subsidiaries.”

#### **D. PROPERTY, PLANT AND EQUIPMENT**

See “Item 4. Information on the Company — B. Business Overview,” “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Cash Flows — Investing Activities” and “— Other Financing and Liquidity Matters” for information regarding our material tangible property, plant and equipment.

#### **ITEM 4A. UNRESOLVED STAFF COMMENTS**

Not applicable.

#### **ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS**

The following discussion should be read in conjunction with, and is qualified in its entirety by, the audited consolidated financial statements and the notes thereto in this annual report on Form 20-F. Certain statements in this “Operating and Financial Review and Prospects” are forward-looking statements. See “Special Note Regarding Forward-Looking Statements” regarding these statements.

##### **Overview**

We are a holding company and, through our subsidiaries, develop, own and operate integrated resort facilities in Asia and Europe. Our future operating results are subject to significant business, economic, regulatory and competitive uncertainties and risks, many of which are beyond our control. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations.” For detailed information regarding our operations and development projects, see “Item 4. Information on the Company — B. Business Overview.”

#### **A. OPERATING RESULTS**

##### **Operations**

Our primary business segments consist of:

##### ***Macau***

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

In 2023, City of Dreams had an average of approximately 430 gaming tables and approximately 628 gaming machines. Morpheus offers approximately 783 rooms, suites and villas. Nüwa, which was under renovation since early 2020 and re-opened at the end of March 2021 offers approximately 286 guest rooms and the Grand Hyatt Macau hotel offers approximately 763 guest rooms. The Countdown is expected to undergo renovations as part of its rebranding. In addition, City of Dreams includes approximately 41 restaurants and bars,

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approximately 162 retail outlets, a wet stage performance theater, recreation and leisure facilities, including health and fitness clubs, swimming pools, spas and salons and banquet and meeting facilities. The wet stage performance theater with approximately 2,000 seats features The House of Dancing Water which has been temporarily closed since June 2020 and is expected to re-open in late 2024. The Para nightclub offers approximately 2,232 square meters (equivalent to approximately 24,025 square feet) of live entertainment space. City of Dreams targets premium market and rolling chip patrons from regional markets across Asia.

For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from City of Dreams amounted to US\$1,930.5 million, US\$559.7 million and US\$1,146.9 million, representing 51.1%, 41.5% and 57.0% of our total operating revenues, respectively.

### *Altira Macau*

In 2023, Altira Macau had an average of approximately 44 gaming tables and 141 gaming machines operated under the brand Mocha at Altira Macau. In addition, Altira Macau had approximately 216 hotel rooms as of December 31, 2023 and features several fine dining and casual restaurants and recreation and leisure facilities. Starting in the third quarter of 2021, Altira Macau was strategically repositioned to cater to the premium mass and mass segments and shut down VIP rolling chip operations. For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from Altira Macau amounted to US\$110.8 million, US\$32.6 million and US\$56.2 million, representing 2.9%, 2.4% and 2.8% of our total operating revenues, respectively.

### *Studio City*

Studio City is a large-scale cinematically-themed integrated resort located in Cotai, with gaming facilities, luxury hotel offerings and various entertainment, retail and food and beverage outlets to attract a diverse range of customers in Asia, with a current focus on the mass market segment and complemented with VIP rolling chip operations. The SC ADSs are listed on the New York Stock Exchange, and we owned approximately 54.9% of SCI's total issued and outstanding shares as of March 15, 2024. In 2023, Studio City had an average of approximately 246 gaming tables and 661 gaming machines. For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from Studio City amounted to US\$958.4 million, US\$176.0 million and US\$372.3 million, representing 25.4%, 13.0% and 18.5% of our total operating revenues, respectively.

### *Mocha and Other*

Effective from June 27, 2022, the Grand Dragon Casino, a casino on Taipa Island, Macau, which focuses on mass market table games and which 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.

In 2023, Mocha Clubs had an average of approximately 874 gaming machines in operation (excluding approximately 141 gaming machines at Altira Macau). Mocha Clubs focus primarily on general mass market patrons, including day-trip customers, outside the conventional casino setting. Grand Dragon Casino had an average of approximately 17 gaming tables in 2023. For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from Mocha and Other amounted to US\$117.7 million, US\$76.4 million and US\$85.0 million, representing 3.1%, 5.7% and 4.2% of our total operating revenues, respectively.

### *Corporate and Other*

Corporate and Other primarily includes general corporate costs, Grand Dragon Casino (included in Mocha and Other segment effective from June 27, 2022) and our ski resort in Japan (disposed in late December

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2022). For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from Corporate and Other amounted to US\$3.4 million, US\$17.6 million and US\$30.8 million, representing 0.1%, 1.3% and 1.5% of our total operating revenues, respectively.

### **Philippines**

#### *City of Dreams Manila*

In 2023, City of Dreams Manila had an average of approximately 2,297 gaming machines and 267 gaming tables. City of Dreams Manila also includes three branded hotel towers, several entertainment venues and features a wide selection of regional and international food and beverage offerings as well as extended retail shops. For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from City of Dreams Manila amounted to US\$495.1 million, US\$396.4 million and US\$268.6 million, representing 13.1%, 29.4% and 13.3% of our total operating revenues, respectively.

### **Cyprus**

#### *City of Dreams Mediterranean and Other*

Effective from June 12, 2023, with the soft opening of City of Dreams Mediterranean, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on June 9, 2023 and the licensed satellite casinos in Cyprus, has been renamed to City of Dreams Mediterranean and Other segment which includes the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. We currently operate and manage City of Dreams Mediterranean in Limassol and three satellite casinos in Nicosia, Ayia Napa and Paphos in Cyprus. In 2023, our facilities in Cyprus had an average of approximately 35 gaming tables and 453 gaming machines before the closure of the temporary casino and the City of Dreams Mediterranean opening. With the increased offering following the resort opening, our facilities in Cyprus had an average of approximately 103 gaming tables and 902 gaming machines, with an average of approximately 99 gaming tables and 744 gaming machines being operated under City of Dreams Mediterranean in the second half of 2023. In addition, City of Dreams Mediterranean had approximately 500 guest rooms and suites as of December 31, 2023 and features a variety of premium dining outlets and luxury retail. For the years ended December 31, 2023, 2022 and 2021, operating revenues generated from our operations in Cyprus amounted to US\$159.4 million, US\$91.3 million and US\$52.6 million, representing 4.2%, 6.8% and 2.6% of our total operating revenues, respectively.

### **Summary of Financial Results**

For the year ended December 31, 2023, our total operating revenues were US\$3.78 billion, an increase of 179.7% from US\$1.35 billion for the year ended December 31, 2022. Net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2023 was US\$326.9 million, as compared to net loss of US\$930.5 million for the year ended December 31, 2022. The change was primarily attributable to better performance in all gaming segments as well as non-gaming operations as a result of the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City during the year, and no remaining amortization of gaming subconcession, partially offset by higher interest expense, net of amounts capitalized, depreciation and amortization expenses due to the openings of Studio City Phase 2 and City of Dreams Mediterranean and the amortization expenses on intangible assets arising from the Macau gaming concession and the Cyprus gaming license as well as asset impairments of US\$207.6 million in Altira Macau under property charges and other in 2023.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands of US\$)		
Total operating revenues	\$ 3,775,247	\$ 1,349,977	\$ 2,012,356
Total operating costs and expenses	(3,710,288)	(2,093,082)	(2,589,807)
Operating income (loss)	64,959	(743,105)	(577,451)
Net loss attributable to Melco Resorts & Entertainment Limited	\$ (326,920)	\$ (930,526)	\$ (811,751)

Our results of operations and financial position for the years presented are not fully comparable for the following reasons:

- On January 14, 2021, Studio City Finance issued US\$750.0 million in aggregate principal amount of the First 2029 Studio City Notes.
- On January 21, 2021, Melco Resorts Finance issued US\$250.0 million in aggregate principal of the Additional 2029 Senior Notes.
- On May 20, 2021, Studio City Finance issued US\$350.0 million in aggregate principal amount of the Additional 2029 Studio City Notes.
- During the year ended December 31, 2021, MCO Nominee One drew down HK\$1.18 billion (equivalent to US\$149.8 million) in aggregate on a net basis under the 2020 Credit Facilities.
- On February 16, 2022, Studio City Company issued US\$350.0 million in aggregate principal amount of the 2027 Studio City Notes.
- On May 4, 2022, the maturity date of the 2015 Credit Facilities was extended to December 31, 2022 pursuant to an extension request letter.
- On August 16, 2022, MCO Nominee One received confirmation that the majority of lenders of 2020 Credit Facilities agreement dated April 29, 2020 consented and agreed to a waiver extension of the financial condition covenants contained therein, being the interest cover ratio (the ratio of consolidated EBITDA to consolidated net finance charges), the senior leverage ratio (the ratio of consolidated total debt to consolidated EBITDA) and the total leverage ratio (the ratio of consolidated total debt to consolidated EBITDA). The existing waiver remains valid in respect of the relevant periods ending on the December 31, 2022 test date, and the waiver extension granted extends that waiver for all relevant periods to and including the March 31, 2024 test date. MCO Nominee One paid a customary fee to all consenting lenders in relation to such consent and such consent has become effective upon receipt of the consent fee by the facility agent.
- On December 16, 2022, the maturity date of the 2015 Credit Facilities was extended to June 24, 2024 pursuant to an extension request letter.
- During the year ended December 31, 2022, MCO Nominee One drew down US\$820.0 million and HK\$5.31 billion (equivalent to US\$679.8 million) in aggregate on a net basis under the 2020 Credit Facilities.
- On January 1, 2023, we recognized an intangible asset and financial liability of US\$239.6 million, representing the right to use and operate the gaming and gaming support areas comprising the Altira casino, City of Dreams Casino and Studio City Casino, and related gaming equipment and utensils, the right to conduct games of fortunes and chance in Macau and the unconditional obligation to make payments under the Concession Contract.
- In March 2023, we repurchased 40,373,076 ordinary shares from Melco Leisure for an aggregate purchase price of approximately US\$169.8 million.
- On April 6, 2023, we opened an indoor water park and the Epic Tower, at Studio City Phase 2.
- On June 28, 2023, we recognized an intangible asset of US\$73.9 million and financial liability of US\$73.1 million representing the right under the Cyprus License and the unconditional obligation to pay a minimum annual license fee for City of Dreams Mediterranean and an aggregate annual license fee for three operating satellite casinos during the term of the Cyprus License from June 28, 2023.
- On July 10, 2023, City of Dreams Mediterranean officially opened to the public, after a soft opening in June.
- On September 8, 2023, we opened W Macau at Studio City Phase 2.

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- On November 28, 2023, Studio City Finance settled the 2025 Studio City Notes Tender Offer for the aggregate principal amount of US\$100.0 million of the 2025 Studio City Notes.
- During the year ended December 31, 2023, MCO Nominee One repaid US\$820.0 million and HK\$206.0 million (equivalent to US\$29.6 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

Our operations in 2023 benefited from the relaxation of travel restrictions and quarantine requirements as well as the opening of Studio City Phase 2. According to the DSEC, visitor arrivals to Macau increased by 395% on a year-over-year basis in 2023 as compared to 2022 while, according to the DICJ, gross gaming revenues in Macau rose by 334% on a year-over-year basis in 2023. However, visitor arrivals in 2023 were still 28% lower than in 2019, and gross gaming revenues in 2023 were still 37% lower than in 2019. As we derive a significant majority of our revenues from our business and operations in Macau, our business has been materially and adversely affected by the COVID-19 pandemic.

While quarantine-free travel within Greater China has resumed and pandemic measures in Macau, the Philippines and Cyprus have been lifted, negative impacts on the PRC economy and nearby Asian regions, the Philippines and Cyprus are still being experienced. The pace of recovery from COVID-19 is highly uncertain and will depend on the impact of potentially higher unemployment rates, declines in income levels and loss of personal wealth resulting from COVID-19 outbreaks and there is no guarantee that travel and consumer sentiment will rebound quickly or at all.

The COVID-19 outbreak also caused severe disruptions to the businesses of our tenants and other business partners, which may increase the risk of them defaulting on their contractual obligations with us, which may adversely affect our business, financial condition and results of operations, including causing increases in our bad debts.

Given the uncertainty around the pace of recovery from COVID-19 and the extent of any future COVID-19 outbreaks and government responses to any such outbreaks, we cannot reasonably estimate the impact to our future results of operations, cash flows and financial condition. See “Item 3. Key Information — Risk Factors — Risks Relating to Our Business and Operations — We continue to recover from the impact of, and disruptions caused by, COVID-19 on our operations, and the pace of recovery may continue to materially affect our business, prospects, financial condition and results of operations.”

### **Key Performance Indicators (KPIs)**

We use the following KPIs to evaluate our casino operations, including table games and gaming machines:

- *Rolling chip volume*: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.
- *Rolling chip win rate*: rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume.
- *Mass market table games drop*: the amount of table games drop in the mass market table games segment.
- *Mass market table games hold percentage*: mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop.

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- *Table games win*: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues. Table games win is calculated before discounts, commissions, non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis.
- *Gaming machine handle*: the total amount wagered in gaming machines.
- *Gaming machine win rate*: gaming machine win (calculated before non-discretionary incentives (including our point-loyalty programs) and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle.

In the rolling chip market segment, customers purchase identifiable chips known as non-negotiable chips, or rolling chips, from the casino cage, and there is no deposit into a gaming table's drop box for rolling chips purchased from the cage. Rolling chip volume and mass market table games drop are not equivalent. Rolling chip volume is a measure of amounts wagered and lost. Mass market table games drop measures buy in. Rolling chip volume is generally substantially higher than mass market table games drop. As these volumes are the denominator used in calculating win rate or hold percentage, with the same use of gaming win as the numerator, the win rate is generally lower in the rolling chip market segment than the hold percentage in the mass market table games segment.

Our combined expected rolling chip win rate across our properties is in the range of 2.85% to 3.15%.

We use the following KPIs to evaluate our hotel operations:

- *Average daily rate*: calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.
- *Occupancy rate*: the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.
- *Revenue per available room, or REVPAR*: calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Complimentary rooms are included in the calculation of the above room-related KPIs. The average daily rate of complimentary rooms is typically lower than the average daily rate for cash rooms. The occupancy rate and REVPAR would be lower if complimentary rooms were excluded from the calculation. As not all available rooms are occupied, average daily room rates are normally higher than revenue per available room.

Tables games and gaming machines that were not in operation due to government mandated closures or social distancing measures in relation to COVID-19 outbreaks have been excluded. Room statistics also exclude rooms that were temporarily closed or provided to the staff members due to COVID-19 outbreaks.

### **Year Ended December 31, 2023 Compared to Year Ended December 31, 2022**

#### ***Revenues***

Our total operating revenues for the year ended December 31, 2023 were US\$3.78 billion, an increase of US\$2.43 billion, or 179.7%, from US\$1.35 billion for the year ended December 31, 2022. The increase in total operating revenues was primarily attributable to the improved performance in all gaming segments and non-gaming operations following the earlier than expected relaxation of COVID-19 related restrictions in Macau in January 2023 and the openings of City of Dreams Mediterranean and Studio City Phase 2, as well as the launch of residency concerts at Studio City during the year.



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Our total operating revenues for the year ended December 31, 2023 consisted of US\$3.08 billion of casino revenues, representing 81.5% of our total operating revenues, and US\$697.9 million of non-casino revenues. Our total operating revenues for the year ended December 31, 2022 consisted of US\$1.08 billion of casino revenues, representing 79.7% of our total operating revenues, and US\$273.6 million of non-casino revenues.

*Casino.* Casino revenues for the year ended December 31, 2023 were US\$3.08 billion, representing a US\$2.00 billion, or 185.9%, increase from casino revenues of US\$1.08 billion for the year ended December 31, 2022, primarily due to improved performance in all gaming segments.

*Altira Macau.* In the mass market table games segment, drop was US\$488.2 million for the year ended December 31, 2023, representing an increase of 293.6% from US\$124.0 million for the year ended December 31, 2022. The mass market table games hold percentage was 22.7% for the year ended December 31, 2023, increasing from 19.6% for the year ended December 31, 2022. Average net win per gaming machine per day was US\$224 for the year ended December 31, 2023, an increase of US\$108, or 92.6%, from US\$116 for the year ended December 31, 2022.

*City of Dreams.* City of Dreams' rolling chip volume for the year ended December 31, 2023 of US\$19.42 billion represented an increase of US\$15.04 billion, or 343.5%, from US\$4.38 billion for the year ended December 31, 2022. The rolling chip win rate was 2.61% for the year ended December 31, 2023, which decreased from 3.85% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US\$5.02 billion for the year ended December 31, 2023, which represented an increase of US\$3.83 billion, or 322.6%, from US\$1.19 billion for the year ended December 31, 2022. The mass market table games hold percentage was 30.9% for the year ended December 31, 2023, increasing from 30.5% for the year ended December 31, 2022. Average net win per gaming machine per day was US\$464 for the year ended December 31, 2023, an increase of US\$324, or 232.1%, from US\$140 for the year ended December 31, 2022.

*Mocha and Other.* Effective from June 27, 2022, the Grand Dragon Casino, a casino on Taipa Island, Macau, 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. In the mass market table games segment, drop was US\$176.1 million for the year ended December 31, 2023, an increase from US\$39.2 million for the year ended December 31, 2022. The mass market table games hold percentage was 17.0% for the year ended December 31, 2023, decreasing from 20.1% for the year ended December 31, 2022. Average net win per gaming machine per day for the year ended December 31, 2023 was US\$291, an increase of US\$82, or 38.9%, from US\$209 for the year ended December 31, 2022.

*Studio City.* Studio City Casino's rolling chip volume was US\$2.79 billion for the year ended December 31, 2023, an increase from US\$0.84 billion for the year ended December 31, 2022. The rolling chip win rate was 1.65% for the year ended December 31, 2023, which decreased from 2.56% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US\$2.87 billion for the year ended December 31, 2023, an increase from US\$0.46 billion for the year ended December 31, 2022. The mass market table games hold percentage was 27.3% for the year ended December 31, 2023, representing a decrease from 28.5% for the year ended December 31, 2022. Average net win per gaming machine per day was US\$343 for the year ended December 31, 2023, an increase of US\$268, or 357.0%, from US\$75 for the year ended December 31, 2022.

*City of Dreams Manila.* City of Dreams Manila's rolling chip volume for the year ended December 31, 2023 was US\$1.97 billion, representing a decrease of US\$0.91 billion, or 31.5%, from US\$2.87 billion for the year ended December 31, 2022. The rolling chip win rate was 4.70% for the year ended December 31, 2023, an increase from 2.17% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. In the mass market table games segment, drop was US\$784.0 million for the year ended December 31, 2023, representing an increase of US\$176.8 million, or 29.1%, from US\$607.1 million for the year ended December 31, 2022. The mass market table games hold percentage was 30.3% for the year ended December 31,

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2023, representing a decrease from 30.9% for the year ended December 31, 2022. Average net win per gaming machine per day was US\$248 for the year ended December 31, 2023, an increase of US\$16, or 7.0%, from US\$232 for the year ended December 31, 2022.

*City of Dreams Mediterranean and Other.* Effective from June 12, 2023, with the soft opening of City of Dreams Mediterranean, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on June 9, 2023 and the licensed satellite casinos in Cyprus, has been renamed to City of Dreams Mediterranean and Other segment which includes the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. City of Dreams Mediterranean officially opened to the public on July 10, 2023, after the soft opening in June. The Company continues to operate three satellite casinos in Cyprus in conjunction with City of Dreams Mediterranean. Rolling chip volume for the year ended December 31, 2023 was US\$10.9 million, which increased from US\$5.2 million for the year ended December 31, 2022. The rolling chip win rate was negative 6.17% for the year ended December 31, 2023, a decrease from a rolling chip win rate of 7.09% for the year ended December 31, 2022. Our expected range was 2.85% to 3.15%. The significant fluctuation on the rolling chip win rate resulted from low gaming volumes in the rolling chip segment. In the mass market table games segment, drop was US\$274.1 million for the year ended December 31, 2023, representing an increase of US\$138.8 million, or 102.6%, from US\$135.3 million for the year ended December 31, 2022. The mass market table games hold percentage was 21.5% for the year ended December 31, 2023, representing an increase from 20.5% for the year ended December 31, 2022. Average net win per gaming machine per day was US\$350 for the year ended December 31, 2023, a decrease of US\$44, or 11.2%, from US\$394 for the year ended December 31, 2022.

*Rooms.* Room revenues (including complimentary rooms) for the year ended December 31, 2023 were US\$338.2 million, representing an increase of US\$221.7 million, or 190.2%, from room revenues (including complimentary rooms) of US\$116.6 million for the year ended December 31, 2022. The increase was primarily due to openings of new hotels at our properties as well as increased occupancy as a result of a year-over-year increase in inbound tourism to Macau.

The average daily rate, occupancy rate and REVPAR of each property are as follows:

	Year Ended December 31,					
	2023	2022	2023	2022	2023	2022
	Average daily rate (US\$)		Occupancy rate		REVPAR (US\$)	
Altira Macau	136	97	87%	42%	118	41
City of Dreams	201	205	86%	27%	173	56
Studio City	153	111	90%	28%	137	31
City of Dreams Manila	177	177	97%	95%	171	167
City of Dreams Mediterranean and Other	359	N/A	58%	N/A	209	N/A

*Food, beverage and others.* Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2023 included food and beverage revenues of US\$208.9 million and entertainment, retail and other revenues of US\$150.8 million. Food, beverage and other revenues (including complimentary food and beverage and entertainment services) for the year ended December 31, 2022 included food and beverage revenues of US\$85.5 million and entertainment, retail and other revenues of US\$71.5 million. The increase of US\$202.7 million in food, beverage and other revenues from the year ended December 31, 2022 to the year ended December 31, 2023 was primarily due to new offerings, such as the opening of the indoor waterpark and the launch of residency concerts at Studio City, as well as the increase in business activities as a result of a year-over-year increase in inbound tourism to Macau.

### **Operating costs and expenses**

Total operating costs and expenses were US\$3.71 billion for the year ended December 31, 2023, representing an increase of US\$1.62 billion, or 77.3%, from US\$2.09 billion for the year ended December 31, 2022.

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*Casino.* Casino expenses increased by US\$1.12 billion, or 122.9%, to US\$2.03 billion for the year ended December 31, 2023 from US\$0.91 billion for the year ended December 31, 2022, primarily due to an increase in gaming taxes, which increased as a result of increased gaming volumes and associated higher group-wide revenues, higher complimentary to gaming customers, higher marketing and promotional expenses as well as higher payroll expenses.

*Rooms.* Room expenses, which represent the costs of operating the hotel facilities were US\$87.6 million and US\$46.2 million for the years ended December 31, 2023 and 2022, respectively. The increase was primarily due to the openings of new hotels at our properties as well as the increased occupancy, which was in-line with higher room revenues for the year ended December 31, 2023.

*Food, beverage and others.* Food, beverage and other expenses were US\$240.2 million and US\$104.4 million for the years ended December 31, 2023 and 2022, respectively. The increase was in-line with higher food, beverage and other revenues for the year ended December 31, 2023.

*General and administrative.* General and administrative expenses increased by US\$64.9 million, or 15.3%, to US\$488.1 million for the year ended December 31, 2023 from US\$423.2 million for the year ended December 31, 2022, primarily due to an increase in payroll expenses, utilities, maintenance costs, marketing expenses and other general and administrative expenses to support ramp up operations in 2023.

*Payments to the Philippine Parties.* Payments to the Philippine Parties increased to US\$42.5 million for the year ended December 31, 2023 from US\$28.9 million for the year ended December 31, 2022, due to the improved performance in gaming operations and resulting increase in revenues from gaming operations in City of Dreams Manila.

*Pre-opening costs.* Pre-opening costs were US\$44.0 million and US\$15.6 million for the years ended December 31, 2023 and 2022, respectively. Such costs relate primarily to personnel training, rental, marketing, advertising and administrative costs in connection with new or start-up operations. Pre-opening costs for both years ended December 31, 2023 and 2022 were mainly for Studio City Phase 2 and City of Dreams Mediterranean which were opened in 2023.

*Development costs.* Development costs were US\$1.2 million for the year ended December 31, 2023, which predominantly related to marketing and promotion costs as well as professional and consultancy fees for corporate business development. There were no development costs for the year ended December 31, 2022.

*Amortization of gaming subconcession.* The gaming subconcession was fully amortized in 2022. Amortization expense for our gaming subconcession, which was recognized on a straight-line basis, was US\$32.8 million for the year ended December 31, 2022.

*Amortization of land use rights.* Amortization expenses for the land use rights continued to be recognized on a straight-line basis and were US\$22.7 million for both years ended December 31, 2023 and 2022.

*Depreciation and amortization.* Depreciation and amortization expenses increased by US\$54.2 million, or 11.6%, to US\$520.7 million for the year ended December 31, 2023 from US\$466.5 million for the year ended December 31, 2022. The increase was primarily due to the openings of Studio City Phase 2 and City of Dreams Mediterranean during 2023, and the amortization expenses on the intangible assets arising from the Macau gaming concession and the Cyprus gaming license.

*Property charges and other.* Property charges and other for the year ended December 31, 2023 were US\$228.4 million, which primarily included the asset impairments in Altira Macau, the litigation claims related to junket player deposits and the costs incurred as a result of departmental restructuring, partially offset with the gain on disposal from lands in Japan. In 2023, we recognized an impairment in long-lived assets of US\$207.6 million to reflect the significant decrease in the market value of Altira Macau. The change in market

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value reflects a change in forecasted performance of Altira Macau given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the earlier cessation of arrangements with gaming promoters in Macau. Property charges and other for the year ended December 31, 2022 were US\$40.0 million, which primarily included the litigation claims related to junket player deposits and the costs incurred as a result of department restructuring and asset impairments.

### ***Non-operating expenses, net***

Net non-operating expenses consist of interest income, interest expense, net of amounts capitalized, other financing costs, foreign exchange gains, net, gain on extinguishment of debt and other non-operating income, net.

Interest income was US\$23.3 million for the year ended December 31, 2023, as compared to US\$26.5 million for the year ended December 31, 2022. The decrease in interest income was primarily due to lower interest from the US\$200.0 million loan to Melco International as a result of the early repayment in January 2023, partially offset by higher bank interest income.

Interest expense was US\$492.4 million (net of amounts capitalized of US\$25.9 million) for the year ended December 31, 2023, compared to US\$376.7 million (net of amounts capitalized of US\$63.9 million) for the year ended December 31, 2022. The increase in interest expense (net of amounts capitalization) of US\$115.7 million was primarily due to higher interest expense of US\$51.3 million on 2020 Credit Facilities as a result of the drawdowns in the second half of 2022, and interest expense of US\$23.4 million on financial liability related to the Macau gaming concession and the Cyprus gaming license intangible assets, as well as lower amounts capitalized.

Other financing costs for the year ended December 31, 2023 amounted to US\$4.4 million, compared to US\$6.4 million for the year ended December 31, 2022. The decrease in other financing costs was primarily due to the decrease in loan commitment fees as a result of the drawdowns from the 2020 Credit Facilities in the second half of 2022.

Other income, net for the year ended December 31, 2023 amounted to US\$2.7 million, compared to US\$3.9 million for the year ended December 31, 2022.

Gain on extinguishment of debt for the year ended December 31, 2023 was US\$1.6 million, resulting from the tender offer and repurchases of 2025 Studio City Notes during the year ended December 31, 2023. There was no gain on extinguishment of debt for the year ended December 31, 2022.

### ***Income tax expense***

Income tax expense for the year ended December 31, 2023 was primarily attributable to the Hong Kong profits tax expense for the year of US\$11.6 million and a lump sum tax payable of US\$5.7 million in lieu of Macau Complementary Tax otherwise due by Melco Resorts Macau's shareholders on dividends distributable to them by Melco Resorts Macau, partially offset by a deferred tax benefit of US\$4.1 million. The effective tax rate for the year ended December 31, 2023 was (3.34)%, as compared to (0.48)%, for the year ended December 31, 2022. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the Company's majority operations are located, primarily due to the effects of expired tax losses, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, changes in valuation allowances, profits generated by gaming operations being exempted from Philippine Corporate Income Tax and different tax rates of subsidiaries operating in other jurisdictions for the relevant years together with the effect of profits generated by gaming operations being exempted from Macau Complementary Tax for the year ended December 31, 2023; and the effect of tax losses that cannot be carried forward for the year ended December 31, 2022.

Our management currently does not expect to realize significant income tax benefits associated with net operating loss carryforwards and other deferred tax assets generated by our Macau, Philippine and Cyprus operations. However, to the extent that the financial results of our Macau, Philippine and Cyprus operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will be able to reduce the valuation allowance related to the net operating losses and other deferred tax assets.

***Net loss attributable to noncontrolling interests***

Our net loss attributable to noncontrolling interests was US\$88.4 million for the year ended December 31, 2023, compared to a net loss attributable to noncontrolling interests of US\$166.6 million for the year ended December 31, 2022. For the year ended December 31, 2023, such net loss represented the share of Studio City's expenses of US\$68.7 million, City of Dreams Mediterranean and Other's expenses of US\$20.1 million, partially offset by City of Dreams Manila's income of US\$0.4 million attributable to the respective minority shareholders.

***Net loss attributable to Melco Resorts & Entertainment Limited***

As a result of the foregoing, we had net loss attributable to Melco Resorts & Entertainment Limited of US\$326.9 million for the year ended December 31, 2023, compared to net loss attributable to Melco Resorts & Entertainment Limited of US\$930.5 million for the year ended December 31, 2022.

For a discussion of our results of operations for the year ended December 31, 2022 compared with the year ended December 31, 2021, see "Item 5. Operating and Financial Review and Prospects — A. Operating Results — Year Ended December 31, 2022 Compared to Year Ended December 31, 2021" of our annual report on Form 20-F for the fiscal year ended December 31, 2022, filed with the SEC on March 31, 2023.

**Adjusted Property EBITDA and Adjusted EBITDA**

Adjusted Property EBITDA is net income/loss before interest, taxes, depreciation, 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. We recorded Adjusted Property EBITDA of US\$1.04 billion for the year ended December 31, 2023, compared to Adjusted Property EBITDA of US\$0.6 million and Adjusted Property EBITDA of US\$235.1 million for the years ended December 31, 2022 and 2021, respectively. City of Dreams, Studio City, Mocha and Other, City of Dreams Manila and City of Dreams Mediterranean and Other recorded Adjusted EBITDA of US\$576.3 million, US\$206.8 million, US\$27.3 million, US\$205.5 million and US\$27.5 million, respectively, while Altira Macau recorded negative Adjusted EBITDA of US\$1.3 million for the year ended December 31, 2023. Mocha and Other, City of Dreams Manila and Cyprus Operations recorded Adjusted Property EBITDA of US\$10.3 million, US\$146.9 million and US\$23.7 million, respectively, while Altira Macau, City of Dreams and Studio City recorded negative Adjusted Property EBITDA of US\$43.0 million, US\$32.2 million and US\$105.2 million, respectively, for the year ended December 31, 2022. Altira Macau and Studio City recorded negative Adjusted Property EBITDA of US\$54.0 million and US\$20.5 million, respectively, while City of Dreams, Mocha Clubs, City of Dreams Manila and Cyprus Operations recorded Adjusted Property EBITDA of US\$202.0 million, US\$17.1 million, US\$89.0 million and US\$1.6 million, respectively, for the year ended December 31, 2021.

Adjusted EBITDA is net income/loss before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine Parties, land rent to Belle Corporation and other non-operating income and expenses. We recorded Adjusted EBITDA of US\$961.8 million for the year ended December 31, 2023, compared to negative Adjusted EBITDA of US\$62.6 million for the year ended December 31, 2022 and Adjusted EBITDA of US\$165.0 million for the year ended December 31, 2021.

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Adjusted EBITDA and Adjusted Property EBITDA are presented exclusively as supplemental disclosures because management believes they are widely used to measure the performance, and as a basis for valuation, of gaming companies. Management uses Adjusted EBITDA and Adjusted Property EBITDA to measure the operating performance of our segments and to compare the operating performance of our properties with those of our competitors.

The Company also presents Adjusted EBITDA and Adjusted Property EBITDA because they are used by some investors as ways to measure a company's ability to incur and service debt, make capital expenditures, and meet working capital requirements. Gaming companies have historically reported similar measures as supplements to financial measures in accordance with generally accepted accounting principles, in particular, U.S. GAAP or International Financial Reporting Standards. However, Adjusted EBITDA and Adjusted Property EBITDA should not be considered as alternatives to operating income/loss as indicators of the Company's performance, as alternatives to cash flows from operating activities as measures of liquidity, or as alternatives to any other measure determined in accordance with U.S. GAAP. Unlike net income/loss, Adjusted EBITDA and Adjusted Property EBITDA do not include depreciation and amortization or interest expense and, therefore, do not reflect current or future capital expenditures or the cost of capital. The Company recognizes these limitations and uses Adjusted EBITDA and Adjusted Property EBITDA as only two of several comparative tools, together with U.S. GAAP measurements, to assist in the evaluation of operating performance.

Such U.S. GAAP measurements include operating income/loss, net income/loss, cash flows from operations and cash flow data. The Company has significant uses of cash flows, including capital expenditures, interest payments, debt principal repayments, taxes and other recurring and nonrecurring charges, which are not reflected in Adjusted EBITDA or Adjusted Property EBITDA. Also, the Company's calculation of Adjusted EBITDA and Adjusted Property EBITDA may be different from the calculation methods used by other companies and, therefore, comparability may be limited. The use of Adjusted Property EBITDA and Adjusted EBITDA has material limitations as an analytical tool, as Adjusted Property EBITDA and Adjusted EBITDA do not include all items that impact our net income/loss. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to its most directly comparable GAAP financial measure.

### Reconciliation of Net Loss Attributable to Melco Resorts & Entertainment Limited to Adjusted EBITDA and Adjusted Property EBITDA

	Year Ended December 31,		
	2023	2022	2021
	(in thousands of US\$)		
Net loss attributable to Melco Resorts & Entertainment Limited	\$ (326,920)	\$ (930,526)	\$ (811,751)
Net loss attributable to noncontrolling interests	(88,410)	(166,641)	(144,713)
Net loss	(415,330)	(1,097,167)	(956,464)
Income tax expense	13,422	5,236	2,885
Interest and other non-operating expenses, net	466,867	348,826	376,128
Depreciation and amortization	543,396	521,939	579,847
Property charges and other	228,437	39,982	30,575
Share-based compensation	35,473	71,809	67,957
Development costs	1,202	—	30,677
Pre-opening costs	43,994	15,585	4,157
Land rent to Belle Corporation	1,911	2,318	2,848
Payments to the Philippine Parties	42,451	28,894	26,371
Adjusted EBITDA	961,823	(62,578)	164,981
Corporate and Other expenses	80,241	63,147	70,118
Adjusted Property EBITDA	<u>\$1,042,064</u>	<u>\$ 569</u>	<u>\$ 235,099</u>

## B. LIQUIDITY AND CAPITAL RESOURCES

We have relied and intend to rely on our cash generated from our operations and our debt and equity financings to meet our financing needs and repay our indebtedness, as the case may be.

As of December 31, 2023, we held cash and cash equivalents and restricted cash (mainly being cash collateral for concession-related guarantees issued to the Macau Government and security under credit facilities) of US\$1.31 billion and US\$125.1 million, respectively. Major currencies in which our cash and bank balances (including restricted cash) were held as of December 31, 2023 were the U.S. dollar, H.K. dollar, Euro, Philippine peso and Pataca.

As of December 31, 2023, we had the following bank credit facilities available for future drawdown, subject to satisfaction of certain conditions precedent: (1) HK\$6.63 billion (equivalent to US\$848.5 million) of the revolving credit facility under the 2020 Credit Facilities; (2) the HK\$1.0 million (equivalent to US\$0.1 million) of the revolving credit facility under the 2015 Credit Facilities; (3) the HK\$233.0 million (equivalent to US\$29.8 million) revolving credit facility under the 2028 Studio City Senior Secured Credit Facility; and (4) the PHP2.35 billion (equivalent to US\$42.3 million) bank credit facility of MRP. We have been able to meet our working capital needs, and we believe that our operating cash flow, existing cash balances, funds available under various credit facilities and any additional equity or debt financings will be adequate to satisfy our current and anticipated operating, debt and capital commitments, including our development project plans, as described in “— Other Financing and Liquidity Matters” below. For any additional financing requirements, we cannot provide assurance that future borrowings will be available. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Financing and Indebtedness” for more information. We have significant indebtedness and will continue to evaluate our capital structure and opportunities to enhance it in the normal course of our activities. We may from time to time seek to retire or purchase our outstanding debt through open market purchases, tender offers, privately-negotiated transactions or otherwise. Such purchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

### Cash Flows

The following table sets forth a summary of our cash flows for the years presented.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands of US\$)		
Net cash provided by (used in) operating activities	\$ 622,690	\$ (619,434)	\$ (268,774)
Net cash used in investing activities	(48,513)	(806,107)	(674,551)
Net cash (used in) provided by financing activities	(1,129,124)	1,783,285	821,745
Effect of exchange rate on cash, cash equivalents and restricted cash	2,326	(22,602)	19,359
(Decrease) increase in cash, cash equivalents and restricted cash, including those classified within assets held for sale	(552,621)	335,142	(102,221)
Cash, cash equivalents and restricted cash at beginning of year	1,988,457	1,653,315	1,755,770
Cash, cash equivalents and restricted cash at end of year, including those classified within assets held for sale	1,435,836	1,988,457	1,653,549
Less: cash and cash equivalents classified within assets held for sale	—	—	(234)
Cash, cash equivalents and restricted cash at end of year	<u>\$ 1,435,836</u>	<u>\$ 1,988,457</u>	<u>\$ 1,653,315</u>

***Operating Activities***

Operating cash flows are generally affected by changes in operating income and accounts receivable with VIP table games play and hotel operations conducted on a cash and credit basis and the remainder of the business including mass market table games play, gaming machine play, food and beverage, and entertainment are conducted primarily on a cash basis.

Net cash provided by operating activities was US\$622.7 million for the year ended December 31, 2023, compared to net cash used in operating activities of US\$619.4 million for the year ended December 31, 2022. The change was primarily due to better performance of operations as described in the foregoing section and decreased working capital for operations.

Net cash used in operating activities was US\$619.4 million for the year ended December 31, 2022, compared to net cash used in operating activities of US\$268.8 million for the year ended December 31, 2021. The change was primarily due to softer performance of operations and increased working capital for operations.

***Investing Activities***

Net cash used in investing activities was US\$48.5 million for the year ended December 31, 2023, compared to net cash used in investing activities of US\$806.1 million for the year ended December 31, 2022. The change was primarily due to the repayment of loan to an affiliated company and decreased payments for capitalized construction costs and acquisition of property and equipment during the year ended December 31, 2023. Net cash used in investing activities for the year ended December 31, 2023 mainly included payments for capitalized construction costs and acquisition of property and equipment of US\$257.0 million and payments for intangible and other assets of US\$6.9 million, partially offset by proceeds from loan repayment from an affiliated company of US\$200.0 million and proceeds from sale of assets held for sale of US\$14.8 million.

Net cash used in investing activities was US\$806.1 million for the year ended December 31, 2022, compared to net cash used in investing activities of US\$674.6 million for the year ended December 31, 2021. The change was primarily due to loan to an affiliated company during the year ended December 31, 2022. Net cash used in investing activities for the year ended December 31, 2022 mainly included payments for capitalized construction costs and acquisition of property and equipment of US\$609.6 million, payment of loan to an affiliated company of US\$200.0 million and payments for intangible and other assets of US\$12.5 million, partially offset by proceeds from sale of assets held for sale of US\$15.6 million.

Our total payments for capitalized construction costs and acquisition of property and equipment were US\$257.0 million and US\$609.6 million for the years ended December 31, 2023 and 2022, respectively. Such expenditures were mainly associated with our development projects, as well as enhancement to our integrated resort offerings.

We expect to incur significant capital expenditures for the ongoing enhancement and maintenance of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean. We intend to finance these projects through our operating cash flow and existing cash balances as well as equity or debt financings. See “— Other Financing and Liquidity Matters” below for more information.



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The following table sets forth our capital expenditures incurred by segment on an accrual basis for the years ended December 31, 2023, 2022 and 2021.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands of US\$)		
<b>Macau:</b>			
Mocha and Other	\$ 4,590	\$ 1,704	\$ 1,368
Altira Macau	3,892	3,303	6,123
City of Dreams	22,259	21,684	52,520
Studio City	73,452	429,362	505,783
Sub-total	104,193	456,053	565,794
<b>The Philippines:</b>			
City of Dreams Manila	24,970	4,986	22,912
<b>Cyprus:</b>			
City of Dreams Mediterranean and Other	108,214	131,419	186,361
Corporate and Other	15,113	5,956	7,083
Total capital expenditures	<u>\$252,490</u>	<u>\$598,414</u>	<u>\$782,150</u>

Our capital expenditures for the year ended December 31, 2023 decreased from that for the year ended December 31, 2022 was primarily due to the completion of construction of Studio City Phase 2 and City of Dreams Mediterranean. Our capital expenditures for the year ended December 31, 2022 decreased from that for the year ended December 31, 2021 was primarily due to the decrease in capital expenditures on construction projects in Studio City and City of Dreams Mediterranean.

### **Financing Activities**

Net cash used in financing activities of US\$1.13 billion for the year ended December 31, 2023 was primarily due to (i) the repayments of outstanding revolving credit facility under the 2020 Credit Facilities of US\$2.10 billion, (ii) settlement of the 2025 Studio City Notes Tender Offer of US\$97.5 million, (iii) repurchase of shares of US\$169.8 million, where were offset in part by (iv) the proceeds from the drawdown of the revolving credit facility under the 2020 Credit Facilities of US\$1.25 billion.

Net cash provided by financing activities of US\$1.78 billion for the year ended December 31, 2022 was primarily due to (i) the proceeds from drawdown of the revolving credit facility under the 2020 Credit Facilities of US\$1.50 billion and (ii) the proceeds from the issuance of the 2027 Studio City Notes of US\$350.0 million, which priced at 100.0% of the principal amount, (iii) net proceeds from issuance of shares of subsidiaries of US\$134.1 million, which were offset in part by (iv) repurchase of shares of US\$189.2 million and (v) the payments of deferred financing costs of US\$8.0 million.

Net cash provided by financing activities of US\$821.7 million for the year ended December 31, 2021 was primarily due to (i) the proceeds from the issuance of the First 2029 Studio City Notes in an aggregate principal amount of US\$750.0 million, (ii) the proceeds from the issuance of the Additional 2029 Studio City Notes of US\$355.3 million, which priced at 101.5% of the principal amount, (iii) the proceeds from the issuance of the Additional 2029 Senior Notes of US\$258.1 million, which priced at 103.250% of the principal amount, and (iv) the drawdown of the revolving credit facility under the 2020 Credit Facilities of US\$399.7 million in December 2021, which were offset in part by (v) the payment of 2024 Studio City Notes Tender Offer of US\$347.1 million in aggregate principal, (vi) the redemption of the remaining 2024 Studio City Notes of US\$252.9 million in aggregate principal outstanding, (vii) the repayment of outstanding revolving credit facility under the 2020 Credit Facility of US\$249.9 million, (viii) repurchase of shares of US\$52.0 million and (ix) the payments of deferred financing costs of US\$37.4 million.

## Indebtedness

We enter into loan facilities and issue notes through our subsidiaries. The following table presents a summary of our gross indebtedness as of December 31, 2023:

	<b>As of December 31, 2023</b>
	<b>(in thousands of US\$)</b>
2029 Senior Notes	\$ 1,150,000
2029 Studio City Notes	1,100,000
2025 Senior Notes	1,000,000
2028 Senior Notes	850,000
2027 Senior Notes	600,000
2026 Senior Notes	500,000
2025 Studio City Notes	397,000
2028 Studio City Notes	500,000
2027 Studio City Notes	350,000
2020 Credit Facilities	1,052,515
2015 Credit Facilities	128
2028 Studio City Senior Secured Credit Facility	128
	<b>\$ 7,499,771</b>

Major changes in our indebtedness during the year ended and subsequent to December 31, 2023 are summarized below.

During the year ended December 31, 2023, MCO Nominee One repaid US\$820.0 million and HK\$206.0 million (equivalent to US\$29.6 million) in aggregate on a net basis along with accrued interest under the 2020 Credit Facilities.

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

On November 9, 2023, Studio City Finance initiated the 2025 Studio City Notes Tender Offer. The 2025 Studio City Notes Tender Offer expired on December 8, 2023. An aggregate principal amount of US\$317.5 million of the 2025 Studio City Notes was tendered on November 22, 2023, the early tender date. On November 24, 2023, Studio City Finance announced that it would amend the 2025 Studio City Notes Tender Offer to increase the aggregate principal amount of the 2025 Studio City Notes from US\$75.0 million to US\$100.0 million. Studio City Finance accepted for purchase the 2025 Studio City Notes that were validly tendered (and not validly withdrawn) pursuant to the tender offer for a combined aggregate principal amount equal to US\$100.0 million. Settlement of such purchase took place on November 28, 2023.

For further details of the above indebtedness, see note 11 to the consolidated financial statements included elsewhere in this annual report, which includes information regarding the type of debt facilities used, the extent to which borrowings are at fixed rates, the maturity profile of debt, the currency and interest rate

structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances. See also “— Other Financing and Liquidity Matters” below for details of the maturity profile of debt and “Item 11. Quantitative and Qualitative Disclosures about Market Risk” for further understanding of our hedging of interest rate risk and foreign exchange risk exposure.

### **Other Financing and Liquidity Matters**

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the maintenance, enhancement and development of our projects. We expect to have significant capital expenditures in the future as we continue to maintain, enhance and develop our properties in Macau, the Philippines and Cyprus as well as pursue potential growth opportunities in existing and new jurisdictions.

We have relied, and intend in the future to rely, on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on terms acceptable to us and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business operations and expansion plans. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

In March 2022, SCI completed a US\$300 million private placement of shares. The net proceeds from this private placement were approximately US\$299.2 million, of which US\$134.9 million was from noncontrolling interests.

Our material cash requirements arise from the development and continuous enhancement of our Macau properties, City of Dreams Manila and City of Dreams Mediterranean, as well as the payment of interest expenses and repayment of principal relating to our indebtedness. We are also required to comply with the investment plan which forms part of the gaming concession contract in Macau in the amount of MOP11,823.7 million (equivalent to approximately US\$1.47 billion), of which MOP10,008.0 million (equivalent to approximately US\$1.24 billion) is to be invested in non-gaming projects per the terms of the concession contract, and incremental additional non-gaming investment in the amount of approximately 20% of our initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US\$248.9 million), in the event the Incremental Investment Trigger is triggered. As Macau’s annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US\$22.37 billion) in 2023, the Incremental Investment Trigger was triggered in 2023, thereby increasing our non-gaming investment by MOP2,003.0 million (equivalent to approximately US\$248.9 million), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US\$1.72 billion) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,331.0 million (equivalent to approximately US\$165.4 million).

Cash from financings and operations is primarily retained by our operating subsidiaries for the purposes of funding our operating activities, capital expenditures and investing activities. Cash from financing and operations within our group is primarily transferred between our subsidiaries through intercompany loan arrangements or equity capital contributions. In 2023, excluding cash transferred for the purpose of the settlement of intragroup charges for operating activities, cash transferred to our holding company, Melco Resorts & Entertainment Limited, from its subsidiaries for loan or advances amounted to US\$158.0 million and repayment of advances of US\$75.0 million, respectively, while cash transferred from our holding company to its subsidiaries in the form of advances amounted to US\$528.8 million and repayments of loans or advances amounted to US\$270.6 million, respectively. In addition, cash transferred to our holding company from its subsidiary for transfer of intangible assets amounted to US\$519.0 million. No dividend payments were made in 2023 as no dividend was declared by our Macau operating subsidiary in 2023, and no dividend payments were made to our shareholders in 2023, including holders of our ordinary shares with an address of record known to us to be in the United States (which includes all holders of our ADRs, which are traded on Nasdaq in the United

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States). See also “Item 4. Information on the Company — B. Business Overview — Tax” and “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy.” There are no regulatory or foreign exchange restrictions or limitations on our ability to transfer cash within our corporate group, or to declare dividends to holders of our ADSs, except that Melco Resorts Macau must notify the Macau Chief Executive five business days in advance of any decision related to internal funds transfer in an amount greater than MOP2.5 billion (equivalent to approximately US\$310.7 million), seek Macau government consent to grant or receive any loan in the amount of MOP100 million (equivalent to approximately US\$12.4 million) and our subsidiaries incorporated in Macau are required to set aside a specified amount of the entity’s profit after tax as a legal reserve which is not distributable to the shareholders of such subsidiaries and authorization is required in the Philippines for inward and outward transfers of Philippine pesos above a certain amount. See “Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Restrictions on Distribution of Profits Regulations” and “Item 10. Additional Information — D. Exchange Controls.”

As of December 31, 2023, we had capital commitments mainly for the construction and acquisition of property and equipment for Studio City and City of Dreams totaling US\$51.9 million. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, see note 21 to the consolidated financial statements included elsewhere in this annual report.

Our total long-term indebtedness and other contractual obligations as of December 31, 2023 are summarized below.

	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
	(in millions of US\$)				
<b>Long-term debt obligations<sup>(1)</sup>:</b>					
2029 Senior Notes	\$ —	\$ —	\$ —	\$1,150.0	\$ 1,150.0
2029 Studio City Notes	—	—	—	1,100.0	1,100.0
2020 Credit Facilities	—	1,052.6	—	—	1,052.6
2025 Senior Notes	—	1,000.0	—	—	1,000.0
2028 Senior Notes	—	—	850.0	—	850.0
2027 Senior Notes	—	—	600.0	—	600.0
2026 Senior Notes	—	500.0	—	—	500.0
2028 Studio City Notes	—	—	500.0	—	500.0
2025 Studio City Notes	—	397.0	—	—	397.0
2027 Studio City Note	—	—	350.0	—	350.0
2015 Credit Facilities	0.1	—	—	—	0.1
2028 Studio City Senior Secured Credit Facility	—	—	0.1	—	0.1
Fixed interest payments	355.3	581.3	364.7	59.2	1,360.5
Variable interest payments <sup>(2)</sup>	78.3	25.7	—	—	104.0
<b>Finance leases<sup>(3)</sup></b>	37.4	74.8	74.8	169.3	356.3
<b>Operating leases<sup>(3)</sup></b>	20.5	24.2	11.0	65.7	121.4
<b>Construction costs and property and equipment retention payables</b>	26.4	5.7	—	—	32.1
<b>Other contractual commitments:</b>					
Construction costs and property and equipment acquisition commitments	51.5	0.4	—	—	51.9
Gaming concession premium and license fee <sup>(4)</sup>	25.7	51.5	51.5	216.4	345.1
Reversion Assets payments <sup>(5)</sup>	7.2	31.2	47.9	95.9	182.2
<b>Total contractual obligations</b>	<b>\$ 602.4</b>	<b>\$3,744.4</b>	<b>\$2,850.0</b>	<b>\$2,856.5</b>	<b>\$10,053.3</b>

(1) See note 11 to the consolidated financial statements included elsewhere in this annual report for further details on these debt facilities.

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- (2) Amounts for all periods represent our estimated interest payments on our debt facilities based upon amounts outstanding and HIBOR as at December 31, 2023 plus the applicable interest rate spread in accordance with the respective debt agreements. Actual rates will vary.
- (3) See note 12 to the consolidated financial statements included elsewhere in this annual report for further details on these lease liabilities.
- (4) Represents i) annual premium with a fixed portion and a variable portion based on the number and type of gaming tables and machines that Melco Resorts Macau is currently approved to operate by the Macau government for our gaming concession in Macau; and ii) fixed license fee for the Cyprus License. The gaming tax for our gaming concession in Macau and the Cyprus License and the license fee for the Philippine License as disclosed in note 21(b) to the consolidated financial statements included elsewhere in this annual report are not included in this table as the amount is variable in nature.
- (5) The gaming and gaming support areas of 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 referred to as the “Reversion Assets”) are currently owned by the Macau government. Effective January 1, 2023, the Macau government has transferred the Reversion Assets to us for usage in our operations during the duration of the Concession Contract for a fee of MOP750.00 (equivalent to approximately US\$93) per square meter for years 1 to 3 of the Concession Contract, subject to consumer price index increase in years 2 and 3 of the concession. The fee will increase to MOP2,500.00 (equivalent to approximately US\$311) per square meter for years 4 to 10 of the concession, subject to consumer price index increase in years 5 to 10 of the concession.
- (6) In addition to amounts included in the table above, in connection with the Concession Contract, Melco Resorts Macau committed to an overall investment of MOP11,823.7 million (equivalent to approximately US\$1.47 billion) and incremental additional non-gaming investment in the amount of approximately 20% of its initial non-gaming investment, or MOP2,003.0 million (equivalent to approximately US\$248.9 million), in the event Macau’s annual gross gaming revenue reaches MOP180.0 billion (equivalent to approximately US\$22.37 billion) (the “Incremental Investment Trigger”). As Macau’s annual gross gaming revenue exceeded MOP180.0 billion (equivalent to approximately US\$22.37 billion) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003.0 million (equivalent to approximately US\$248.9 million) to MOP12,011.0 million (equivalent to approximately US\$1.49 billion), with the overall investment amount increased to MOP13,826.7 million (equivalent to approximately US\$1.72 billion) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,331.0 million (equivalent to approximately US\$165.4 million).

We have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity or that are not reflected in our consolidated financial statements.

Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

Each of Melco Resorts Macau and Studio City Company has a corporate rating of “BB-” and “B+” with a positive outlook by Standard & Poor’s, respectively, and each of Melco Resorts Finance and Studio City Finance has a corporate rating of “Ba3” and “B1” with a stable outlook by Moody’s Investors Service, respectively. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

### **Restrictions on Distributions**

For discussion on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and the impact such restrictions have on our ability to meet our cash obligations, see

“Item 4. Information on the Company — B. Business Overview — Regulations — Macau Regulations — Restrictions on Distribution of Profits Regulations.” See also “Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy” and note 18 to the consolidated financial statements included elsewhere in this annual report.

### **C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.**

We have entered into license or hotel management agreements with the following entities or groups:

- Hyatt group in relation to the use of various trademarks owned by Hyatt group for the branding of the Grand Hyatt hotel at City of Dreams;
- Nobu Hospitality LLC in relation to the use of certain trademarks and intellectual property rights owned by Nobu in connection with its development, operation and management of the Nobu hotel and restaurant at City of Dreams Manila;
- Hyatt International Corporation and Melco Resorts Leisure, under which various trademarks owned by Hyatt are licensed to Melco Resorts Leisure for its operation of a hotel at City of Dreams Manila;
- DreamWorks Animation and Melco Resorts Leisure, under which various trademarks and other intellectual property rights owned by DreamWorks Animation are licensed to Melco Resorts Leisure for its operation of DreamPlay by DreamWorks, a family entertainment center at City of Dreams Manila; and
- Marriott International group in relation to the use of its various trademarks for the operation of a W-branded hotel by the Marriott International group at Studio City.

In addition, we also purchase gaming tables and gaming machines and enter into licensing agreements for the use of certain trade names and, in the case of the gaming machines, the right to use software in connection therewith. These include a license to use a jackpot system for the gaming machines. For other intellectual property that we owned, see “Item 4. Information on the Company — B. Business Overview — Intellectual Property.”

### **D. TREND INFORMATION**

The following trends and uncertainties may affect our operations and financial conditions:

- The recovery from the disruptions caused by COVID-19, including the impact of potentially higher unemployment rates, declines in income levels, and loss of personal wealth resulting from COVID-19 affecting discretionary spending and travel. The pace of recovery of our business from COVID-19 could vary materially from our current expectations and could materially affect our business, prospects, financial condition and results of operations;
- The implementation of the amended Macau Gaming Operations Law, as well as any other policies and legislation implemented by the Macau government, including interpretations thereof, such as those relating to travel and visa policies and gaming concessionaire’s liability;
- Policies and campaigns implemented by the Chinese government, including restrictions on travel, anti-corruption campaigns, heightened monitoring of cross-border currency movement and adoption of new measures to eliminate perceived channels of illicit cross-border currency movements, restrictions on currency withdrawal, increased scrutiny of marketing activities in the PRC or new measures taken by the Chinese government, including criminalization of certain conduct, to deter marketing of gaming activities to mainland Chinese residents by foreign casinos, as well as any slowdown of economic growth in the PRC, may lead to a decline and limit the recovery and growth in the number of patrons visiting our properties and the spending amount of such patrons;

- The gaming and leisure market in Macau and the Philippines are developing and the competitive landscapes are expected to evolve as more gaming and non-gaming facilities are developed in the regions where our properties are located. More supply of integrated resorts in the Cotai region of Macau and in Entertainment City of the Philippines will intensify the competition in the business that we operate. Our business in Cyprus operates in a relatively new gaming market and the market landscape is expected to be more volatile and unpredictable;
- The impact of new policies and legislation implemented by the Philippine government, including potential additional licensing requirements and potential tax legislation subjecting our Philippine subsidiaries to Philippines corporate income tax, value-added tax and other tax assessments in addition to the license fees paid to PAGCOR pursuant to the Philippine License;
- Greater regulatory scrutiny, including increased audits and inspections, in relation to movement of capital and anti-money laundering and other financial crime. Anti-money laundering, anti-bribery and corruption and sanctions and counter-terrorism financing laws and regulations have become increasingly complex and subject to greater regulatory scrutiny and supervision by regulators globally and may increase our compliance costs and any potential non-compliances of such laws and regulations could have an adverse effect on our reputation, financial condition, results of operations or cash flows;
- Enactment of new laws, or amendments to existing laws with more stringent requirements, in relation to personal data, including, among others, collection, use and/or transmission of personal data, and as to which there may be limited precedence on their interpretation and application, may increase operating costs and/or adversely impact our ability to market to our customers and guests. In addition, any non-compliance with such laws may result in damage of our reputation and/or subject us to lawsuits, fines and other penalties as well as restrictions on our use or transfer of data;
- Increases in cybersecurity and ransomware attacks around the world, including in the gaming and hospitality industries, and the need to continually evaluate, enhance and improve our internal process, systems and technology infrastructure to comply with the increasing cybersecurity, data privacy and data protection laws, regulations and requirements; and
- Gaming promoters in Macau have experienced significantly increased regulatory scrutiny that has resulted in the cessation of business of many gaming promoters.

See also “Item 3. Key Information — D. Risk Factors,” “Item 4. Information on the Company — B. Business Overview — Market and Competition” and other information elsewhere in this annual report for recent trends affecting our revenues and costs since the previous financial year and a discussion of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause the reported financial information not necessarily to be indicative of future operating results or financial condition.

#### **E. CRITICAL ACCOUNTING ESTIMATES**

Management’s discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. Our consolidated financial statements were prepared in conformity with U.S. GAAP. Certain of our accounting policies require that management applies significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, management evaluates those estimates and judgments which are made based on information obtained from our historical experience, terms of existing contracts, industry trends and outside sources that are currently available to us, and on various other assumptions that management believes to be reasonable and appropriate in the circumstances. However, by their nature, judgments are subject to an inherent degree of uncertainty, and therefore actual results could differ from our estimates. We believe that the critical accounting policies discussed below affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

### ***Property and Equipment and Other Long-lived Assets***

During the development and construction stage of our integrated resort facilities, direct and incremental costs related to the design and construction, including costs under construction contracts, duties and tariffs, equipment installations, shipping costs, payroll and payroll benefit related costs, applicable portions of interest, including amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activity is substantially suspended. Pre-opening costs, consisting of marketing and other expenses related to our new or start-up operations are expensed as incurred.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as integrated resort facilities are completed and opened. Property and equipment and other long-lived assets with a finite useful life are depreciated and amortized on a straight-line basis over the asset's estimated useful life. The estimated useful lives are based on factors including the nature of the assets, its relationship to other assets, our operating plans and anticipated use and other economic and legal factors that impose limits. The remaining estimated useful lives of the property and equipment are periodically reviewed. Refer to note 2(j) to the consolidated financial statements included elsewhere in this annual report for further details of estimated useful lives of the property and equipment.

Our land use rights in Macau under the land concession contracts for Altira Macau, City of Dreams and Studio City are being amortized over the estimated term of the land use rights on a straight-line basis. The estimated term of the land use rights under the applicable land concession contracts are based on factors including the business and operating environment of the gaming industry in Macau, laws and regulations in Macau, and our development plans. The estimated term of the land use rights are periodically reviewed. Refer to note 2(o) to the consolidated financial statements included elsewhere in this annual report for further details of estimated term of the land use rights.

Costs of repairs and maintenance are charged to expense when incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in operating income or loss.

Costs incurred to develop software for internal use are capitalized and amortized on a straight-line basis over the estimated useful life. The capitalization of such costs begins during the application development stage of the software project and ceases once the software project is substantially complete and ready for its intended use. Costs of specified upgrades and enhancements to the internal-use software are capitalized, while costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred. The remaining estimated useful lives of the internal-use software are periodically reviewed. Refer to note 2(l) to the consolidated financial statements included elsewhere in this annual report for further details of estimated useful lives of the internal-use software.

Our total capital expenditures for the years ended December 31, 2023, 2022 and 2021 were US\$252.5 million, US\$598.4 million and US\$782.2 million, respectively, of which US\$181.7 million, US\$560.8 million and US\$692.1 million, respectively, were attributable to our development and construction projects at Studio City and City of Dreams Mediterranean, with the remainder primarily related to the enhancements to our integrated resort offerings of our other properties. Refer to note 23 to the consolidated financial statements included elsewhere in this annual report for further details of these capital expenditures.

We also evaluate our property and equipment and other long-lived assets with finite lives to be held and used for impairment whenever indicators of impairment exist. If an indicator of impairment exists, we then compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. Estimating future cash flows of the assets involves significant assumptions, including future revenue growth



rates, future market conditions and gross margin. The undiscounted cash flows of such assets are measured by first grouping our long-lived assets into asset groups and, secondly, estimating the undiscounted future cash flows that are directly associated with and expected to arise from the use of and eventual disposition of such asset group. We define an asset group as the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and estimate the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, then an impairment charge is recorded based on the fair value of the asset group, typically measured using a discounted cash flow model involving significant assumptions, such as discount rates. If an asset is still under development, future cash flows include remaining construction costs. All recognized impairment losses are recorded as operating expenses.

During the year ended December 31, 2023, with the market value of Altira Macau significantly decreased as a result of a change in its forecasted performance given the latest market conditions and lingering disruptions to the business caused by COVID-19 and our earlier cessation of arrangements with gaming promoters in Macau, we recognized an impairment of long-lived assets in relation to Altira Macau of US\$207.6 million. Such amount included the impairment of Altira Macau's property and equipment of US\$110.0 million, and the full impairment of the finite-lived intangible assets, land use rights and operating lease right-of-use assets for Altira Macau of US\$30.4 million, US\$65.2 million and US\$2.0 million, respectively.

During the year ended December 31, 2022, an impairment of long-lived assets of US\$3.6 million represents the impairment of property and equipment which related to a significant decrease in the market value of an aircraft. During the year ended December 31, 2021, an impairment of long-lived assets of US\$3.6 million represents impairment of property and equipment, mainly due to reconfigurations and renovations at our operating properties, and of which US\$1.1 million related to a significant decrease in the market value of a piece of freehold land.

### ***Goodwill and Purchased Intangible Assets***

We review the carrying value of goodwill and purchased intangible assets with indefinite useful lives for impairment at least on an annual basis or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill and purchased intangible assets with indefinite useful lives as at December 31, 2023 and 2022 was associated with Mocha Clubs, a reporting unit, which arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by our Company in 2006.

When performing the impairment analysis for goodwill and intangible assets with indefinite lives, we may first perform a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. If the qualitative factors indicate that the carrying amount of the reporting unit is more likely than not to exceed the fair value, then a quantitative impairment test is performed.

To perform a quantitative impairment test of goodwill, we perform an assessment that consists of a comparison of the carrying value of a reporting unit with its fair value. If the carrying value of the reporting unit exceeds its fair value, we would recognize an impairment for the amount by which the carrying value exceeds the reporting unit's fair value, limited to the total amount of goodwill allocated to that reporting unit. We determine the fair value of our reporting unit using income valuation approaches through the application of discounted cash flow method. The projections for future cash flows utilized in the discounted cash flow method are derived from historical experience and assumptions regarding future growth and profitability of the reporting unit. These projections are consistent with our budget and strategic plan. Cash flows for the five years subsequent to the date of the quantitative goodwill impairment test were utilized in the determination of the fair value of the reporting unit. Beyond five years, a terminal value was determined using a perpetuity growth rate. For the goodwill impairment test of Mocha Clubs, the rates used to discount the cash flow are 11.7% and 12.6% for the years ended December 31, 2023 and 2022 respectively and sensitivity analysis was performed by either reducing the operating cash flows by 5% or increasing the discount rate by one percentage point, which would not have resulted in its carrying value exceeding its fair value.

To perform a quantitative impairment test of the trademarks of Mocha Clubs, we perform an assessment that consists of a comparison of their carrying values with their fair values using the relief-from-royalty method. Under this method, we estimate the fair values of the trademarks, mainly based on the incremental after-tax cash flow representing the royalties that we are relieved from paying given we are the owner of the trademarks. These valuation techniques are based on a number of estimates and assumptions, including the projected future revenues of the trademarks, calculated using an appropriate royalty rate, discount rate and long-term growth rates.

As a result of these assessments, no impairment losses on goodwill and intangible assets with indefinite lives were recognized during the years ended December 31, 2023, 2022 and 2021.

As discussed above, determining the fair value of goodwill and trademarks is judgmental in nature and requires the use of significant estimates and assumptions. Future changes to our estimates and assumptions based upon changes in operating results, macro-economic factors or management's intentions may result in future changes to the fair value of the goodwill and trademarks of the Group.

### ***Revenue Recognition***

Our revenues from contracts with customers consist of casino wagers, sales of rooms, food and beverage, entertainment, retail and other goods and services.

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. We account for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers and gaming promoters, cash discounts and other cash incentives earned by customers are recorded as reductions of casino revenues. In addition to the wagers, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for incentives or points earned under our non-discretionary incentive programs (including loyalty programs).

For casino transactions that include complimentary goods or services provided by us to incentivize future gaming, we allocate the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Complimentary goods or services that are provided under our control and discretion and supplied by third parties are recorded as operating expenses.

We operate different non-discretionary incentives programs in certain of our properties which include our loyalty programs to encourage repeat business mainly from loyal slot machine customers and table games patrons. Customers earn points primarily based on gaming activity and such points can be redeemed for free play and other free goods and services. For casino transactions that include points earned under our loyalty programs, we defer a portion of the revenue by recording the estimated standalone selling prices of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for our self-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under our loyalty programs, the residual amount is recorded as casino revenue when the wagers are settled.

The Company follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for the operations of two of its externally managed hotels and Grand Dragon Casino and concluded that it is the controlling entity and is the principal to these arrangements. For the operations of these two externally managed hotels, as the Company is the owner of the hotel properties, the hotel managers operate the respective hotels under management agreements providing management services to the Company, and the Company receives all rewards and takes substantial risks associated with the hotel businesses. The Company is the principal and the transactions are, therefore, recognized on a gross basis. For the operations of Grand Dragon Casino, given the Company operates the casino under a right to use agreement with the owner of

the casino premises and has full responsibility for the casino operations in accordance with the Concession or its previous gaming subconcession, it is the principal and casino revenue is, therefore, recognized on a gross basis.

The transaction prices for rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from the customers for such goods and services that are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by us are excluded from revenues. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by us are allocated to each good or service based on its relative standalone selling price.

Minimum operating and right to use fees representing lease revenues, adjusted for contractual base fees and operating fees escalations, are included in other revenues and are recognized over the terms of the related agreements on a straight-line basis.

#### ***Accounts Receivable and Credit Risk***

Financial instruments that potentially subject our Company to concentrations of credit risk consist principally of casino accounts receivable. We issue credit in the form of markers to approved casino customers following investigations of creditworthiness. Credit is/can be also given to gaming promoters. These receivables can be offset against commissions payable and any other value items held by us to the respective customers and gaming promoters for which we intend to set off when required. For the years ended December 31, 2023, 2022 and 2021, approximately 1.5%, 0.3% and 11.9% of our casino revenues were derived from customers sourced through our rolling chip gaming promoters, respectively.

As of December 31, 2023 and 2022, a substantial portion of our markers were due from customers and gaming promoters residing in foreign countries. Business and economic conditions, the legal enforceability of gaming debts, foreign currency control measures or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Accounts receivable, including casino, hotel and other receivables, are typically non-interest bearing and are recorded at amortized cost. Accounts are written off when management deems it is probable the receivables are uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for credit losses is maintained to reduce our receivables to their carrying amounts, which reflects the net amount the Company expects to collect. The allowance is estimated based on our specific reviews of the age of the balances owed, the customers' financial condition, management's experience with the collection trends of the customers, current business and economic conditions, and management's expectations of future business and economic conditions.

As of December 31, 2023 and 2022, the Company's allowances for casino credit losses were 64.4% and 80.0% of gross casino accounts receivable, respectively. At December 31, 2023, a 100 basis-point change in the estimated allowance for credit losses as a percentage of casino receivables would change the allowance for credit losses by approximately US\$2.4 million.

#### ***Income Tax***

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As of December 31, 2023 and 2022, we recorded valuation allowances of US\$374.6 million and US\$299.6 million, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized. Our assessment considers, among other matters, the

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nature, frequency and severity of current and cumulative losses, forecasts of future profitability, and the duration of statutory carryforward periods. To the extent that the financial results of our operations improve and it becomes more likely than not that the deferred tax assets are realizable, the valuation allowances will be reduced.

***Other Estimates***

In addition to the critical accounting estimates described above, there are other accounting estimates within the consolidated financial statements. Management believes the current assumptions and other considerations used to estimate amounts reflected in the consolidated financial statements are appropriate. However, if actual experience differs from the assumptions and other considerations used in estimating amounts reflected in the consolidated financial statements, the resulting changes could have a material adverse effect on the consolidated financial statements. See note 2 to the consolidated financial statements for further information on significant accounting policies.

**ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES****A. DIRECTORS AND SENIOR MANAGEMENT****Directors and Executive Officers**

The following table sets forth information regarding our directors and executive officers as of the date of this annual report on Form 20-F.

<u>Name</u>	<u>Age</u>	<u>Position/Title</u>
Lawrence Yau Lung Ho	47	Chairman, chief executive officer and director
Clarence Yuk Man Chung	61	Director
Evan Andrew Winkler	49	President and director
Alec Yiu Wa Tsui		Independent non-executive director, chair of the nomination and corporate governance committee and a member of each of the audit and risk committee and the compensation committee
	74	
Thomas Jefferson Wu		Independent non-executive director, chair of the compensation committee and a member of each of the audit and risk committee and the nomination and corporate governance committee
	51	
John William Crawford		Independent non-executive director, chair of the audit and risk committee and a member of each of the nomination and corporate governance committee and the compensation committee
	81	
Francesca Galante		Independent non-executive director and a member of each of the audit and risk committee, the nomination and corporate governance committee and the compensation committee
	48	
Geoffrey Stuart Davis	55	Executive vice president and chief financial officer
Graham Paul Winter	59	Executive vice president and chief legal officer
Akiko Takahashi	70	Executive vice president and chief of staff to Chairman and chief executive officer

**Directors**

**Mr. Lawrence Yau Lung Ho** was appointed as our director on December 20, 2004 and served as our co-chairman and chief executive officer between December 2004 and April 2016 before being re-designated as chairman and chief executive officer in May 2016. Mr. Ho became the managing director of Melco International in 2001 and has been its chairman and chief executive officer since March 2006. In addition, Mr. Ho has been a director of SCI since July 2011. Mr. Ho has also been appointed as the chairman and director of Maple Peak Investments Inc., a company listed on the TSX Venture Exchange in Canada, since July 2016.

As a member of the National Committee of the Chinese People's Political Consultative Conference, Mr. Ho serves on the board or participates as a committee member in various organizations in Hong Kong, Macau and mainland China. He is a vice chairman of the All-China Federation of Industry and Commerce; a member of the Macau Basic Law Promotion Association; a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong; a member of the Asia International Leadership Council; honorary advisor of Global Tourism Economy Research Centre; permanent honorary committee member of The Chinese General Chamber of Commerce of Hong Kong; honorary patron of The Canadian Chamber of Commerce in Macao; honorary president of Macau Research Association for Macau Gaming Law; honorary president of the Association of Property Agents and Real Estate Developers of Macau and a director executive of the Macao Chinese General Chamber of Commerce.

In 2017, Mr. Ho was awarded the Medal of Merit-Tourism by the Macau SAR government for his significant contributions to tourism in the territory.

In recognition of Mr. Ho's directorship and entrepreneurial spirit, he was granted the Business Awards of Macau's "Leadership Gold Award" in 2015 and honored with "Outstanding Individual Award" at the Industry Community Awards in 2020. Mr. Ho has been honored as one of the recipients of the "Asian Corporate Director Recognition Awards" by Corporate Governance Asia magazine for nine years since 2012, and was awarded "Asia's Best CEO" at the Asian Excellence Awards for the 12<sup>th</sup> year in 2023.

Mr. Ho graduated with a Bachelor of Arts degree in commerce from the University of Toronto, Canada, in June 1999 and was awarded the Honorary Doctor of Business Administration degree by Edinburgh Napier University, Scotland, in July 2009 for his contribution to business, education and the community in Hong Kong, Macau and China.

**Mr. Clarence Yuk Man Chung** was appointed as our director on November 21, 2006. Mr. Chung has also been an executive director of Melco International since May 2006, which he joined in December 2003. In addition, Mr. Chung has been the chairman and president of MRP since December 2012, a director of SCI since October 2018 and has also been appointed as a director of certain of our subsidiaries incorporated in various jurisdictions. Before joining Melco International, Mr. Chung had been in the financial industry in various capacities as a chief financial officer, an investment banker and a merger and acquisition specialist. He was named one of the "Asian Gaming 50" for multiple years by Inside Asian Gaming magazine. Mr. Chung is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales and obtained a master's degree in business administration from the Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology.

**Mr. Evan Andrew Winkler** was appointed as our director on August 3, 2016 and also our president on September 4, 2019. Mr. Winkler joined Melco International as the managing director in August 2016 and has assumed the role of the president and managing director of Melco International since May 2018, and has also been a director of SCI since August 2016. Mr. Winkler has also been appointed as a director of various subsidiaries of Melco International.

Before joining Melco International, Mr. Winkler served as a managing director at Moelis & Company, a global investment bank. Prior to that, he was a managing director and co-head of technology, media and telecommunications M&A at UBS Investment Bank. Mr. Winkler has extensive experience in providing senior level advisory services on mergers and acquisitions and other corporate finance initiatives, having spent nearly two decades working on Wall Street. He holds a bachelor degree in Economics from the University of Chicago.

**Mr. Alec Yiu Wa Tsui** was appointed as an independent non-executive director on December 18, 2006. Mr. Tsui is the chairman of our nominating and corporate governance committee and a member of our audit and risk committee and compensation committee. Mr. Tsui has extensive experience in finance and administration, corporate and strategic planning, information technology and human resources management, having served at various international companies. He held key positions at the Securities and Futures Commission of Hong Kong from 1989 to 1993, joined the HKSE in 1994 as an executive director of the finance and operations services division and was its chief executive from February 1997 to July 2000. He was also the chief operating officer of Hong Kong Exchanges and Clearing Limited from March to August 2000. During his tenure at the HKSE, Mr. Tsui was in charge of the finance and accounting functions. Mr. Tsui was the chairman of the Hong Kong Securities Institute from 2001 to 2004 and a consultant of the Shenzhen Stock Exchange from July 2001 to June 2002. Mr. Tsui was an independent non-executive director of China Blue Chemical Limited from April 2006 to June 2012, China Chengtong Development Group Limited from March 2003 to November 2013, China Power International Development Limited from March 2004 to December 2016 and China Oilfield Services Limited from June 2009 to June 2015, all of which are listed on the HKSE. Mr. Tsui has been a director of Industrial and Commercial Bank of China (Asia) Limited since August 2000. Mr. Tsui is also an independent non-executive director of a number of companies listed on the HKSE and Nasdaq, including COSCO Shipping

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International (Hong Kong) Co., Ltd. since 2004, Pacific Online Limited since 2007, ATA Creativity Global since 2008, Hua Medicine since September 2018 and Brii Biosciences Limited since July 2021, Summit Ascent Holdings Limited from March 2011 to September 2018, Kangda International Environmental Company Limited from July 2014 to April 2019, DTXS Silk Road Investment Holdings Company Limited from December 2015 to May 2020. In addition, due to his long experience as an executive supervising finance and accounting functions, and extensive knowledge and expertise in internal controls and procedures for financial reporting and other matters performed by audit committees in general, Mr. Tsui also serves as a member of the audit committee on several of the companies on which he serves as a director.

Mr. Tsui graduated from the University of Tennessee with a bachelor's degree in industrial engineering in 1975 and a master of engineering degree in 1976. He completed a program for senior managers in government at the John F. Kennedy School of Government at Harvard University in 1993.

**Mr. Thomas Jefferson Wu JP** was appointed as an independent non-executive director on December 18, 2006. Mr. Wu is also the chairman of our compensation committee and a member of our audit and risk committee and nominating and corporate governance committee. Mr. Wu was the deputy chairman and managing director of Hopewell Holdings Limited, a business conglomerate which was de-listed from the HKSE, from February 2018 to May 2019. Mr. Wu has served in various roles with the Hopewell Holdings group since 1999, including group controller from March 2000 to June 2001, executive director from June 2001 to May 2019, chief operating officer from January 2002 to August 2003, deputy managing director from August 2003 to June 2007, co-managing director from July 2007 to September 2009, managing director from October 2009 to May 2019 and deputy chairman of Hopewell Holdings Limited from February 2018 to May 2019. Mr. Wu has also been an executive director, managing director and non-executive director of Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company listed on the HKSE, from January 2003 to April 2018, from July 2003 to April 2018 and from April 2018 to May 2018, respectively.

Mr. Wu graduated with high honors from Princeton University in 1994 with a Bachelor of Science degree in Mechanical and Aerospace Engineering. Mr. Wu then worked in Japan as an engineer for Mitsubishi Electric Corporation for three years before returning to full-time studies at Stanford University, where he obtained a Master of Business Administration degree in 1999. In 2015, he was conferred an honorary fellowship by Lingnan University.

Mr. Wu is active in public service in both Hong Kong and the PRC. Mr. Wu serves in a number of advisory roles at different levels of government. In the PRC, Mr. Wu is a member of the 13th to 14th National Committee of the Chinese People's Political Consultative Conference and the 10th to 13th Heilongjiang Provincial Committee of the Chinese People's Political Consultative Conference and was a Standing Committee member and a member of the Guangzhou Municipality Huadu District Committee of the Chinese People's Political Consultative Conference, among other public service capacities.

In Hong Kong, Mr. Wu's major public service appointments include being a member of the Major Sports Events Committee of the Culture, Sports and Tourism Bureau of the Hong Kong Special Administrative Region Government (the "HKSARG"), a Vice Patron of the Community Chest of Hong Kong, a deputy director of Economic Affairs Committee and a member of Friends of Hong Kong Association Limited as well as Honorary Advisor of the Hong Kong Army Cadets Association. Mr. Wu is also a member of the Business School Advisory Council of The Hong Kong University of Science and Technology. Previously, Mr. Wu was a council member of The Hong Kong Polytechnic University and the Hong Kong Baptist University, a member of the Court of The Hong Kong University of Science and Technology, a board member of the Asian Youth Orchestra, a member of the standing committee on Disciplined Services Salaries and Conditions of Service, a member of the Hong Kong Tourism Board of the HKSARG, a board member of The Airport Authority Hong Kong of the HKSARG, a member of the Energy Advisory Committee of the Environment Bureau of the HKSARG and a member of the Committee on Real Estate Investment Trusts of Securities and Futures Commission.

In addition to his professional and public service engagements, Mr. Wu is mostly known for his passion for ice hockey, as well as the sport's development in Hong Kong and the region. Mr. Wu is the co-founder and chairman of the Hong Kong Amateur Club and Hong Kong Academy of Ice Hockey, the chairman of the Hong Kong Ice Hockey Officials Association, as well as chairman of the LOHAS Rink Limited. Mr. Wu is also the honorary president of the Hong Kong Ice Hockey Association (the national sports association of ice hockey in Hong Kong), vice-chairman of Chinese Ice Hockey Association, honorary president of Macau Ice Sports Federation and honorary chairman of Ice Hockey Association of Taipei Municipal Athletics Federation. Mr. Wu served as the vice president (Asia/Oceania) of the International Ice Hockey Federation from 2012 to 2021.

In 2006, the World Economic Forum selected Mr. Wu as a "Young Global Leader." Mr. Wu was also awarded the "Directors of the Year Award" by the Hong Kong Institute of Directors in 2010, the "Asian Corporate Director Recognition Award" by Corporate Governance Asia in 2011, 2012 and 2013, and named the "Asia's Best CEO (Investor Relations)" in 2012, 2013 and 2014.

**Mr. John William Crawford JP** was appointed as an independent non-executive director on January 12, 2017. Mr. Crawford was a member of our audit and risk committee up until March 21, 2018 when he became its chairman. He is also a member of our compensation committee and nominating and corporate governance committee. Mr. Crawford became an independent non-executive director of Melco International on September 13, 2019 and serves as the chairman of its audit committee and is a member of its nomination and corporate governance committee and its remuneration committee. Mr. Crawford has been the managing director of Crawford Consultants Limited and International Quality Education Limited since 1997 and 2002, respectively. Previously, Mr. Crawford was a founding partner of Ernst & Young, Hong Kong, where he acted as engagement or review partner for many public companies and banks during his 25 years in public accounting and was the chairman of the audit division and the vice chairman of the Hong Kong office of the firm prior to retiring in 1997. Mr. Crawford has extensive knowledge of accounting issues from his experience as the managing audit partner of this major international accounting firm and also has extensive operational knowledge as a result of his consulting experience. Mr. Crawford has served as an independent non-executive director and chairman of the audit committee of Regal Portfolio Management Limited of Regal REIT since November 2006 and chairman of its Disclosure Committee since March 2010, and as an independent non-executive director of Entertainment Gaming Asia Inc. since November 2007 up until his resignation on July 3, 2017. In November 2011, Mr. Crawford was appointed as a member of the conflicts committee of our subsidiary SCI and resigned from this position on January 10, 2017. Mr. Crawford previously served as an independent non-executive director and chairman of the audit committee of other companies publicly listed in Hong Kong, the most recent of which was E-Kong Group Limited until June 8, 2015.

Mr. Crawford has been deeply involved in the education sector in Asia, including setting up international schools and providing consulting services. He was a member and a governor for many years of the Canadian International School of Hong Kong and remains active in the start-up, overseeing and consulting for other similar pre-university schools. Additionally, Mr. Crawford is involved in various charitable and/or community activities and was a founding member of UNICEF Hong Kong Committee and the Hong Kong Institute of Directors. In 1997, Mr. Crawford was appointed a Justice of the Peace in Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants, a member and honorary president of the Macau Society of Certified Practising Accountants and a member of the Canadian Institute of Chartered Accountants.

**Ms. Francesca Galante** was appointed as an independent non-executive director on September 5, 2018. Ms. Galante is a member of each of our compensation committee, audit and risk committee and nominating and corporate governance committee. Ms. Galante has been the co-founder and partner of First Growth Real Estate, a specialist advisory firm focused on real estate structured debt arranging, restructuring and special servicing throughout Continental Europe since 2010. Previously, Ms. Galante was an executive director in the real estate principal finance division at UBS Investment Bank in London. Prior to that she worked at Soros



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Real Estate Partners and Merrill Lynch. With 20 years of real estate investment and advisory experience in both Europe and North America, Ms. Galante has extensive experience on real estate transactions in office, hotel, residential and industrial asset classes. Ms. Galante received her Master of Science in Management from the Université Paris-Dauphine and Master of Finance from Ecole Supérieure De Commerce De Paris (now ESCP Europe).

### Board Diversity

The table below provides certain information regarding the diversity of our board of directors.

Board Diversity Matrix (As of March 15, 2024)				
Places of Principal Executive Offices:	Singapore and Hong Kong			
Foreign Private Issuer:	Yes			
Disclosure Prohibited under Home Country Law:	No			
Total Number of Directors:	7			
<b>Part I: Gender Identity</b>				
	<b>Female</b>	<b>Male</b>	<b>Non-Binary</b>	<b>Did Not Disclose Gender</b>
Directors	1	1	0	5
<b>Part II: Demographic Background</b>				
Underrepresented Individual in Places of Principal Executive Offices	0			
LGBTQ+	0			
Did Not Disclose Demographic Background	5			

### Executive Officers

**Mr. Geoffrey Stuart Davis** is our executive vice president and chief financial officer and he was appointed to his current role in April 2011. Prior to that, he served as our deputy chief financial officer from August 2010 to March 2011 and our senior vice president, corporate finance since 2007, when he joined our Company. In addition, Mr. Davis has been the chief financial officer of Melco International since December 2017, the chief financial officer and a director of SCI since June 2019 and October 2018, respectively, and is also a director of a number of our subsidiaries. Prior to joining us, Mr. Davis was a research analyst for Citigroup Investment Research, where he covered the U.S. gaming industry from 2001 to 2007. From 1996 to 2000, he held a number of positions at Hilton Hotels Corporation and Park Place Entertainment. Mr. Davis has been a CFA charter holder since 2000 and obtained a bachelor of arts degree from Brown University.

**Mr. Graham Paul Winter** is our executive vice president and chief legal officer and he was appointed to his current role in December 2023. Prior to joining us, Mr. Winter was a partner of an international law firm in Hong Kong where he was co-chair of the firm's Betting & Gaming practice group. Prior to that, he was a senior corporate partner in the Hong Kong office of another large international law firm. Mr. Winter holds law degrees from the University of Oxford and Brunel University, and is admitted as a solicitor in England and Wales and Hong Kong.

**Ms. Akiko Takahashi** is our executive vice president and chief of staff to chairman and chief executive officer, and was appointed to this role in June 2019. Ms. Takahashi is also a director of Studio City International Holdings Limited, a subsidiary of the Company whose ADSs have been listed on the New York Stock Exchange since October 2018. Prior to her present roles, she was the Company's executive vice president and chief officer, human resources/corporate social responsibility from December 2008 and held the title of group human resources director from December 2006, when she joined our Company. Prior to joining us, Ms. Takahashi worked as a consultant in her own consultancy company from 2003 to 2006 where she conducted "C-level" executive searches for clients and assisted with brand/service culture alignment for a luxury hotel in New York City and

where her last engagement prior to joining our Company was to lead the human resources integration for the largest international hospitality joint venture in Japan between InterContinental Hotels Group and ANA Hotels. She was the global group director of human resources for Shangri-la Hotels and Resorts, an international luxury hotel group headquartered in Hong Kong, from 1995 to 2003. Between 1993 and 1995, she was the senior vice president of human resources and service quality for Bank of America, Hawaii, FSB. She served as regional human resources manager for Sheraton Hotels Hawaii / Japan from 1985 to 1993. She started her hospitality career as a training manager for Halekulani Hotel. She began her career in the fashion luxury retail industry in merchandising, operations, training and human resources. Ms. Takahashi attended the University of Hawaii.

### **Management Structure**

Mr. Ho, our chairman and chief executive officer, is responsible for the day-to-day operational leadership of our Company. Our management structure includes an executive committee which is composed of our executive officers and other senior executives including chief operating officers, property president, executive vice presidents and other business unit leaders and is responsible for formulating business strategies and considering day-to-day operational matters. On September 4, 2019, Mr. Evan Andrew Winkler, a board member of the Company, was appointed as President of the Company. Prior to September 4, 2019, all of our executive officers and senior executives reported directly to Mr. Ho. Upon Mr. Winkler's appointment as President of the Company, he assumed responsibility for the Company's day-to-day operational matters globally and the Company's operational departments, chief operating officers and property president commenced reporting directly to Mr. Winkler while our executive officers and a few other senior executives, together with Mr. Winkler himself, continued to report directly to Mr. Ho.

## **B. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS**

Our directors and executive officers receive compensation in the form of salaries, discretionary bonuses, equity awards, contributions to pension schemes and other benefits. The aggregate amount of compensation paid, and benefits in kind granted, including contingent or deferred compensation accrued for the year, to all the directors and executive officers of our Company as a group by our Company and its subsidiaries, amounted to approximately US\$28.6 million for the year ended December 31, 2023.

### **Bonus Plan**

We offer our management employees, including senior executive officers, the ability to participate in our Company's discretionary annual bonus plan. As part of this plan, employees may receive compensation in addition to their base salary upon satisfactory achievement of certain financial, strategic and individual objectives. Directors, other than Mr. Lawrence Ho, who participates in his capacity as our chief executive officer, Mr. Evan Winkler, who participates in his capacity as our president, and Mr. Clarence Chung, who participates his capacity as the president of MRP, are excluded from this plan. The discretionary annual bonus plan is administered at the sole discretion of our Company and our compensation committee.

### **Equity Awards**

On April 5, 2023, we granted 4,134,561 restricted shares pursuant to our 2021 Share Incentive Plan to directors and executive officers of our Company. The grant date fair value of the restricted shares granted (closing price of the grant date) was US\$4.1267 per share. Such grantees will receive ordinary shares upon vesting of restricted shares at par value.

On November 1, 2023, we granted 37,593 restricted shares pursuant to our 2021 Share Incentive Plan to an executive officer of our Company. The grant date fair value of the restricted shares granted (closing price of the grant date) was US\$2.6600 per share. Such grantee will receive ordinary shares upon vesting of restricted shares at par value.

### **Option Exchange Program**

On April 6, 2022, we launched an option exchange program, offering eligible officers, employees and service providers who have been granted share options under our 2011 Share Incentive Plan to purchase our ordinary shares, par value US\$0.01 per share, the opportunity to exchange eligible options, whether vested or unvested, for restricted ordinary shares. A limited number of designated option holders were also eligible to receive awards of restricted shares, new share options (“New Options”) or a combination of restricted shares and New Options.

The restricted shares and New Options under the option exchange program were to vest as follows: (1) 50% of the restricted shares and New Options were to vest on April 6, 2023, which is the first anniversary of the date of grant, and (2) the remaining 50% of the restricted shares and New Options were to vest on the second anniversary of the date of grant. Until the restricted shares and New Options vest, they remain subject to forfeiture if the relevant personnel’s employment or service with our Company or our parent or subsidiaries, as applicable, terminates prior to the vesting date. All unvested restricted shares were also subject to restrictions on transfer. If and when the restricted shares vest, they will be free of forfeiture conditions and restrictions on transfer, other than required tax withholding and compliance with applicable securities laws, our securities trading policies and any other legal requirements. All restricted shares and New Options are subject to the terms of the 2021 Share Incentive Plan and the applicable award agreement between the relevant personnel and our Company.

A total of 5,912,547 restricted shares and 2,486,241 New Options were granted under the program, of which 2,355,420 restricted shares and 790,470 New Options were granted to a director and executive officers. Out of such restricted shares and New Options granted under the program, 2,750,463 Restricted Shares and 1,243,119 New Options vested as of December 31, 2023, of which 1,177,710 Restricted Shares and 395,235 New Options were those granted to a director and executive officers. The exercise price and expiration date of the New Options are US\$7.40 per ADS and April 5, 2032, respectively.

### **Pension, Retirement or Similar Benefits**

For the year ended December 31, 2023, we set aside or accrued approximately US\$0.2 million to provide pension, retirement or similar benefits to our senior executive officers. Our directors, other than Mr. Lawrence Ho who participates in his capacity as our chief executive officer, do not participate in such schemes.

## **C. BOARD PRACTICES**

### **Composition of Board of Directors**

Our board consists of seven directors, including three directors nominated by Melco International and four independent directors. Nasdaq Stock Market Rule 5605(b)(1) generally requires that a majority of an issuer’s board of directors must consist of independent directors. However, Nasdaq Stock Market Rule 5615(a)(3) permits foreign private issuers like us to follow “home country practice” in certain corporate governance matters. Walkers (Hong Kong), our Cayman Islands counsel, has provided a letter to Nasdaq certifying that under the Companies Act (as amended) of the Cayman Islands, we are not required to have a majority of independent directors serving on our board. Since September 5, 2018, we have had a majority of independent directors serving on our board. Prior to that, we relied on this “home country practice” exception.

### **Duties of Directors**

Under Cayman Islands law, our directors have a fiduciary duty to act honestly, in good faith and in what they consider to be our best interests. Our directors also have a duty to exercise the skill they actually

possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. We, as the Company, have the right to seek damages if a duty owed by our directors is breached and we suffer a loss as a result. In certain circumstances, an individual shareholder may bring such a claim for damages against our directors, on behalf of the Company, by way of a derivative action.

The functions and powers of our board include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our Company and mortgaging the property of our Company; and
- approving the transfer of shares of our Company, including the registering of such shares in our share register.

#### **Terms of Directors and Executive Officers**

Our officers are elected by and serve at the discretion of the board. Our directors are not subject to a term of office and hold office until such time as they resign, are removed from office by special resolution or by a majority of the directors, or otherwise vacate their office in accordance with our articles of association. A director will vacate office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; or (ii) dies or is found by a court to be of unsound mind. In addition, none of the service agreements between us and our directors provide benefits upon termination of their service.

#### **Committees of the Board of Directors**

Our board established an audit committee, a compensation committee and a nominating and corporate governance committee in December 2006. Our audit committee was renamed our audit and risk committee on August 3, 2016. Each committee has its defined scope of duties and terms of reference within its own charter, which empowers the committee members to make decisions on certain matters. The charters of these board committees were adopted by our board on November 28, 2006 and have been amended and restated on several occasions, with the latest version of the compensation committee charter amended on December 3, 2021, the audit and risk committee charter amended on December 6, 2023 and the nominating and corporate governance committee charter amended on December 16, 2022. These charters are found on our website. Each of these committees consists entirely of directors whom our board has determined to be independent under the "independence" requirements of the Nasdaq corporate governance rules. The current membership of these three committees and summary of its respective charter are provided below.

#### ***Audit and Risk Committee***

Our audit and risk committee consists of Messrs. Thomas Jefferson Wu, Alec Yiu Wa Tsui, John William Crawford and Ms. Francesca Galante, and is chaired by Mr. Crawford. Each of the committee members satisfies the "independence" requirements of Rule 10A-3 under the Securities Exchange Act of 1934, or the Exchange Act. We believe that Mr. Crawford qualifies as an "audit committee financial expert" as defined in Item 16A of Form 20-F. On September 13, 2019, Mr. Crawford was appointed as an independent non-executive director of Melco International, our parent company and a related party. Since his appointment to the Melco International board, Mr. Crawford has not participated in, or voted on or consented to, any actions or matters

being considered by our audit and risk committee which involved any related party transaction with Melco International. The purpose of the committee is to assist our board in overseeing and monitoring:

- the audits of the financial statements of our Company;
- the qualifications and independence of our independent auditors;
- the performance of our independent auditors;
- the accounting and financial reporting processes of our Company and the integrity of our systems of internal accounting and financial controls;
- legal and regulatory issues relating to the financial statements of our Company, including oversight of the independent auditor, review of the financial statements and related material, internal audit process and the procedure for receiving complaints regarding accounting, internal accounting controls, auditing or other related matters;
- the disclosure, in accordance with our relevant policies, of any material information regarding the quality or integrity of our financial statements, which is brought to its attention by our disclosure committee;
- the integrity and effectiveness of our internal audit function; and
- the Company's risk management policies, procedures and practices.

The duties of the committee include:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor and after considering a tendering process for the appointment of the independent auditor every five years;
- approving the remuneration and terms of engagement of the independent auditor, and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- at least annually, obtaining a written report from our independent auditor describing matters relating to its independence and quality control procedures;
- discussing with our independent auditor and our management, among other things, the audits of the financial statements, including whether any material information brought to their attention should be disclosed, issues regarding accounting and auditing principles and practices and the management's internal control report;
- reviewing and recommending the financial statements for inclusion within our quarterly earnings releases and to our board for inclusion in our annual reports;
- approving all material related party transactions brought to its attention, without further approval of our board;
- establishing and overseeing procedures for the handling of complaints and whistleblowing;
- approving the internal audit charter and annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- assessing Chief Risk Officer and senior management's policies and procedures to identify, accept, mitigate, allocate or otherwise manage various types of risks that may materially impact the Company's business, strategy, operation, financials and reputation, including without limitation, legal, compliance and operational risks and other evolving risks such as cybersecurity threats, and making recommendations with respect to our risk management process for the board's approval;

- reviewing our financial controls, internal control and risk management systems, and discussing with our management the system of internal control and ensuring that our management has discharged its duty to have an effective internal control system including the adequacy of resources, the qualifications and experience of our accounting and financial staff, and their training programs and budget;
- together with our board, evaluating the performance of the audit and risk committee on an annual basis;
- assessing the adequacy of its charter; and
- co-operating with the other board committees in any areas of overlapping responsibilities.

#### ***Compensation Committee***

Our compensation committee consists of Messrs. Thomas Jefferson Wu, Alec Yiu Wa Tsui, John William Crawford and Ms. Francesca Galante, and is chaired by Mr. Wu. The purpose of the committee is to discharge the responsibilities of the board relating to compensation of our directors and our executives, including, amongst others, to design (in consultation with management), evaluate and approve the compensation plans, policies and programs for the executives and evaluate and recommend to our board for approval of the directors' compensation.

Members of this committee are not prohibited from direct involvement in determining their own compensation. Our chief executive officer may not be present at any compensation committee meeting during the time when his compensation is deliberated.

The duties of the committee include:

- overseeing the development and implementation of executive compensation programs in consultation with our management;
- at least annually, making recommendations to our board for approval with respect to the compensation arrangements for our directors, and approving compensation arrangements for our chief executive officer and other executives;
- at least annually, reviewing and approving our incentive compensation plans and equity grant, if any, under our share incentive plans, and overseeing the administration of these plans and discharging any responsibilities imposed on the compensation committee by any of these plans;
- reviewing and approving the compensation payable to our executive directors and executives in connection with any loss or termination of their office or appointment;
- reviewing and approving any benefits in kind received by any director or executives where such benefits are not provided for under the relevant employment terms;
- reviewing executive officer and director indemnification and insurance matters;
- overseeing our regulatory compliance with respect to compensation matters, including our policies and restrictions on compensation plans and loans to officers and directors;
- together with the board, evaluating the performance of the compensation committee on an annual basis;
- at such time as it deems appropriate, reviewing and making recommendations to the Board with respect to the adoption of any share incentive plans and/or modifications to the terms thereof and carrying out of the committee's duties and responsibilities as set forth in such share incentive plans;
- assessing the adequacy of its charter; and
- co-operating with the other board committees in any areas of overlapping responsibilities.

*Nominating and Corporate Governance Committee*

Our nominating and corporate governance committee consists of Messrs. Thomas Jefferson Wu, Alec Yiu Wa Tsui, John William Crawford and Ms. Francesca Galante, and is chaired by Mr. Tsui. The purpose of the committee is to assist our board in discharging its responsibilities regarding:

- the identification of qualified candidates to become members and chairs of the board and its committees and to fill any such vacancies, and reviewing the appropriateness of the continued service of directors;
- ensuring that our board meets the criteria for independence under the Nasdaq corporate governance rules and nominating directors who meet such independence criteria;
- oversight of our compliance with legal and regulatory requirements, in particular the legal and regulatory requirements of Macau (including the relevant laws related to the gaming industry), the Cayman Islands, the SEC and Nasdaq;
- the development and recommendation to our board of a set of corporate governance principles applicable to our Company;
- the disclosure, in accordance with our relevant policies, of any material information (other than that regarding the quality or integrity of our financial statements), which is brought to its attention by the disclosure committee; and
- oversight of our environmental, social and governance-related risks and opportunities.

The duties of the committee include:

- making recommendations to our board for its approval, the appointment or re-appointment of any members of our board and the chairs and members of its committees, including evaluating any succession planning;
- reviewing on an annual basis the appropriate skills, knowledge and characteristics required of board members and of the committees of our board, and making any recommendations to improve the performance of our board and its committees;
- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or Nasdaq rules, or otherwise considered desirable and appropriate;
- developing a set of corporate governance principles and reviewing such principles at least annually;
- deciding whether any material information (other than that regarding the quality or integrity of our financial statements), which is brought to its attention by the disclosure committee, should be disclosed;
- reviewing and monitoring the training and continuous professional development of our directors and senior management;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and directors;
- together with the board, evaluating the performance of the committee on an annual basis;
- reviewing the environmental, social and governance-related policies and the related regular public disclosures, including our sustainability report following review and approval by our Chairman and Chief Executive Officer;
- assessing the adequacy of its charter; and
- co-operating with the other board committees in any areas of overlapping responsibilities.

## **Employment Agreements**

We have entered into an employment agreement with each of our executive officers. The terms of the employment agreements are substantially similar for each executive officer, except as noted below. We may terminate an executive officer's employment for cause, at any time, without advance notice, for certain acts of the officer, including, but not limited to, a serious criminal act, willful misconduct to our detriment or a failure to perform agreed duties. Furthermore, either we or an executive officer may terminate employment at any time without cause upon advance written notice to the other party. Except in the case of Mr. Lawrence Yau Lung Ho, upon notice to terminate employment from either the executive officer or our Company, our Company may limit the executive officer's services for a period until the termination of employment. Each executive officer (or his estate, as applicable) is entitled to accrued amounts in relation to such executive officer's employment with us upon termination due to disability or death. We will indemnify an executive officer for his or her losses based on or related to his or her acts and decisions made in the course of his or her performance of duties within the scope of his or her employment.

Each executive officer has agreed to hold, both during and after the termination of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or as compelled by law, any of our or our customers' confidential information or trade secrets. Each executive officer also agrees to comply with all material applicable laws and regulations related to his or her responsibilities at our Company as well as all material written corporate and business policies and procedures of our Company.

Each executive officer is prohibited from gambling at any of our Company's facilities during the term of his or her employment and for six months following the termination of such employment agreement.

Each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and for certain periods following the termination of such employment agreement. Specifically, each executive officer has agreed not to (i) assume employment with or provide services as a director for any of our competitors who operate in a restricted area for six months following termination of employment; (ii) solicit or seek any business orders from our customers for one year following termination of employment; or (iii) seek directly or indirectly, to solicit the services of any of our employees for one year following termination of employment. The restricted area is defined as, including but not limited to, Hong Kong, Macau, the Philippines, Cyprus and any other country or region in which our Company operates or intends to operate.



## D. EMPLOYEES

### Employees

We had 20,209, 16,908 and 17,878 employees as of December 31, 2023, 2022 and 2021, respectively. The following table sets forth the number of employees categorized by the areas of operations and as a percentage of our workforce as of December 31, 2023, 2022 and 2021. Staff remuneration packages are determined taking into account market conditions and the performance of the individuals, and are subject to review from time to time.

	2023		As of December 31, 2022		2021	
	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total	Number of Employees	Percentage of Total
Mocha Clubs <sup>(1)</sup>	577	2.9%	550	3.3%	616	3.4%
Altira Macau	959	4.7%	1,052	6.2%	1,124	6.3%
City of Dreams	7,411	36.7%	6,529	38.6%	7,227	40.4%
Corporate and centralized services <sup>(2)</sup>	540	2.7%	520	3.1%	628	3.5%
Studio City	5,286	26.2%	3,571	21.1%	3,793	21.2%
City of Dreams Manila	3,699	18.3%	3,713	22.0%	3,730	20.9%
City of Dreams Mediterranean and the Cyprus Casinos	1,737	8.6%	973	5.8%	760	4.3%
Total	20,209	100.0%	16,908	100.0%	17,878	100.0%

- (1) For the purposes of this table, figures include employees at Grand Dragon Casino described under “Item 4. Information on the Company — B. Business Overview — Our Land and Premises — Mocha Clubs.”
- (2) For the purposes of this table, figures as of December 31, 2021 and 2022 include employees at our ski resort in Nagano, Japan (disposed in late December 2022).

Other than the rank-and-file employees of the Table Games Division of City of Dreams Manila, none of our employees are members of any other certified labor union; and except for the collective bargaining agreement with the Table Games Division of City of Dreams Manila, we are not a party to any other collective bargaining or similar agreement with our employees. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — The success of our business depends on our ability to attract and retain an adequate number of qualified personnel. A limited labor supply, increased competition and any increase in demands from our employees could cause labor costs to increase.”

We have implemented a number of employee attraction and retention initiatives over recent years for the benefit of our employees and their families. These initiatives include, among others, a unique in-house learning academy (which provides curriculum across multi-functional tracks such as technical training — gaming and non-gaming, sales and marketing, legal, finance, human resources, computer application, language, service, leadership and lifestyle), a foundation acceleration program designed to enhance our employees’ understanding of business perspectives beyond their own jobs, an on-site high school diploma program and Diploma in Casino Management and Advanced Diploma in Gaming Management (a collaboration with The University of Macau), the Diploma in Hospitality Management (a collaboration with the Institute for Tourism Studies), scholarship awards to encourage the concept of life-long learning, as well as ample internal promotion and transfer opportunities. In September 2015, we launched the Melco You-niversity program with the Edinburgh Napier University, an overseas institution based in the United Kingdom, to bring a bachelor degree program in-house.

## E. SHARE OWNERSHIP

### Share Ownership of Directors and Members of Senior Management

The following table sets forth the beneficial interest of each director and executive officer in our ordinary shares as of March 15, 2024.

Name	Number of ordinary shares	Approximate percentage of shareholding <sup>(1)</sup>
Lawrence Yau Lung Ho	707,809,770(2)(3)	53.23%
Clarence Yuk Man Chung	*	*
Evan Andrew Winkler	*	*
Alec Yiu Wa Tsui	*	*
Thomas Jefferson Wu	*	*
John William Crawford	*	*
Francesca Galante	*	*
Geoffrey Stuart Davis	*	*
Graham Paul Winter	*	*
Akiko Takahashi	*	*
Directors and executive officers as a group	715,183,046	53.79%

\* The options, restricted shares and our shares in aggregate held by each of these directors and executive officers represent less than 1% of our total outstanding shares.

- (1) Percentage of beneficial ownership of each director and executive officer is based on: (i) 1,329,679,067 ordinary shares of our Company outstanding as of March 15, 2024, (ii) the number of ordinary shares of underlying options that have vested or will vest within 60 days after March 15, 2024 and (iii) the number of restricted shares that will vest within 60 days after March 15, 2024, each as held by such person as of that date.
- (2) Represents 687,360,906 ordinary shares which may be deemed to be beneficially owned by Melco Leisure, a company wholly owned by Melco International, a Hong Kong company listed on the HKSE. Mr. Lawrence Ho is taken to have interest in these shares as a result of his interest in approximately 59.01% of the total issued shares of Melco International by virtue of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong). Please see “Item 7. Major Shareholders and Related Party Transactions” for more details. As of March 15, 2024, 667,360,904 of these ordinary shares have been pledged by Melco Leisure in connection with a US\$1 billion, 5-year credit facility entered into in June 2021 by, among others, Melco International and Melco Leisure.
- (3) Also includes (i) 9,934,422 ordinary shares held by Black Spade Capital Limited, which in turn is held by companies owned by a trust associated with Mr. Lawrence Ho; (ii) 7,204,965 ordinary shares personally held by Mr. Lawrence Ho (among which, 6,303,360 are vested restricted shares under the 2011 Share Incentive Plan and the 2021 Share Incentive Plan held by Mr. Lawrence Ho as of March 15, 2024); and (iii) 3,309,477 restricted shares that will vest from 60 days of March 15, 2024 held by Mr. Lawrence Ho. The following table summarizes, as of March 15, 2024, the unvested restricted shares (including 3,309,477 restricted shares that will vest from 60 days of March 15, 2024) held by Mr. Lawrence Ho:

Name	Type of awards	Grant date	Fair value of restricted shares at grant date per share (US\$)	Number of shares outstanding
Lawrence Yau Lung Ho	Restricted shares	April 7, 2021	6.8933	727,434
	Restricted shares	April 6, 2022	2.4667	3,347,772
	Restricted shares	April 5, 2023	4.1267	1,744,749
			<b>Total</b>	<b>5,819,955</b>

None of our directors or executive officers who are shareholders have different voting rights from other shareholders of our Company.

### **Share Purchase and Award Program**

On July 8, 2021, we adopted a share purchase and award program to recognize the dedication and commitment of our employees and provide eligible employees the opportunity to benefit from our long-term growth. This program applies to eligible employees who agreed in 2020, as COVID-19 outbreaks were spreading globally, to participate in a voluntary leave program we initiated to manage costs during the outbreak.

Under the share purchase and award program, eligible employees could elect to use a portion of his or her base salary during the term of the program, which runs from July 2021 to June 2022, to purchase and receive a grant of restricted shares under our 2011 share incentive plan, with an aggregate value equal to 200% of the amount of base salary so applied as at the grant date. The maximum amount of restricted shares which may be issued under the share purchase and award program represents less than 0.50% of our total issued and outstanding shares as of the date of the adoption of the program. As of December 31, 2023, a total of 6,084,312 restricted shares had been granted to employees under the program, out of which 5,798,826 restricted shares had become vested.

### **Share Incentive Plans**

We have previously adopted the 2006 Share Incentive Plan, the 2011 Share Incentive Plan, the 2021 Share Incentive Plan and the MRP Share Incentive Plan. The 2011 Share Incentive Plan, which succeeded the 2006 Share Incentive Plan on December 7, 2011, has been succeeded by our 2021 Share Incentive Plan on December 6, 2021. No further awards may be granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan. All subsequent awards will be issued under the 2021 Share Incentive Plan. Awards previously granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan remain subject to the terms and conditions of the 2006 Share Incentive Plan and the 2011 Share Incentive Plan, respectively. As of December 31, 2021, all share options and restricted shares granted under the 2006 Share Incentive Plan had vested. The maximum aggregate number of shares which may be issued pursuant to the 2021 Share Incentive Plan is 145,654,794, which is subject to adjustment pursuant to the terms and conditions contained therein.

#### ***2011 Share Incentive Plan***

We adopted the 2011 Share Incentive Plan to provide our employees, directors and consultants with incentives to increase shareholder value, and to attract and retain the services of those upon whom we depend for the success of our business. The 2011 Share Incentive Plan was conditionally approved by our shareholders at the extraordinary general meeting held on October 6, 2011 and became effective upon commencement of dealings in our shares on the HKSE on December 7, 2011. Amendments to the 2011 Share Incentive Plan were approved by our shareholders on May 20, 2015 and on December 7, 2016. The amendments to our 2011 Share Incentive Plan approved by our shareholders on December 7, 2016 were to, among other things, include provisions relating to share option schemes required by the Rules Governing the Listing of Securities on the HKSE following the consolidation of the financial results of our Company in the financial statements of Melco International as a result of our repurchase of 155,000,000 ordinary shares of our Company (equivalent to 51,666,666 ADSs) from Crown Asia Investments Pty, Ltd. and the subsequent cancellation of such shares and with certain changes in the composition of our board of directors in May 2016. Such provisions in our 2011 Share Incentive Plan required by the HKSE rules have automatically lapsed as the requirements under the HKSE rules are not presently applicable to us. As of December 31, 2023, we have granted (i) share options to subscribe for a total of 44,115,885 shares and (ii) restricted shares in respect of a total of 37,042,344 shares pursuant to the 2011 Share Incentive Plan.

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The following paragraphs describe the principal terms included in the 2011 Share Incentive Plan.

*Types of Awards.* The awards that may be granted under the plan include options, incentive share options, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units.

*Eligible Participants.* We may grant awards to directors, employees and consultants of our Company, any parent or subsidiary of our Company, or any of our related entities that our board designates as a related entity for the purposes of the 2011 Share Incentive Plan. Our compensation committee may, from time to time, select from among all eligible individuals, those to whom awards shall be granted and shall determine the nature and amount of each award.

*Option Periods and Payments.* Our compensation committee may in its discretion determine, subject to the plan expiration period, the period within which shares must be taken up under an option; the minimum period, if any, for which an option must be held before it can be exercised; and the amount, if any, payable on application or acceptance of the option.

*Plan Administration.* Our compensation committee will administer the 2011 Share Incentive Plan and has the power to, among other actions, designate eligible participants, determine the number and types of awards to be granted, and set the terms and conditions of each award granted. The compensation committee's decisions are final, binding, and conclusive for all purposes and upon all parties.

*Award Agreement.* Awards granted will be evidenced by an award agreement that sets forth the terms, conditions and limitations for each award.

*Exercise Price.* Our compensation committee may determine the exercise price or purchase price, if any, of any award.

*Term of Awards.* The term of each award shall be stated in the award agreement. If the participant ceases to be eligible for any reason, the validity of the award shall depend on the terms and conditions of the award agreement. An option will lapse automatically and may not be exercised upon the first to occur of the following events: (a) ten years from the date of the grant, unless an earlier time is set out in the award agreement; (b) three months after termination of service, subject to certain exceptions; (c) one year after the date of termination of service on account of disability or death; (d) the date on which the participant ceases to be eligible by reason of termination of relationship with us and/or any of our subsidiaries on grounds that such participant has been guilty of serious misconduct or convicted of any criminal offense involving integrity or honesty; and (e) date on which our compensation committee cancels the option.

*Change in Control and Corporate Transactions.* Upon the consummation of a merger or consolidation in which our Company is not the surviving entity, a change of control of our Company, a sale of substantially all of our assets, the complete liquidation or dissolution of our Company or a reverse takeover, each award will terminate, unless the award is assumed by the successor entity. If the successor entity assumes the award or replaces it with a comparable award, or replaces the award with a cash incentive program and provides for subsequent payout, the replacement award or cash incentive program will automatically become fully vested, exercisable and payable, as applicable, upon termination of the participant's employment without cause within 12 months of such corporate transaction. If the award is neither assumed nor replaced, it shall become fully vested and exercisable and released from any repurchase or forfeiture rights immediately prior to the effective date of such corporate transaction, provided that the participant remains eligible on the effective date of the corporate transaction.

*Amendment and Termination.* With the approval of the Board, our compensation committee may terminate, amend or modify the 2011 Share Incentive Plan, except certain amendments requiring the approval of

our shareholders and/or the shareholders of Melco International pursuant to the applicable law. Except amendments made pursuant to the above, no termination, amendment or modification of the plan shall adversely affect in any material way any award previously granted under the plan or any previous plans, without the prior written consent of the participant.

The 2011 Share Incentive Plan has been succeeded by the 2021 Share Incentive Plan on December 6, 2021. No awards may be granted pursuant to the 2011 Share Incentive Plan after that time.

*Vesting Schedule.* In general, our compensation committee determined, or the award agreement would specify, the vesting schedule.

### **2021 Share Incentive Plan**

We adopted the 2021 Share Incentive Plan to provide our employees, directors and consultants with incentives to increase shareholder value, and to attract and retain the services of those upon whom we depend for the success of our business. The 2021 Share Incentive Plan was approved by the shareholders of Melco International at the annual general meeting held on June 4, 2021 and became effective on December 6, 2021. The 2021 Share Incentive Plan succeeds the 2011 Share Incentive Plan. As of December 31, 2023, we have granted (i) share options to subscribe for a total of 5,519,475 shares and (ii) restricted shares in respect of a total of 36,281,580 shares pursuant to the 2021 Share Incentive Plan.

The following paragraphs describe the principal terms of the 2021 Share Incentive Plan.

*Types of Awards.* The awards that may be granted under the plan include options, incentive share options, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units.

*Eligible Participants.* We may grant awards to directors, employees and consultants of our Company, any parent or subsidiary of our Company, or any of our related entities that our board designates as a related entity for the purposes of the 2021 Share Incentive Plan. Our compensation committee may, from time to time, select from among all eligible individuals, those to whom awards shall be granted and shall determine the nature and amount of each award.

*Option Periods and Payments.* Our compensation committee may in its discretion determine, subject to the plan expiration period, the period within which shares must be taken up under an option; the minimum period, if any, for which an option must be held before it can be exercised; and the amount, if any, payable on application or acceptance of the option.

*Plan Administration.* Our compensation committee will administer the 2021 Share Incentive Plan and has the power to, among other actions, designate eligible participants, determine the number and types of awards to be granted, and set the terms and conditions of each award granted. The Company may also from time to time retain or appoint one or more trustees and administrators to assist in the administration of the 2021 Share Incentive Plan. The compensation committee's decisions are final, binding, and conclusive for all purposes and upon all parties.

*Award Agreement.* Awards granted will be evidenced by an award agreement that sets forth the terms, conditions and limitations for each award.

*Exercise Price.* Our compensation committee may determine the exercise price or purchase price, if any, of any award.

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*Term of Awards.* The term of each award shall be stated in the award agreement. If the participant ceases to be eligible for any reason, the validity of the award shall depend on the terms and conditions of the award agreement. An option will lapse automatically and may not be exercised upon the first to occur of the following events: (a) ten years from the date of the grant, unless an earlier time is set out in the award agreement; (b) three months after termination of service, subject to certain exceptions; (c) one year after the date of termination of service on account of disability or death; (d) the date on which the participant ceases to be eligible by reason of termination of relationship with us and/or any of our subsidiaries on grounds that such participant has been guilty of serious misconduct or convicted of any criminal offense involving integrity or honesty; and (e) date on which our compensation committee cancels the option.

*Change in Control.* Upon the consummation of a merger or consolidation in which our Company is not the surviving entity, a change of control of our Company, a sale of substantially all of our assets, the complete liquidation or dissolution of our Company or a reverse takeover, each award will terminate, unless the award is assumed by the successor entity. If the successor entity assumes the award or replaces it with a comparable award, or replaces the award with a cash incentive program and provides for subsequent payout, the replacement award or cash incentive program will automatically become fully vested, exercisable and payable, as applicable, upon termination of the participant's employment without cause within 13 months of such corporate transaction. If the award is neither assumed nor replaced, it shall become fully vested and exercisable and released from any repurchase or forfeiture rights immediately prior to the effective date of such corporate transaction, provided that the participant remains eligible on the effective date of the corporate transaction.

*Amendment and Termination.* With the approval of the Board, our compensation committee may terminate, amend or modify the 2021 Share Incentive Plan, except certain amendments requiring the approval of our shareholders and/or the shareholders of Melco International pursuant to the applicable law. Except amendments made pursuant to the above, no termination, amendment or modification of the plan shall adversely affect in any material way any award previously granted under the plan or any previous plans, without the prior written consent of the participant.

*Vesting Schedule.* In general, our compensation committee determines, or the award agreement would specify, the vesting schedule.

## **F. DISCLOSURE OF A REGISTRANT'S ACTION TO RECOVER ERRONEOUSLY AWARDED COMPENSATION**

Not applicable.

## **ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**

### **A. MAJOR SHAREHOLDERS**

The following table sets forth the beneficial ownership of our ordinary shares as of March 15, 2024 by all persons who are known to us to be the beneficial owners of 5% or more of our issued share capital.

<u>Name</u>	<u>Ordinary shares beneficially owned (1)</u>	
	<u>Number</u>	<u>%</u>
Lawrence Yau Lung Ho (2)(3)	707,809,770	53.23
ARGA Investment Management, LP, et al.(4)	86,275,437	6.49
EuroPacific Growth Fund(5)	81,804,750	6.15

(1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, and includes voting or investment power with respect to the securities.

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- (2) The address of Melco Leisure is c/o 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The address of Mr. Lawrence Ho and Melco International is 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Melco International is listed on the Main Board of the HKSE.
- (3) Comprised of (i) 9,934,422 ordinary shares held by Black Spade Capital Limited, which in turn is held by companies owned by a trust associated with Mr. Lawrence Ho; (ii) 7,204,965 ordinary shares personally held by Mr. Lawrence Ho (among which, 6,303,360 are vested restricted shares under the 2011 Share Incentive Plan and the 2021 Share Incentive Plan held by Mr. Lawrence Ho as of March 15, 2024); (iii) 3,309,477 restricted shares that will vest from 60 days of March 15, 2024 held by Mr. Lawrence Ho; and (iv) 687,360,906 ordinary shares owned of record by Melco Leisure. Melco Leisure is a wholly-owned subsidiary of Melco International. As of March 15, 2024, Mr. Lawrence Ho, our chairman, chief executive officer and director as well as the chairman, chief executive officer and executive director of Melco International, personally holds 8,000,000 ordinary shares of Melco International, representing approximately 0.5% of the total issued shares of Melco International. In addition, Mr. Ho is deemed to be interested in the 301,368,606 ordinary shares of Melco International held by Better Joy Overseas Ltd., 122,243,024 ordinary shares of Melco International held by Lasting Legend Ltd., 53,491,345 ordinary shares of Melco International held by Mighty Dragon Developments Limited, 91,445,132 ordinary shares of Melco International held by Black Spade Capital Limited and 1,566,000 ordinary shares of Melco International held by Maple Peak Investments Inc., representing approximately 19.9%, 8.1%, 3.5%, 6.0% and 0.1% of the total issued shares of Melco International, all of which are companies owned or controlled by the persons and/or trusts associated with Mr. Ho. In addition, Mr. Ho is also deemed to have interests in the 312,666,187 ordinary shares of Melco International held by L3G Holdings Inc., representing 20.6% of the total issued shares of Melco International. L3G Holdings Inc. is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho and his immediate family members. Moreover, Ms. Lo Sau Yan, Sharen, the spouse of Mr. Ho, personally holds 4,212,102 ordinary shares of Melco International, representing 0.30% of the total issued shares of Melco International. Therefore, we believe that Mr. Ho holds an aggregate of 894,992,396 ordinary shares of Melco International, representing approximately 59.01% of the total issued shares of Melco International, including his personal interest, interests of the companies which are owned or controlled by the persons and/or trusts associated with him, interest of his spouse and interest of a trust in which he is one of the beneficiaries and is taken to have interest under the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong). As of March 15, 2024, 667,360,904 of the ordinary shares owned of record by Melco Leisure have been pledged in connection with a US\$1 billion, 5-year credit facility entered into in June 2021 by, among others, Melco International and Melco Leisure.
- (4) ARGA Investment Management, LP reports shared voting power and shared dispositive power with respect to 86,275,437 ordinary shares of the Company represented by ADSs with Avula Rama Krishna. The addresses of ARGA Investment Management, LP and Avula Rama Krishna are 1010 Washington Blvd., 6th Fl., Stamford, CT 06901333, and c/o ARGA Investment Management, LP, 1010 Washington Blvd., 6th Fl., Stamford, CT 06901, respectively. Information regarding beneficial ownership is based on the information contained in the Schedule 13G filed by ARGA Investment Management, LP and Avula Rama Krishna with the SEC on February 9, 2023.
- (5) Reflects 81,804,750 ordinary shares represented by ADSs. The address of EuroPacific Growth Fund is 333 South Hope Street Los Angeles, California 90071. Information regarding beneficial ownership is based on the information contained in the Schedule 13G filed by EuroPacific Growth Fund with the SEC on February 14, 2019. According to information reported therein, the 81,804,750 ordinary shares may also be reflected in a filing made by Capital Research Global Investors, Capital International Investors, and/or Capital World Investors.

Other than as provided in the table above, reports filed with or furnished to the SEC, public disclosure, including without limitation Schedule 13 filings, and this Annual Report, we are not aware of any significant change in the percentage ownership held by any major shareholder since January 1, 2021.

As of December 31, 2023, a total of 1,329,679,067 ordinary shares were outstanding, of which 634,216,184 ordinary shares were registered in the name of a nominee of Deutsche Bank Trust Company Americas, the depositary under the deposit agreement. Other than as described in this annual report, we have no further information as to shares held, or beneficially owned, by U.S. persons. Since the completion of our initial public offering in December 2006, all ordinary shares underlying the ADSs have been held in Hong Kong by the custodian, Deutsche Bank AG, Hong Kong Branch, on behalf of the depositary.

None of our shareholders will have different voting rights from other shareholders after the filing of this annual report. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

See “Item 4. Information on the Company — C. Organizational Structure” for our current corporate structure.

## **B. RELATED PARTY TRANSACTIONS**

For discussion of significant related party transactions we entered into during the years ended December 31, 2023, 2022 and 2021, see note 22 to the consolidated financial statements included elsewhere in this annual report.

### **Employment Agreements**

We have entered into employment agreements with key management and personnel of our Company and our subsidiaries. See “Item 6. Directors, Senior Management and Employees — C. Board Practices — Employment Agreements.”

### **Equity Incentive Plans**

See “Item 6. Directors, Senior Management and Employees — B. Compensation of Directors and Executive Officers.”

### **Facility Agreement**

On March 28, 2022, the Company entered into a facility agreement (the “Facility Agreement”) with Melco International pursuant to which a US\$250.0 million revolving loan facility was granted by the Company as lender to Melco International as borrower for a period of 12 months after the first utilization date (the last day of such period being the “Final Repayment Date”). Melco International may request for utilization of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of Melco International and its subsidiaries (excluding the Company and its subsidiaries). Principal amounts outstanding under the Facility Agreement bear interest at an annual rate of 11.0%, with outstanding principal amounts and accrued interest payable by Melco International on the Final Repayment Date. The entry into the Facility Agreement was approved by the audit and risk committee of the board of directors of the Company. A draw down by Melco International in the amount of US\$200 million was utilized on April 7, 2022 and repaid in January 2023 and, following the settlement of all other amounts due thereunder by Melco International to the Company, the Facility Agreement was terminated in March 2023.

### **Melco Leisure Share Repurchases**

In August 2022, we repurchased 9,995,799 ordinary shares and 25,000,000 ADSs from Melco Leisure for an aggregate purchase price of approximately US\$152.7 million under a share repurchase agreement entered into by the Company with Melco International and Melco Leisure in August 2022.



In March 2023, we repurchased 40,373,076 ordinary shares from Melco Leisure for an aggregate purchase price of approximately US\$169.8 million under a share repurchase agreement entered into by the Company with Melco International and Melco Leisure in March 2023.

### C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

## ITEM 8. FINANCIAL INFORMATION

### A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

We have appended consolidated financial statements filed as part of this annual report.

#### Legal and Administrative Proceedings

We are currently a party to certain legal and administrative proceedings, investigations and claims, which relate to matters arising out of the ordinary course of our business. Based on the current status of such proceedings and the information currently available, our management does not believe that the outcome of such proceedings may have, or have had in the recent past, significant effects on our business, financial condition or results of operations.

#### Dividend Policy

On May 14, 2020, we announced the suspension of the Company's quarterly dividend program to preserve liquidity in light of the COVID-19 outbreaks and to continue investing in our business. Our board will continue to review from time to time our dividend policy as part of our commitment to maximizing shareholder value, taking into consideration our financial performance and market conditions.

Our board retains complete discretion on whether to pay dividends. Even if our board decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our board may deem relevant. Dividends will be declared and paid in Hong Kong dollars for holders of ordinary shares and U.S. dollars for holders of our ADSs.

Subsidiaries incorporated in Macau are required to set aside a minimum between 10% to 25% of the entity's profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to between 25% to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the boards of directors or administration of the relevant subsidiaries.

Our 2015 Credit Facilities, Studio City Notes, 2028 Studio City Senior Secured Credit Facility and other indebtedness we may incur contain, or may be expected to contain, restrictions on payment of dividends to us, which is expected to affect our ability to pay dividends in the foreseeable future. See "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Shares and ADSs — We cannot assure you that we will make dividend payments in the future."

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Under the Companies Act (as amended) of the Cayman Islands, subject to the provisions of our amended and restated memorandum and articles of association adopted on March 29, 2017, the share premium account of our Company may be applied to pay distributions or dividends to shareholders, provided that immediately following the date the distribution or dividend is proposed to be paid, we are able to pay our debts as they fall due in the ordinary course of business.

### **B. SIGNIFICANT CHANGES**

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

#### **ITEM 9. THE OFFER AND LISTING**

Not applicable, except for Item 9.A.4 and Item 9.C.

Our ADSs, each representing three ordinary shares, have been listed on Nasdaq under the symbol “MPEL” from December 19, 2006 to April 5, 2017 and under the symbol “MLCO” since April 6, 2017. Our ordinary shares were listed on the HKSE under the stock code “6883” from December 7, 2011 until July 3, 2015. On January 2, 2015, we applied for a voluntary withdrawal of listing of our ordinary shares on the Main Board of the HKSE, which was approved by our shareholders on March 25, 2015. The voluntary withdrawal of listing of our ordinary shares on HKSE took effect on July 3, 2015, following which our shares are only traded on the Nasdaq Global Select Market in the form of ADSs.

#### **ITEM 10. ADDITIONAL INFORMATION**

##### **A. SHARE CAPITAL**

Not applicable.

##### **B. MEMORANDUM AND ARTICLES OF ASSOCIATION**

We are incorporated in the Cayman Islands as an exempted company with limited liability, are registered with the Cayman Islands Registrar of Companies and have been assigned registration number 143119. Article 3 of our amended and restated memorandum of association provides that the objects for which our Company was established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act (as amended) of the Cayman Islands (hereinafter the “Companies Act”).

##### **Enforceability of Civil Liabilities**

We are incorporated in the Cayman Islands because of certain benefits associated with being a Cayman Islands exempted company, such as:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. For example, the Cayman Islands has a less developed body of securities laws as compared to the United States and provides fewer protections to investors.

Virtually all of our assets are located outside of the United States. All of our current operations, and administrative and corporate functions are conducted in Macau, Hong Kong, Singapore, the Philippines and Cyprus. In addition, substantially all of our directors and officers are nationals and residents of countries other than the United States. A very significant portion of the assets of these persons are located outside the United States. Due to the lack of reciprocity and treaties between the United States and some of these foreign jurisdictions, together with cost and time constraints, it may be difficult for you to effect service of process within the United States upon these persons. In particular, while none of our directors or officers spend a significant amount of time physically located in mainland China, all of our directors and officers, other than Ms. Galante, spend a significant amount of time physically located in Hong Kong and/or Macau, and it could be more difficult to enforce liabilities and judgments on those individuals. For the same reasons, it may also be difficult for you to enforce in the Cayman Islands, Macau, Hong Kong, Singapore, the Philippines, Cyprus or Japan courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against our Company and our officers and directors, most of whom are not residents in the United States and the substantial portion of whose assets are located outside of the United States.

In addition, there is uncertainty as to whether the courts of the Cayman Islands, Macau, Hong Kong, Singapore, the Philippines, Cyprus or Japan would recognize or enforce judgments of U.S. courts against our Company or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state. For instance, judgments of United States courts may not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, the common law permits an action to be brought upon a foreign judgment. That is to say, a foreign judgment itself may form the basis of a cause of action since the judgment may be regarded as creating a debt between the parties to it. In a common law action for enforcement of a foreign judgment in Hong Kong, the enforcement is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim (but not otherwise), the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties, or similar charges, the proceedings in which the judgment was obtained were not contrary to natural justice, and the enforcement of the judgment is not contrary to public policy of Hong Kong. Such a judgment must be for a fixed sum and must also come from a “competent” court as determined by the private international law rules applied by the Hong Kong courts. The defenses that are available to a defendant in a common law action brought on the basis of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, and contrary to public policy. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor. Similarly, the judgment of United States courts may not be directly enforced in Macau. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Macau and the United States. However, Macau’s civil procedure law permits an action to be brought to the Macau Second Instance Court for the recognition of a judgment obtained in a foreign jurisdiction. That is to say, upon recognition, a foreign judgment itself would be treated by the courts of Macau as a cause of action in itself so that no retrial of the issues would be necessary. In an action for recognition of a foreign judgment in Macau, the recognition is subject to various conditions, including but not limited to, that the foreign judgment is a final judgment conclusive upon the merits of the claim, the judgment is not in respect of taxes, fines, penalties, or similar fiscal or tax revenue obligations, the proceedings in which the judgment was obtained were not contrary to natural justice, the enforcement of the judgment is not contrary to public policy of Macau, and interest charged to the debtor does not breach usury laws. Such a judgment must be for a definite sum and must also come from a “competent” court as determined by the private international law rules applied by the Macau courts. The defenses that are available to a defendant in an action brought for the recognition of a foreign judgment include lack of jurisdiction, breach of natural justice, fraud, inobservance of due process, improper service of process to the defendant, and contrary to public policy. However, a separate legal action for

enforcement of the foreign judgment must be commenced in Macau in order to recover a debt from the judgment debtor, in case the debtor does not make voluntary payment of its debt upon recognition of the foreign judgment by the Courts in Macau.

Furthermore, it is uncertain whether such Cayman Islands, Macau, Hong Kong, Singapore, Philippines, Cyprus or Japan courts would be competent to hear original actions brought in the Cayman Islands, Macau, Hong Kong, Singapore, the Philippines, Cyprus or Japan against us or such persons predicated upon the securities laws of the United States or any state. See “Item 3. Key Information — D Risk Factors — Risks Relating to Our Shares and ADSs — You may have difficulty enforcing judgments obtained against us.”

The following are summaries of material provisions of our memorandum and articles of association and the Companies Act, insofar as they relate to the material terms of our ordinary shares.

### **General**

All of our outstanding ordinary shares are fully paid and non-assessable. Some of the ordinary shares are issued in registered form only with no share certificates. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Under article 3 of our memorandum of association, the objects for which we were established are unrestricted and we have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Act.

### **Dividends**

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Act and our articles of association. Our articles of association do not provide a time limit after which a shareholder’s entitlement to an unclaimed dividend lapses.

### **Directors**

Directors of our Company may be appointed either by an ordinary resolution of the shareholders or by the affirmative vote of all directors. Each director holds office until (i) the expiry of his or her term and until a successor has been elected or appointed, or (ii) until the director’s office is vacated by way of resignation, death, prolonged absence, bankruptcy, disqualification by applicable law, removal by a majority of the directors or removal by the shareholders by special resolution. Our articles of association do not require directors to stand for reelection at staggered intervals.

### **Voting Rights**

Each ordinary share is entitled to one vote on all matters upon which the ordinary shares are entitled to vote. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by our chairman or one or more shareholders present in person or by proxy entitled to vote and who together hold not less than 10% of the paid up voting share capital of our Company.

A quorum required for a meeting of shareholders consists of one or more shareholders who hold at least one-third of our ordinary shares at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders’ meetings are held annually and may be convened by our board on its own initiative or upon a request to the directors by shareholders holding in aggregate at least ten percent of our paid-up capital which as at the date of deposit of the requisition carries the right of voting at such meetings. Advance notice of at least seven days is required for the convening of our annual general meeting and other shareholders meetings.

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An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of not less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution will be required for important matters such as changing our name or making changes to our memorandum and articles of association.

### **Transfer of Ordinary Shares**

Subject to the restrictions of our articles of association, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

Our board may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates, and such other evidence as our board may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of ordinary shares;
- the instrument of transfer is properly stamped, if required; or
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four.

If our directors refuse to register a transfer they must, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal. The registration of transfers may, on 14 days' notice being given by advertisement in such one or more newspapers or by electronic means, be suspended and the register closed at such times and for such periods as our board may from time to time determine, provided, however, that the registration of transfers may not be suspended nor the register closed for more than 30 days in any year.

### **Liquidation**

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares will be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

### **Calls on Ordinary Shares and Forfeiture of Ordinary Shares**

Our board may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time and place of payment. The ordinary shares that have been called upon and remain unpaid on the specified time are subject to forfeiture. Shareholders are not liable for any capital calls by the company except to the extent there is an amount unpaid on their shares.

### **Redemption of Ordinary Shares**

Subject to the provisions of the Companies Act, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as the directors may determine.

### **Prohibitions on the Receipt of Dividends, the Exercise of Voting or Other Rights or the Receipt of Other Remuneration**

Our memorandum and articles of association prohibit anyone who is an unsuitable person or an affiliate of an unsuitable person from:

- receiving dividends or interest with regard to our shares;
- exercising voting or other rights conferred by our shares; and
- receiving any remuneration in any form from us or an affiliated company for services rendered or otherwise.

Such unsuitable person or its affiliate must sell all of the shares, or allow us to redeem or repurchase the shares on such terms and manner as the directors may determine and agree with the shareholders, within such period of time as specified by a gaming authority.

These prohibitions commence on the date that a gaming authority serves notice of a determination of unsuitability or our board determines that a person or its affiliate is unsuitable and continue until the securities are owned or controlled by persons found suitable by a gaming authority or our board, as applicable, to own them. An “unsuitable person” is any person who is determined by a gaming authority to be unsuitable to own or control any of our shares or who causes us or any affiliated company to lose or to be threatened with the loss of any gaming license, or who, in the sole discretion of our board, is deemed likely to jeopardize our or any of our affiliates’ application for, receipt of approval for right to the use of, or entitlement to, any gaming license.

The terms “affiliated companies,” “gaming authority” and “person” have the meanings set forth in our articles of association.

### **Redemption of Securities Owned or Controlled by an Unsuitable Person or an Affiliate**

Our memorandum and articles of association provide that shares owned or controlled by an unsuitable person or an affiliate of an unsuitable person are redeemable by us, out of funds legally available for that redemption, by appropriate action of our board to the extent required by the gaming authorities making the determination of unsuitability or to the extent deemed necessary or advisable by our board having regard to relevant gaming laws. From and after the redemption date, the securities will not be considered outstanding and all rights of the unsuitable person or affiliate will cease, other than the right to receive the redemption price and the right to receive any dividends declared prior to any receipt of any written notice from a gaming authority declaring the suitable person to be an unsuitable person but not yet paid. The redemption price will be the price, if any, required to be paid by the gaming authority making the finding of unsuitability or, if the gaming authority does not require a price to be paid, the sum deemed to be the fair value of the securities by our board. The price for the shares will not exceed the closing price per share of the shares on the principal national securities exchange on which the shares are then listed on the trading date on the day before the redemption notice is given. If the shares are not then listed, the redemption price will not exceed the closing sales price of the shares as quoted on an automated quotation system, or if the closing price is not then reported, the mean between the bid and asked prices, as quoted by any other generally recognized reporting system. Our right of redemption is not exclusive of any other rights that we may have or later acquire under any agreement, its bylaws or otherwise. The redemption price may be paid in cash, by promissory note, or both, as required by the applicable gaming authority and, if not, as we elect.

Our memorandum and articles of association require any unsuitable person and any affiliate of an unsuitable person to indemnify us and our affiliated companies for any and all losses, costs and expenses, including attorneys’ fees, incurred by us and our subsidiaries as a result of the unsuitable person’s or affiliate’s ownership or control of shares, the neglect, refusal or other failure to comply with the provisions of our memorandum and articles of association relating to unsuitable persons, or failure to promptly divest itself of any shares in us.

### **Variations of Rights of Shares**

All or any of the rights attached to any class of shares may, subject to the provisions of the Companies Act, be varied or abrogated either with the unanimous written consent of the holders of the issued shares of that class or with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

### **Changes in Capital**

We may from time to time by ordinary resolution:

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution may prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- convert all or any of our paid-up shares into stock and reconvert that stock into paid-up shares of any denomination;
- sub-divide our existing shares, or any of them, into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share will be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

We may by special resolution reduce our share capital and any capital redemption reserve in any manner authorized by law.

### **Accounts and Audit**

No shareholder (other than a director) has any right to inspect any of our accounting records, or books or documents except as conferred by law or authorized by our board or our Company by ordinary resolution of the shareholders.

Subject to compliance with all applicable laws, we may send to every person entitled to receive notices of our general meetings under the provisions of the articles of association a summary financial statement derived from our annual accounts and our board's report.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the articles of association. The remuneration of the auditors shall be fixed by our board.

Our financial statements shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the shareholders in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

### **Exempted Company**

We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

- annual reporting requirements are minimal and consist mainly of a statement that the company has conducted its operations mainly outside of the Cayman Islands and has complied with the provisions of the Companies Act;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue shares with no par value;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

### **Differences in Corporate Law**

The Companies Act is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Act differs from laws applicable to Delaware corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Act applicable to us and the laws applicable to Delaware corporations and their shareholders.

### ***Mergers and Similar Arrangements***

The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes:

- a "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company; and
- a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company.

In order to effect a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by:

- a special resolution of the shareholders of each constituent company; and
- such other authorization, if any, as may be specified in such constituent company's articles of association.

A merger between a parent company incorporated in the Cayman Islands and its subsidiary or subsidiaries incorporated in the Cayman Islands does not require authorization by a resolution of shareholders of the constituent companies provided a copy of the plan of merger is given to every shareholder of each subsidiary



company to be merged unless that shareholder agrees otherwise. For this purpose, a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The plan of merger or consolidation must be filed with the Registrar of Companies in the Cayman Islands together with a declaration (amongst other matters) as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger and consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. The fair value of the shares will be determined by the Cayman Islands court if it cannot be agreed among the parties. Court approval is not required for a merger or consolidation effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate compromises or arrangements between a Cayman Islands company and its shareholders (or any class of them). Following amendments to the Companies Act that became effective on August 31, 2022, the majority-in-number "headcount test" in relation to the approval of shareholders' schemes of arrangement was abolished. Section 86(2A) of the Companies Act provides that, if 75% in value of the shareholders (or class of shareholders) of a Cayman Islands company agree to any compromise or arrangement, such compromise or arrangement shall, if sanctioned by the Cayman Court, be binding on all shareholders (or class of shareholders) of such company and on the company itself. Where a Cayman Islands company is in the course of being wound up, such compromise or arrangement would be binding on the liquidator and contributories of the company. In contrast, section 86(2) of the Companies Act continues to require (a) approval by a majority in number representing 75% in value; and (b) the sanction of the Grand Court of the Cayman Islands, in relation to any compromise or arrangement between a company and its creditors (or any class of them). At the initial directions hearing, the Cayman Islands court will make orders for (amongst other things) the convening of the meetings of creditors or shareholders (or classes of them, as applicable). While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the company has complied with the directions set down by the Cayman Islands court;
- the meeting was properly held and the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class; and
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his/her interest.

If a compromise or arrangement of a Cayman Islands company is thus approved by the shareholders in the context of a shareholders' scheme and the Cayman Islands court subsequently sanctions such scheme, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares. This is because such scheme will be binding on all shareholders (or class of shareholders), regardless of whether all the shareholders (or class of shareholders) approved the scheme, upon the sanction order being made. Having said that, a dissenting shareholder would have the right to appeal the making of the sanction order to the Cayman Islands Court of Appeal, if there were grounds for doing so.

### ***Shareholders' Suits***

Derivative actions have been brought in the Cayman Islands courts. In most cases, the company will be the proper plaintiff in any claim based on a breach of duty owed to it, and a claim against (for example) the

company's officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting, or proposing to act, illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or
- those who control the company are perpetrating a "fraud on the minority."

A shareholder may have a direct right of action against the company where the individual rights of that shareholder have been infringed or are about to be infringed.

#### ***Directors' Fiduciary Duties***

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components, the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director must act in a manner he or she reasonably believes to be in the best interests of the corporation. A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company, and therefore it is considered that he or she owes the following duties to the company: a duty to act bona fide in the best interests of the company, a duty not to make a profit out of his or her position as director (unless the company permits him or her to do so), a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, there are indications that the courts are moving towards an objective standard with regard to the required skill and care.

Under our memorandum and articles of association, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our Company must declare the nature of their interest at a meeting of the board of directors. Following such declaration, a director may vote in respect of any contract or proposed contract notwithstanding his or her interest.

#### ***Shareholder Action by Written Resolution***

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may eliminate the right of stockholders to act by written consent. Our memorandum and articles of association allow shareholders to act by written resolutions.

### ***Cumulative Voting***

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled for a single director, which increases the shareholder's voting interest with respect to electing such director.

As permitted under Cayman Islands law, our memorandum and articles of association do not provide for cumulative voting.

### ***Removal of Directors***

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under our memorandum and articles of association, directors can be removed by special resolution of the shareholders.

### ***Transactions with Interested Shareholders***

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions entered into must be bona fide in the best interests of the company, for a proper corporate purpose and not with the effect of perpetrating a fraud on the minority shareholders.

### ***Dissolution and Winding Up***

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting interest of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. The Delaware General Corporation Law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors.

Under our memorandum and articles of association, a resolution that our Company be wound up by the court or be wound up voluntarily shall be a special resolution, except where the company is to be wound up voluntarily because it is unable to pay its debts as they may fall due in which event the resolution shall be an ordinary resolution.

***Variation of Rights of Shares***

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law and our memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the unanimous consent in writing of the holders of the issued shares of the relevant class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by a majority of two-thirds of the votes cast at such a meeting.

***Amendment of Governing Documents***

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Our memorandum and articles of association may be amended by a special resolution of shareholders.

***Inspection of Books and Records***

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Holders of our shares have no general right under Cayman Islands law, nor any right under our memorandum and articles of association, to inspect or obtain copies of our register of members or our corporate records. However, we intend to provide our shareholders with annual reports containing audited financial statements.

***Anti-takeover Provisions in our Memorandum and Articles of Association***

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our Company or management that shareholders may consider favorable, including a provision that authorizes our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

Such shares could be issued quickly with terms calculated to delay or prevent a change in control of our Company or make removal of management more difficult. If our board of directors decides to issue these preference shares, the price of our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares may be materially and adversely affected.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our Company.

***Rights of Non-resident or Foreign Shareholders***

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

### **C. MATERIAL CONTRACTS**

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” and “Item 7. Major Shareholders and Related Party Transactions” or elsewhere in this annual report on Form 20-F.

### **D. EXCHANGE CONTROLS**

With regard to our operations in Macau, no foreign exchange controls exist in Macau and Hong Kong and there is a free flow of capital into and out of Macau and Hong Kong. There are no restrictions on remittances of H.K. dollars or any other currency from Macau and Hong Kong to persons not resident in Macau and Hong Kong for the purpose of paying dividends or otherwise. No foreign exchange controls exist in the Cayman Islands.

With regard to our operations in the Philippines, the Philippines has been liberalizing foreign exchange controls in the country and has adopted a floating exchange rate regime. In any event, the Philippine peso still fluctuates against the H.K. dollar and the U.S. dollar from time to time. Although there are no restrictions or limits on the amounts of the Philippine peso or foreign currency that may be taken in or out of the country, the Bangko Sentral ng Pilipinas (BSP), the Central Bank of the Philippines, imposed a requirement that inward and outward transfers of the Philippine peso in excess of PHP50,000 must be with prior authorization of BSP, while foreign currency in excess of US\$10,000 or its equivalent must be declared to the Bureau of Customs Desk at the airport upon arrival or before departure, as the case may be.

With regard to our operations in Cyprus, no foreign exchange controls exist and there is a free flow of capital into and out of Cyprus. There are no restrictions on remittances of Euros or any other currency from Cyprus to persons not resident in Cyprus for the purpose of paying dividends or otherwise. There are no restrictions on the import or export of local or foreign currency. However, amounts exceeding EUR10,000 (equivalent to approximately US\$11,069 in cash (or its equivalent) or in gold must be declared at the Customs and Excise department desk at the airport upon departure, regardless of whether traveling to or from a country inside or outside the European Union.

### **E. TAXATION**

#### **Cayman Islands Taxation**

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our Company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares, nor will gains derived from the disposal of our ordinary shares be subject to Cayman Islands income or corporation tax.

No stamp duty is payable in respect of the issue of our ordinary shares or on an instrument of transfer in respect of our ordinary shares.

## United States Federal Income Taxation

The following discussion describes certain material U.S. federal income tax consequences to U.S. Holders (as defined below) under present law of an investment in the ADSs or ordinary shares. The effects of any applicable state or local laws and other U.S. federal tax laws such as estate and gift tax laws, and the impact of the alternative minimum tax and the Medicare contribution tax on net investment income, are not discussed. This discussion applies only to U.S. Holders that hold the ADSs or ordinary shares as capital assets within the meaning of Section 1221 of the United States Internal Revenue Code of 1986, as amended, or the Code (generally, property held for investment), and that have the U.S. dollar as their functional currency. This discussion is based on the Code and U.S. Treasury regulations in effect or, in some cases, proposed, as of the date of this annual report, as well as judicial and administrative interpretations thereof available on or before such date. All of the foregoing authorities are subject to change, which change could apply retroactively and could affect the tax consequences described below.

The following discussion does not address all U.S. federal income tax consequences relevant to a holder's particular circumstances or to holders subject to particular rules, including:

- banks;
- certain financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- broker-dealers;
- traders that elect to mark to market;
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- tax-exempt entities;
- persons holding ADSs or ordinary shares as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of our stock by vote or value;
- persons who acquired ADSs or ordinary shares pursuant to the exercise of any employee share option or otherwise as compensation;
- persons that hold ADSs or ordinary shares through a permanent establishment or fixed base outside the United States;
- partnerships or pass-through entities, or persons holding ADSs or ordinary shares through such entities; or
- persons deemed to sell the ADSs under the constructive sale provisions of the Code.

### **INVESTORS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE U.S. FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE, LOCAL, NON-U.S. AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF ADSs OR ORDINARY SHARES.**

The discussion below of the U.S. federal income tax consequences to "U.S. Holders" will apply to you if you are the beneficial owner of ADSs or ordinary shares and you are, for U.S. federal income tax purposes,

- an individual who is a citizen or resident of the United States;
- a corporation created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;

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- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust that (1) is subject to the primary supervision of a court within the United States and the control of one or more “United States persons” (within the meaning of Section 7701(a)(30) of the Code) or (2) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a United States person for U.S. federal income tax purposes.

If you are a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds ADSs or ordinary shares, your tax treatment will generally depend on your status and the activities of the partnership. If you are a partner in such partnership, you should consult your tax advisor.

The discussion below assumes the representations contained in the deposit agreement are true and the obligations in the deposit agreement and any related agreement will be complied with in accordance with their terms. If you own ADSs, you should be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, deposits or withdrawals of ordinary shares for ADSs should not be subject to U.S. federal income tax.

The U.S. Treasury has expressed concerns that intermediaries in the chain of ownership between the holder of an ADS and the issuer of the security underlying the ADS may be taking actions that are inconsistent with the beneficial ownership of the underlying security. Accordingly, the availability of a reduced tax rate for any dividends received by certain non-corporate U.S. Holders, including individual U.S. Holders (as discussed below), could be affected by actions taken by intermediaries in the chain of ownership between the holders of ADSs and our Company if as a result of such actions the holders of our ADSs are not properly treated as beneficial owners of underlying ordinary shares.

### ***Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares***

Subject to the PFIC rules discussed below, the gross amount of any distributions we make to you with respect to the ADSs or ordinary shares (including the amount of any taxes withheld therefrom) generally will be includible in your gross income as dividend income on the date of receipt by the depositary, in the case of ADSs, or on the date of receipt by you, in the case of ordinary shares, but only to the extent the distribution is paid out of our current or accumulated earnings and profits (as determined under U.S. federal income tax principles). Any such dividends will not be eligible for the dividends received deduction allowed to corporations in respect of dividends received from other corporations. To the extent the amount of the distribution exceeds our current and accumulated earnings and profits (as determined under U.S. federal income tax principles), it is expected that such excess amount will be treated first as a tax-free return of your tax basis in your ADSs or ordinary shares, and then, to the extent such excess amount exceeds your tax basis in your ADSs or ordinary shares, as capital gain. We currently do not, and we do not intend to, calculate our earnings and profits under U.S. federal income tax principles. Therefore, a U.S. Holder should expect that any distribution will generally be reported as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

With respect to certain non-corporate U.S. Holders, including individual U.S. Holders, any dividends may be taxed at the lower capital gains rate applicable to “qualified dividend income,” provided (1) the ADSs or ordinary shares, as applicable, are readily tradable on an established securities market in the United States, (2) we are neither a PFIC nor treated as such with respect to you (as discussed below) for the taxable year in which the dividend was paid and the preceding taxable year, (3) certain holding period requirements are met, and (4) the U.S. Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. Although it is not free from doubt, ADSs will generally be considered for purposes of clause (1) above to be readily tradable on an established securities market in the United States if they are listed on the Nasdaq, as are our ADSs. However, there can be no assurance that our ADSs will continue to be readily tradable on an established securities market in later years. Consequently, there can be no assurance that dividends paid on our ADSs will continue to qualify for the reduced tax rates. Our ordinary shares are not currently listed on an established securities market in the United States. You should consult your tax advisors regarding the availability of the lower capital gains rate applicable to qualified dividend income for any dividends paid with respect to our ADSs or ordinary shares.

Any dividends we pay with respect to our ADSs or ordinary shares will constitute foreign source income for foreign tax credit limitation purposes. If the dividends are taxed as qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation generally will be limited to the gross amount of the dividend, multiplied by the reduced tax rate applicable to qualified dividend income and divided by the highest tax rate normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, any dividends we pay with respect to the ADSs or ordinary shares will generally constitute “passive category income.” Pursuant to applicable United States Treasury regulations, if a U.S. Holder may not be able to claim a foreign tax credit arising from any foreign tax imposed on a distribution on our ADSs or ordinary shares, depending on the nature of such foreign tax, although the IRS has provided temporary relief from the application of certain aspects of these regulations until new guidance or regulations are issued. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisor regarding the availability of a U.S. foreign tax credit in your particular circumstances and the potential impact of the applicable United States Treasury regulations and the temporary IRS guidance.

#### ***Taxation of Disposition of ADSs or Ordinary Shares***

Subject to the PFIC rules discussed below, you will recognize taxable gain or loss on a disposition of ADSs or ordinary shares equal to the difference between the amount realized on the ADSs or ordinary shares and your tax basis in the ADSs or ordinary shares. The gain or loss generally will be capital gain or loss. If you are a non-corporate U.S. Holder, including an individual U.S. Holder, that has held the ADSs or ordinary shares for more than one year at the time of the taxable disposition, you may be eligible for reduced U.S. federal income tax rates. The deductibility of capital losses is subject to limitations. Any gain or loss you recognize on a disposition of ADSs or ordinary shares will generally be treated as U.S. source income or loss for foreign tax credit limitation purposes. You should consult your tax advisors regarding the proper treatment of gain or loss in your particular circumstances.

#### ***Passive Foreign Investment Company***

Based on the market price of our ADSs and ordinary shares, and the composition of our income and assets, we do not believe we were a PFIC for U.S. federal income tax purposes for our taxable year ended December 31, 2023. However, the application of the PFIC rules is subject to uncertainty in several respects, and we cannot assure you we will not be a PFIC for any taxable year. Furthermore, because PFIC status is a factual determination based on actual results for the entire taxable year, our U.S. counsel expresses no opinion with respect to our PFIC status and expresses no opinion with respect to this paragraph. A non-U.S. corporation will be a PFIC for U.S. federal income tax purposes for any taxable year if either:

- at least 75% of its gross income for such year is passive income (as defined in the relevant provisions of the Code); or
- at least 50% of the value of its assets (generally based on a quarterly average) during such year is attributable to assets that produce passive income or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person), as well as gains from the sale of assets (such as stock) that produce passive income, foreign currency gains, and certain other categories of income. For purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% (by value) of the stock.

A separate determination must be made after the close of each taxable year as to whether we were a PFIC for that year. Because the value of our assets for purposes of the PFIC test will generally be determined by reference to the market price of our ADSs and ordinary shares, fluctuations in the market price of the ADSs and ordinary shares may cause us to become a PFIC. In addition, changes in the composition of our income or assets may cause us to become a PFIC.



If we are a PFIC for any taxable year during which you hold ADSs or ordinary shares, we generally will continue to be treated as a PFIC with respect to you for that year and for all succeeding years during which you hold ADSs or ordinary shares (regardless of whether we continue to meet the tests described above), unless we cease to be a PFIC and you make a “deemed sale” election with respect to the ADSs or ordinary shares you hold. If such election is made, you will be deemed to have sold ADSs or ordinary shares you hold at their fair market value on the last day of the last taxable year in which we qualified as a PFIC, and any gain from such deemed sale would be subject to the consequences described in the following two paragraphs. After the deemed sale election, your ADSs or ordinary shares with respect to which the deemed sale election was made will not be treated as shares in a PFIC unless we subsequently become a PFIC. You are urged to consult your tax advisor about this election.

For each taxable year we are treated as a PFIC with respect to you, you will be subject to special tax rules with respect to any “excess distribution” you receive and any gain you recognize from a sale or other disposition (including a pledge) of the ADSs or ordinary shares, unless you make a “mark-to-market” election as discussed below. Distributions you receive in a taxable year that are greater than 125% of the average annual distributions you received during the shorter of the three preceding taxable years or your holding period for the ADSs or ordinary shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or recognized gain will be allocated ratably over your holding period for the ADSs or ordinary shares;
- the amount allocated to the current taxable year, and any taxable years in your holding period prior to the first taxable year in which we were a PFIC, will be treated as ordinary income; and
- the amount allocated to each other taxable year will be subject to tax at the highest income tax rate in effect for individuals or corporations, as applicable, for each such year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to taxable years prior to the year of disposition or excess distribution cannot be offset by any net operating losses for such years, and gains (but not losses) realized on the sale or other disposition of the ADSs or ordinary shares cannot be treated as capital, even if you hold the ADSs or ordinary shares as capital assets.

If we are a PFIC with respect to you for any taxable year, to the extent any of our subsidiaries are also PFICs or we make direct or indirect equity investments in other entities that are PFICs, you will be deemed to own shares in such lower-tier PFICs that are directly or indirectly owned by us in that proportion which the value of the ADSs or ordinary shares you own bears to the value of all of our ADSs or ordinary shares, as applicable, and you may be subject to the adverse tax consequences described in the preceding two paragraphs with respect to the shares of such lower-tier PFICs that you would be deemed to own. You should consult your tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

A U.S. Holder of “marketable stock” (as defined below) in a PFIC may make a mark-to-market election for such stock to elect out of the PFIC rules described above regarding excess distributions and recognized gains. If you make an effective mark-to-market election for the ADSs or ordinary shares, you will include in income for each year we are a PFIC an amount equal to the excess, if any, of the fair market value of the ADSs or ordinary shares as of the close of your taxable year over your adjusted basis in such ADSs or ordinary shares. You will be allowed a deduction for the excess, if any, of the adjusted basis of the ADSs or ordinary shares over their fair market value as of the close of the taxable year. However, deductions will be allowable only to the extent of any net mark-to-market gains on the ADSs or ordinary shares included in your income for prior taxable years. Amounts included in your income under a mark-to-market election, as well as gain on the actual sale or other disposition of the ADSs or ordinary shares, will be treated as ordinary income. Ordinary loss treatment will also apply to the deductible portion of any mark-to-market loss on the ADSs or ordinary shares, as well as to any loss realized on the actual sale or other disposition of the ADSs or ordinary shares, to the extent the amount of such loss does not exceed the net mark-to-market gains previously included for such ADSs or ordinary shares. Your basis in the ADSs or ordinary shares will be adjusted to reflect any such income or loss amounts. If you make a mark-to-market election, any distributions we make would generally be

subject to the rules discussed above under “— Taxation of Dividends and Other Distributions on the ADSs or Ordinary Shares,” except the lower rate applicable to qualified dividend income would not apply.

The mark-to-market election is available only for “marketable stock,” which generally is stock that is regularly traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange or other market, as defined in applicable U.S. Treasury regulations. Our ADSs are listed on The Nasdaq Global Select Market, or the Nasdaq, which is a qualified exchange or other market for these purposes. Consequently, if the ADSs continue to be listed on Nasdaq and are regularly traded, and you are a holder of ADSs, we expect the mark-to-market election would be available to you if we were to become a PFIC. There can be no assurance that the ADSs will be “regularly traded” for purposes of the mark-to-market election. Because a mark-to-market election cannot be made for equity interests in any lower-tier PFICs that we own, a U.S. Holder may continue to be subject to the PFIC rules with respect to its indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes. You should consult your tax advisors as to the availability and desirability of a mark-to-market election, as well as the impact of such election on interests in any lower-tier PFICs.

Alternatively, if a non-U.S. corporation is a PFIC, a holder of shares in that corporation may elect out of the PFIC rules described above regarding excess distributions and recognized gains by making a “qualified electing fund” election to include in income its *pro rata* share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to your ADSs or ordinary shares only if we agree to furnish you annually with certain tax information, and we currently do not intend to prepare or provide such information.

Unless otherwise provided by the U.S. Treasury, each U.S. Holder of a PFIC is required to file an annual report containing such information as the U.S. Treasury may require. If we are or become a PFIC, you should consult your tax advisors regarding any reporting requirements that may apply to you.

**You are strongly urged to consult your tax advisors regarding the application of the PFIC rules to your investment in ADSs or ordinary shares.**

#### ***Information Reporting and Backup Withholding***

Any dividend payments with respect to ADSs or ordinary shares and proceeds from a sale, exchange or other taxable disposition of ADSs or ordinary shares may be subject to information reporting to the U.S. Internal Revenue Service, or the IRS, and possible U.S. backup withholding. Backup withholding will not apply, however, to a U.S. Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. U.S. Holders that are required to establish their exempt status generally must provide such certification on IRS Form W-9. The Company does not assume responsibility for backup withholding. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against your U.S. federal income tax liability, if any, and you may obtain a refund of any excess amounts withheld under the backup withholding rules by filing the appropriate claim for refund with the IRS and furnishing any required information in a timely manner.

#### ***Information with Respect to Foreign Financial Assets***

U.S. holders that are individuals (and, to the extent provided in regulations, certain entities) that own “specified foreign financial assets,” including possibly the ADSs, with an aggregate value in excess of \$50,000 are generally required to file IRS Form 8938 with information regarding such assets. Depending on the circumstances, higher threshold amounts may apply. Specified foreign financial assets include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions; (i) stocks and securities issued by non-U.S. persons, (ii) financial instruments and contracts held for investment that have non-U.S. issuers or counterparties and (iii) interests in non-U.S. entities. If a U.S. holder is subject to this information reporting regime, the failure to timely file IRS

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Form 8938 may subject the U.S. holder to penalties. In addition to these requirements, U.S. holders may be required to annually file FinCEN Report 114, Report of Foreign Bank and Financial Accounts with the U.S. Department of Treasury. U.S. holders are thus encouraged to consult their U.S. tax advisors with respect to these and other reporting requirements that may apply to their acquisition of the ADSs.

**THE DISCUSSION ABOVE IS A GENERAL DISCUSSION. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS TAX ADVISOR ABOUT THE TAX CONSEQUENCES OF AN INVESTMENT IN THE ADSs OR ORDINARY SHARES UNDER THE INVESTOR'S OWN CIRCUMSTANCES.**

**F. DIVIDENDS AND PAYING AGENTS**

Not applicable.

**G. STATEMENT BY EXPERTS**

Not applicable.

**H. DOCUMENTS ON DISPLAY**

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file an annual report on Form 20-F no later than four months after the close of each fiscal year, which is December 31. As permitted by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we have filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

Copies of reports and other information, when so filed, may be accessed electronically by means of the SEC's home page on the Internet at <http://www.sec.gov>.

Nasdaq Stock Market Rule 5250(d)(1) requires each issuer to distribute to shareholders copies of an annual report containing audited financial statements of our Company and its subsidiaries a reasonable period of time prior to our Company's annual meeting of shareholders. We do not intend to provide copies. However, shareholders can request a copy, in physical or electronic form, from us or our ADR depository bank, Deutsche Bank. In addition, we intend to post our annual report on our website [www.melco-resorts.com](http://www.melco-resorts.com). Nasdaq Stock Market Rule 5615(a)(3) permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. Walkers (Hong Kong), our Cayman Islands counsel, has provided a letter to the Nasdaq certifying that under the Companies Act (as amended) of the Cayman Islands, we are not required to deliver annual reports to our shareholders prior to an annual general meeting.

**I. SUBSIDIARY INFORMATION**

Not applicable.

**J. ANNUAL REPORT TO SECURITY HOLDERS**

Not applicable.

## ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates and foreign currency exchange rates.

### Foreign Exchange Risk

Our exposure to foreign exchange rate risk is associated with the currency of our operations and our indebtedness and as a result of the presentation of our financial statements in U.S. dollars. The majority of our revenues are denominated in H.K. dollars, given the H.K. dollar is the predominant currency used in Macau and is often used interchangeably with the Pataca in Macau, while our expenses are denominated predominantly in Patacas, H.K. dollars, the Philippine pesos and the Euro. In addition, a significant portion of our indebtedness, including the Melco Resorts Finance Notes, the Studio City Notes, and certain expenses, have been and are denominated in U.S. dollars, and the costs associated with servicing and repaying such debt will be denominated in U.S. dollars. We also have a certain portion of our assets and liabilities denominated in the Philippine peso and the Euro.

The value of the H.K. dollar, Pataca, the Philippine peso and the Euro against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. While the H.K. dollar is pegged to the U.S. dollar within a narrow range and the Pataca is in turn pegged to the H.K. dollar, and the exchange rates between these currencies has remained relatively stable over the past several years, we cannot assure you that the current peg or linkages between the U.S. dollar, H.K. dollar and Pataca will not be de-pegged, de-linked or otherwise modified and subject to fluctuations. Any significant fluctuations in exchange rates between the H.K. dollar, Pataca, the Philippine peso or the Euro to the U.S. dollar may have a material adverse effect on our revenues and financial condition.

We accept foreign currencies from our customers and as of December 31, 2023, in addition to H.K. dollars, Patacas and Philippine pesos and Euros, we also hold other foreign currencies. However, any foreign exchange risk exposure associated with those currencies is minimal.

We have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations during the year ended December 31, 2023. Instead, we maintain a certain amount of our operating funds in the same currencies in which we have obligations, thereby reducing our exposure to currency fluctuations. However, we occasionally enter into foreign exchange transactions as part of financing transactions and capital expenditure programs.

See note 11 to the consolidated financial statements included elsewhere in this annual report for further details related to our indebtedness as of December 31, 2023.

Major currencies in which our cash and bank balances (including restricted cash) are held as of December 31, 2023 were the U.S. dollar, the H.K. dollar, the Philippine peso, the Euro and the Pataca. Based on the cash and bank balances as of December 31, 2023, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a maximum foreign transaction gain or loss of approximately US\$11.5 million for the year ended December 31, 2023.

Based on the balances of indebtedness denominated in currencies other than U.S. dollars as of December 31, 2023, an assumed 1% change in the exchange rates between currencies other than the U.S. dollar against the U.S. dollar would cause a foreign transaction gain or loss of approximately US\$10.5 million for the year ended December 31, 2023.

### **Interest Rate Risk**

Our exposure to interest rate risk is associated with our indebtedness bearing interest based on floating rates. We attempt to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and we may supplement by hedging activities in a manner we deem prudent. We cannot be sure that these risk management strategies have had the desired effect, and interest rate fluctuations could have a negative impact on our results of operations.

As of December 31, 2023, we are subject to fluctuations in HIBOR as a result of our 2015 Credit Facilities, 2020 Credit Facilities and 2028 Studio City Senior Secured Credit Facility. As of December 31, 2023, approximately 86% of our total indebtedness was based on fixed rates. Based on our December 31, 2023 indebtedness level, an assumed 100 basis point change in HIBOR would cause our annual interest cost to change by approximately US\$10.5 million.

To the extent that we effect hedging in respect of our credit facilities, the counterparties to such hedging will also benefit from the security and guarantees we provide to the lenders under such credit facilities, which could increase our aggregate secured indebtedness. We do not intend to engage in transactions in derivatives or other financial instruments for trading or speculative purposes and we expect the provisions of our existing and any future credit facilities to restrict or prohibit the use of derivatives and financial instruments for purposes other than hedging.

## **ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**

### **A. DEBT SECURITIES**

Not applicable.

### **B. WARRANTS AND RIGHTS**

Not applicable.

### **C. OTHER SECURITIES**

Not applicable.

### **D. AMERICAN DEPOSITARY SHARES**

Persons depositing shares are charged a fee for each issuance of ADSs, including issuances resulting from distributions of shares, share dividends, share splits, bonus and rights distributions and other property, and for each surrender of ADSs in exchange for deposited securities. The fee in each case is not in excess of US\$5.00 for each 100 ADSs (or fraction thereof) issued or surrendered. Any holder of ADSs is charged a fee not in excess of US\$5.00 per 100 ADSs (or portion thereof) issued upon the exercise of rights. The depositary also charges a fee not in excess of US\$5.00 per 100 ADSs held for the distribution of cash proceeds pursuant to cash dividends, sale of rights and other entitlements or otherwise. The depositary may also charge an annual fee not in excess of US\$5.00 per 100 ADSs for the operation and maintenance costs in administering the ADSs. Persons depositing shares may also be required to pay the following charges:

- Taxes (including any applicable interest and penalties thereon) and other governmental charges;
- Cable, telex, facsimile and electronic transmission and delivery expenses;

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- Registration fees as may from time to time be in effect for the registration of shares or other deposited securities with the foreign registrar and applicable to transfers of shares or other deposited securities to or from the name of the custodian, the depository or any nominees upon the making of deposits and withdrawals, respectively;
- Expenses and charges incurred by the depository in connection with the conversion of foreign currency;
- Fees and expenses incurred by the depository in connection with compliance with exchange control regulations and other regulatory requirements applicable to the shares, deposited securities and ADSs; and
- Any additional fees, charges, costs or expenses that may be incurred by the depository from time to time.

We will pay all other charges and expenses of the depository and any agent of the depository, except the custodian, pursuant to agreements from time to time between us and the depository. We and the depository may amend the fees described above from time to time.

Depository fees payable upon the issuance and cancelation of ADSs are generally paid to the depository by the brokers receiving the newly issued ADSs from the depository and by the brokers delivering the ADSs to the depository for cancelation. Depository fees payable in connection with distributions of cash or securities to ADS holders and the depository service fee are charged by the depository to the holders of record of ADSs as of the applicable ADS record date.

In the case of cash distributions, service fees are generally deducted from the cash being distributed. In the case of distributions other than cash, such as stock dividends or certain rights, the depository charges the applicable ADS record date holder concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or in The Depository Trust Company (“DTC”)), the depository sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via DTC), the depository generally collects the fees through the settlement systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients’ ADSs in DTC accounts in turn charge their clients’ accounts the amount of the service fees paid to the depository.

### **Fees and Other Payments Made by the Depository to Us**

In 2023, we did not receive any fees or other payments from the depository.

## **PART II**

### **ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

None.

### **ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**

None.

## ITEM 15. CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

As of the end of the period covered by this annual report, our management, with the participation of our chief executive officer and our chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, it should be noted that any controls and procedures, no matter how well designed and operated, can only provide reasonable, but not absolute, assurance of achieving the desired control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation, our chief executive officer and chief financial officer have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time period specified in the SEC's rules and forms, and accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

### Management's Annual Report on Internal Control Over Financial Reporting

Our Company's management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act.

Our Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our Company's internal control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our Company's assets;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and that our Company's receipts and expenditures are being made only in accordance with authorizations of its management and directors; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our Company's management assessed the effectiveness of our Company's internal control over financial reporting as of December 31, 2023. In making this assessment, our Company's management used the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)*.

Based on this assessment, management concluded that, as of December 31, 2023, our Company's internal control over financial reporting is effective based on the framework set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework (2013)*.

Ernst & Young LLP, our independent registered public accounting firm that issues the audit report included elsewhere in this annual report on Form 20-F, has issued an attestation report on management's assessment of the issuer's internal control over financial reporting.

### Attestation Report of the Registered Public Accounting Firm

The effectiveness of our Company's internal control over financial reporting as of December 31, 2023, has been audited by Ernst & Young LLP, located in Singapore, an independent registered public accounting firm, as stated in their report which appears herein.

### Changes in Internal Controls Over Financial Reporting

There were no changes in our Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our Company's internal control over financial reporting.

### ITEM 16. [Reserved]

### ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board has determined that Mr. John William Crawford qualifies as "audit committee financial expert" as defined in Item 16A of Form 20-F. Each of the members of our audit and risk committee satisfies the "independence" requirements of the Nasdaq corporate governance rules and Rule 10A-3 under the Exchange Act. See "Item 6. Directors, Senior Management and Employees."

### ITEM 16B. CODE OF ETHICS

Our board has adopted a code of business conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our chief executive officer, chief financial officer and any other persons who perform similar functions for us. The code of business conduct and ethics was last amended on May 8, 2023 to include a commitment statement on diversity, equity and inclusion. We have posted our current code of business conduct and ethics on our website at [www.melco-resorts.com](http://www.melco-resorts.com). We intend to disclose future amendments to certain provisions of the code of business conduct and ethics, and waivers thereof granted to executive officers and directors, on the website within four business days following the date of the amendment or waiver. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person's written request.

### ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by our principal external auditors, for the years indicated. We did not pay any other fees to our auditor during the years indicated below.

	Year Ended December 31,	
	2023	2022
	(In thousands of US\$)	
Audit fees <sup>(1)</sup>	\$ 3,426	\$ 3,078
Audit-related fees <sup>(2)</sup>	1,235	341
Tax fees <sup>(3)</sup>	211	150
All other fees <sup>(4)</sup>	11	80

- (1) "Audit fees" means the aggregate fees in each of the fiscal years indicated for our calendar year audits.
- (2) "Audit-related fees" primarily include the aggregate fees for professional services provided in connection with issuance of senior notes by the Company and other assurance services.
- (3) "Tax fees" include the aggregate fees for tax consultations.
- (4) "All other fees" include the aggregate fees for advisory services and an annual charge for an online technical accounting research tool.



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The policy of our audit and risk committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm, including audit services, audit-related services, tax services and other services, other than those for *de minimis* services which are approved by our audit and risk committee prior to the completion of the audit.

For the years ended December 31, 2023 and 2022, none of the total audit-related, tax and all other fees as described above were approved by our audit and risk committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X, respectively.

### ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

### ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth information about repurchases made by us and our affiliated purchasers in the fiscal year ended December 31, 2023.

<u>Period</u>	<u>Total Number of Ordinary Shares Purchased</u>	<u>Average Price Paid Per Ordinary Share (US\$)</u>	<u>Total Number of Ordinary Shares Purchased as Part of Publicly Announced Program (1)</u>	<u>Maximum Dollar Value of Ordinary Shares that May Yet be Purchased Under Publicly Announced Program (US\$)</u>
January 2023	—	—	33,903,363	411,860,697
February 2023	—	—	33,903,363	411,860,697
March 2023 <sup>(2)</sup>	40,373,076	4.2067	33,903,363	411,860,697
April 2023	—	—	33,903,363	411,860,697
May 2023	—	—	33,903,363	411,860,697
June 2023	—	—	33,903,363	411,860,697
July 2023	—	—	33,903,363	411,860,697
August 2023	—	—	33,903,363	411,860,697
September 2023	—	—	33,903,363	411,860,697
October 2023	—	—	33,903,363	411,860,697
November 2023 <sup>(3)</sup>	3,473,955	2.4917	33,903,363	411,860,697
December 2023	—	—	33,903,363	411,860,697
<b>Total</b>	<b>43,847,031</b>	<b>4.0651</b>	<b>33,903,363</b>	<b>411,860,697</b>

Notes:

- (1) In June 2021, we announced that our board of directors approved a new US\$500 million share repurchase program which replaced the share repurchase program announced in November 2018 and is effective over a three-year period commencing on June 2, 2021.
- (2) In March 2023, we repurchased 40,373,076 ordinary shares at an average price of approximately US\$4.2067 per ordinary share from Melco Leisure under the share repurchase agreement entered by the Company with Melco International and Melco Leisure in March 2023.
- (3) Represents purchases by affiliated purchasers of the Company.

**ITEM 16F. CHANGE IN REGISTRANT’S CERTIFYING ACCOUNTANT**

Not applicable.

**ITEM 16G. CORPORATE GOVERNANCE**

Nasdaq Stock Market Rule 5615(a)(3) permits foreign private issuers like us to follow “home country practice” in certain corporate governance matters. For example, Nasdaq Stock Market Rule 5605(b)(1) generally requires that a majority of an issuer’s board of directors must consist of independent directors. Since September 5, 2018, we have had a majority of independent directors serving on our board. Prior to that, we relied on this “home country practice” exception when we did not have a majority of independent directors serving on our board.

In addition, Nasdaq Stock Market Rule 5250(d)(1) requires each issuer to distribute to shareholders copies of an annual report containing audited financial statements of our Company and its subsidiaries a reasonable period of time prior to our Company’s annual meeting of shareholders. We do not intend to provide copies. However, shareholders can request a copy, in physical or electronic form, from us or our ADR depository bank, Deutsche Bank. We intend to post our annual report on our website [www.melco-resorts.com](http://www.melco-resorts.com). Nasdaq Stock Market Rule 5635 also requires each issuer to obtain shareholder approval prior to the issuance of securities in certain circumstances in connection with the acquisition of the stock or assets of another company, equity based compensation of officers, directors, employees or consultants, change of control and certain transactions other than a public offering.

Furthermore, Nasdaq Stock Market Rule 5635(b) requires shareholder approval prior to the issuance of securities when a share option plan is to be established pursuant to which shares may be acquired by officers, directors, employees or consultants. We did not obtain such shareholder approval for our 2021 Share Incentive Plan.

Walkers (Hong Kong), our Cayman Islands counsel, has provided letters to Nasdaq certifying that under the Companies Act (as amended) of the Cayman Islands, we are not required to: (i) have a majority of independent directors serving on our board; (ii) deliver annual reports to our shareholders prior to an annual general meeting; (iii) obtain shareholders’ approval prior to any issuance of our ordinary shares; or (iv) obtain shareholders’ approval in connection with the adoption of our 2021 Share Incentive Plan. The foregoing is subject to our memorandum and articles of association, as amended and restated from time to time.

**ITEM 16H. MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 16I. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

(a)

As disclosed under Item 4.C., Item 6.E. and Item 7.A., a majority of our voting securities are held of record by Melco Leisure, which is wholly owned by Melco International. A majority of Melco International’s voting securities are beneficially owned by our founder, Chairman and Chief Executive Officer, Mr. Lawrence Ho through his personal interest, the interests of the companies which are owned or controlled by the persons and/or trusts associated with him, the interest of his spouse and the interest of a trust in which he is one of the beneficiaries and is taken to have interest under the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong). Neither Mr. Ho, nor any of our other directors, are members of the Chinese Communist Party.

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A significant portion of our voting securities, and those of Melco International, are publicly held. Based on a review of the stockholder lists of our Company and Melco International, we are not aware of any governmental entities in mainland China or Hong Kong that are beneficial or record holders of any shares of Melco or Melco International. In addition, no such governmental entities have made any disclosures on Schedule 13D, Schedule 13G or under Part XV of the Hong Kong Securities and Futures Ordinance indicating that they own any shares of Melco or Melco International.

Based on the above, we believe that our Company is not owned or controlled by any governmental entities in mainland China or Hong Kong as of the date of filing of this Form 20-F.

(b)

(1) For the fiscal year ended December 31, 2021, Ernst & Young, located in Hong Kong, Special Administrative Region of the PRC, (“EY HK”) issued an audit report for our Company. On December 16, 2021, the U.S. Public Company Accounting Oversight Board (“PCAOB”) determined that it was unable to inspect or investigate completely PCAOB-registered public accounting firms headquartered in mainland China and in Hong Kong (including EY HK) because of positions taken by authorities in the PRC and Hong Kong. On December 15, 2022, the PCAOB vacated its December 16, 2021 determination, and announced that it had secured complete access to inspect and investigate registered public accounting firms headquartered in mainland China and Hong Kong (including EY HK).

(2) Based on a review of the stockholders lists of the Company, Studio City International, Melco International and MRP, in addition to mainland China, Hong Kong and the Cayman Islands, the Company is not aware of any governmental entities in Macau, the British Virgin Islands, the Republic of Cyprus, the Philippines, Japan or the Netherlands that are beneficial or record owners of any shares of the Company, Studio City International, Melco International or any of our subsidiaries listed on Exhibit 8.1 of this annual report on Form 20-F. In addition, no such governmental entities have made any disclosures on Schedule 13D, Schedule 13G or under Part XV of the Hong Kong Securities and Futures Ordinance indicating that they own any shares of our Company, Studio City International or Melco International. Based on the above, we believe that none of our ordinary shares or ADSs or of our subsidiaries listed on Exhibit 8.1 of this annual report on Form 20-F are owned beneficially or of record by any governmental entities in Macau, the British Virgin Islands, the Republic of Cyprus, the Philippines, Japan or the Netherlands. However, a significant, but minority, portion of the shares of our Company, Studio City International and Melco International are publicly held by intermediaries on behalf of beneficial owners who are not known to us and an insignificant portion of the shares of MRP are held by intermediaries on behalf of beneficial owners who are not known to us. None of these unknown beneficial owners has ever asserted any control or influence over us.

(3) Based on a review of the stockholder lists of our Company and Melco International, in addition to mainland China and Hong Kong, no governmental entities in Macau, the Cayman Islands, the British Virgin Islands, the Republic of Cyprus, the Philippines, Japan or the Netherlands have a controlling financial interest in our Company as of the date of filing of this annual report on Form 20-F.

(4) No members of the board of directors of our Company or any of our subsidiaries is an official of the Chinese Communist Party.

(5) The memorandum and articles of association of our Company and our subsidiaries listed on Exhibit 8.1 of this annual report on Form 20-F do not contain any charter of the Chinese Communist Party or the text of any such charter.

## **ITEM 16J. INSIDER TRADING POLICIES**

Not applicable.

## ITEM 16K. CYBERSECURITY

### Cybersecurity Risk Management and Strategy

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program includes a cybersecurity incident response plan.

Our cybersecurity risk management program is designed, executed, and assessed based on the principles of internationally recognized frameworks and standards, including ISO27001, the National Institute of Standards and Technology Cybersecurity Framework (“NIST CSF”) and the Payment Card Industry Data Security Standard (“PCI-DSS”). Our program has been certified against ISO27001 since 2009.

Our cybersecurity risk management program is integrated into our overall enterprise risk management program, and shares common methodologies, reporting channels and governance processes that apply across the enterprise risk management program to other legal, compliance, strategic, operational, and financial risk areas.

Our cybersecurity risk management program includes:

- risk assessments designed to help identify material cybersecurity risks to our critical systems, information, products, services, and our broader enterprise IT environment;
- an information security team principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents;
- the use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our information security controls;
- cybersecurity awareness training of our directors, senior management, employees and incident response personnel;
- a cybersecurity incident response plan that includes procedures for responding to cybersecurity incidents; and
- a third-party risk management process for service providers, suppliers, and vendors.

We have not identified risks from known cybersecurity threats, including as a result of any prior cybersecurity incidents, that have materially affected us, including our operations, business strategy, results of operations, or financial condition. We face risks from cybersecurity threats that, if realized, are reasonably likely to materially affect us, including our operations, business strategy, results of operations, or financial condition. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business and Operations — Our information technology and other systems are subject to cybersecurity risks, including misappropriation of customer information, other breaches of information security or other cybercrimes, as well as regulatory and other risks” and “— Failure to protect the integrity and security of company staff, supplier and customer information and comply with cybersecurity, data privacy, data protection or any other laws and regulations related to data may materially and adversely affect our business, financial condition and results of operation, and/or result in damage to reputation and/or subject us to fines, penalties, lawsuits, restrictions on our use or transfer of data and other risks.”

### Cybersecurity Governance

Our board considers cybersecurity risk as part of its risk oversight function and has delegated to the audit and risk committee oversight of cybersecurity and other information technology risks. The audit and risk committee oversees management’s implementation of our cybersecurity risk management program.

The audit and risk committee receives regular reports from management on our cybersecurity risks. In addition, management updates the audit and risk committee, as necessary, regarding any material cybersecurity incidents, as well as any incidents with lesser impact potential.

The audit and risk committee reports to the full board regarding its activities, including those related to cybersecurity. The full board also receives briefings from management on our cyber risk management program. Board members receive presentations on cybersecurity topics from our chief risk officer, chief information security officer and external experts as part of the board's continuing education on topics that impact public companies.

Our cybersecurity risk management team, including our chief risk officer and chief information security officer, is responsible for assessing and managing our material risks from cybersecurity threats. The team has primary responsibility for our overall cybersecurity risk management program and supervises both our internal cybersecurity personnel and our retained external cybersecurity consultants. Our cybersecurity risk management team's experience includes previous work experience in senior cybersecurity and risk management roles in various industries including financial services, technology and consulting. Our cybersecurity risk management team also holds multiple security credentials such as Certified Information Systems Auditor, Certified Information Systems Security Professional, Certified Information Security Manager, ISO Lead Auditor Practitioner, and Certified in Risk and Systems Information Control certifications as well as various technology certifications. The team also engages leading cybersecurity and forensic incident response external service providers to provide extensive capability to run, review, challenge and advise on operational enhancements, and provide incident response capability during an incident, as required.

Our cybersecurity risk management team supervises efforts to prevent, detect, mitigate, and remediate cybersecurity risks and incidents through various means, which may include briefings from internal security personnel; threat intelligence and other information obtained from governmental, public or private sources, including external consultants engaged by us; and alerts and reports produced by security tools deployed in the IT environment.

### **PART III**

#### **ITEM 17. FINANCIAL STATEMENTS**

We have elected to provide financial statements pursuant to Item 18.

#### **ITEM 18. FINANCIAL STATEMENTS**

The consolidated financial statements of Melco Resorts & Entertainment Limited and its subsidiaries are included at the end of this annual report.

**ITEM 19. EXHIBITS**

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1	<a href="#">Amended and Restated Memorandum and Articles of Association adopted on March 29, 2017 (incorporated by reference to Exhibit 1.1 from our annual report on Form 20-F for the fiscal year ended December 31, 2016 (File No. 001-33178), filed with the SEC on April 11, 2017)</a>
2.1	<a href="#">Form of Registrant’s American Depositary Receipt (included in Exhibit 2.3)</a>
2.2	<a href="#">Registrant’s Specimen Certificate for Ordinary Shares (incorporated by reference to Exhibit 4.2 from our registration statement on Form F-1 registration statement (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006)</a>
2.3	<a href="#">Form of Deposit Agreement among the Company, the depository and the holders and beneficial owners of the American depository shares issued thereunder (incorporated by reference to Exhibit (a) from Amendment No. 1 to our registration statement on Form F-6 (File No. 333-139159) filed with the SEC on November 29, 2011)</a>
2.4	<a href="#">Deed of Variation and Amendment dated July 27, 2007 between our Company, Melco Leisure and Entertainment Group Limited, Melco International Development Limited, PBL Asia Investments Limited, Publishing and Broadcasting Limited and Crown Limited (incorporated by reference to Exhibit 4.11 from our registration statement on Form F-1 (File No. 333-146780), as amended, initially filed with the SEC on October 18, 2007)</a>
2.5	<a href="#">Form of Registration Rights Agreement among our Company, Melco Leisure and Entertainment Group Limited and PBL (incorporated by reference to Exhibit 4.10 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006)</a>
2.6	<a href="#">Amendment No. 1 and Joinder to Registration Rights Agreement among our Company, Crown Asia Investments Pty Ltd, Crown Resorts Limited, Melco Leisure and Entertainment Group Limited and Melco International Development Limited, dated as of February 9, 2017 (incorporated by reference to Exhibit 2.19 from our annual report on Form 20-F for the fiscal year ended December 31, 2016 (File No. 001-33178), filed with the SEC on April 11, 2017)</a>
2.7	<a href="#">Amendment No. 2 to Registration Rights Agreement among our Company, Crown Asia Investments Pty Ltd, Crown Resorts Limited, Melco Leisure and Entertainment Group Limited and Melco International Development Limited, dated as of May 15, 2017 (incorporated by reference to Exhibit 2.24 from our annual report on Form 20-F for the fiscal year ended December 31, 2017 (File No. 001-33178), filed with the SEC on April 12, 2018)</a>
2.8	<a href="#">Senior Term Loan and Revolving Facilities Agreement, dated January 28, 2013, among Studio City Investments Limited, Studio City Company Limited, certain guarantors as specified therein, Australia and New Zealand Banking Group Limited, Bank of America, N.A., Bank of China Limited, Macau Branch, Citigroup Global Markets Asia Limited, Credit Agricole Corporate and Investment Bank, Deutsche Bank AG, Hong Kong Branch, Industrial and Commercial Bank of China (Macau) Limited and UBS AG Hong Kong Branch as bookrunner mandated lead arrangers, certain other entities as specified therein as mandated lead arranger, lead arrangers, arranger, senior managers and managers, certain financial institutions as lenders, Deutsche Bank AG, Hong Kong Branch as facility agent, Industrial and Commercial Bank of China (Macau) Limited as agent and security trustee, disbursement agent and agent for the agent and security trustee and Bank of China Limited, Macau Branch as issuing bank (incorporated by reference to Exhibit 2.16 from our annual report on Form 20-F for the fiscal year ended December 31, 2012 (File No. 001-33178), filed with the SEC on April 18, 2013)</a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
2.9	<a href="#"><u>Amendment Agreement, dated March 1, 2013, between Studio City Investments Limited and Deutsche Bank AG, Hong Kong Branch as facility agent, relating to a senior facilities agreement dated January 28, 2013 (incorporated by reference to Exhibit 2.18 from our annual report on Form 20-F for the fiscal year ended December 31, 2012 (File No. 001-33178), filed with the SEC on April 18, 2013)</u></a>
2.10	<a href="#"><u>Indenture dated June 6, 2017 relating to Melco Resorts Finance Limited's 4.875% 2025 Senior Notes (incorporated by reference to Exhibit 2.25 from our annual report on Form 20-F for the fiscal year ended December 31, 2017 (File No. 001-33178), filed with the SEC on April 12, 2018)</u></a>
2.11	<a href="#"><u>Indenture dated April 26, 2019 relating to Melco Resorts Finance Limited's 5.250% 2026 Senior Notes (incorporated by reference to Exhibit 2.28 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No. 001-33178), filed with the SEC on March 31, 2020)</u></a>
2.12	<a href="#"><u>Indenture dated July 17, 2019 relating to Melco Resorts Finance Limited's 5.625% 2027 Senior Notes (incorporated by reference to Exhibit 2.29 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No. 001-33178), filed with the SEC on March 31, 2020)</u></a>
2.13	<a href="#"><u>Indenture dated December 4, 2019 relating to Melco Resorts Finance Limited's 5.375% 2029 Senior Notes (incorporated by reference to Exhibit 2.30 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No. 001-33178), filed with the SEC on March 31, 2020)</u></a>
2.14	<a href="#"><u>Indenture dated July 15, 2020 relating to Studio City Finance Limited's 6.000% 2025 Studio City Notes (incorporated by reference to Exhibit 2.32 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No. 001-33178), filed with the SEC on March 31, 2021)</u></a>
2.15	<a href="#"><u>Indenture dated July 15, 2020 relating to Studio City Finance Limited's 6.500% 2028 Studio City Notes (incorporated by reference to Exhibit 2.33 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No. 001-33178), filed with the SEC on March 31, 2021)</u></a>
2.16	<a href="#"><u>Indenture dated July 21, 2020 relating to Melco Resorts Finance Limited's 5.750% 2028 Senior Notes (incorporated by reference to Exhibit 2.34 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No. 001-33178), filed with the SEC on March 31, 2021)</u></a>
2.17	<a href="#"><u>Indenture dated January 14, 2021 relating to Studio City Finance Limited's 5.000% 2029 Studio City Notes (incorporated by reference to Exhibit 2.35 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No. 001-33178), filed with the SEC on March 31, 2021)</u></a>
2.18	<a href="#"><u>Amended and Restated Credit Agreement relating to HK\$233 million revolving credit facility and HK\$1 million term loan facility dated March 15, 2021, among Studio City Company Limited and certain of its subsidiaries and affiliates with Bank of China Limited, Macau Branch, among others (incorporated by reference to Exhibit 2.36 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No. 001-33178), filed with the SEC on March 31, 2021)</u></a>
2.19	<a href="#"><u>Senior Facilities Agreement, dated April 29, 2020, entered into between, among others, MCO Nominee One Limited, as borrower, and Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch and Morgan Stanley Senior Funding, Inc., as joint global coordinators regarding the 2020 Credit Facilities (incorporated by reference to Exhibit 2.37 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No. 001-33178), filed with the SEC on March 31, 2021)</u></a>
2.20	<a href="#"><u>Description of Registrant's Securities (incorporated herein by reference to Exhibit 2.20 from our annual report on Form 20-F for the fiscal year ended December 31, 2022 (File No. 001-33178), filed with the SEC on March 31, 2022)</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
2.21	<a href="#"><u>Indenture relating to 7.000% senior notes due 2027 and dated February 16, 2022, among Studio City Company Limited, as issuer, the guarantors parties thereto, and Deutsche Bank Trust Company Americas, as trustee (incorporated by reference to Exhibit 2.24 from our annual report on Form 20-F for the fiscal year ended December 31, 2021 (File No. 001-33178), filed with the SEC on March 31, 2022)</u></a>
2.22	<a href="#"><u>Supplemental Indenture relating to 7.000% senior notes due 2027 and dated February 16, 2022, among Studio City Company Limited, Industrial and Commercial Bank of China (Macau) Limited, as the security agent, DB Trustees (Hong Kong) Limited, as the intercreditor agent, and Deutsche Bank Trust Company Americas, as the trustee (incorporated by reference to Exhibit 2.25 from our annual report on Form 20-F for the fiscal year ended December 31, 2021 (File No. 001-33178), filed with the SEC on March 31, 2022)</u></a>
2.23	<a href="#"><u>Amendment and Restatement Agreement dated February 7, 2022 (in respect of the Intercreditor Agreement originally dated December 1, 2016) among Studio City Company Limited, the guarantors of the 7.000% senior secured notes due 2027, the lenders and agent for Studio City Company Limited's HK\$233 million revolving credit facility and HK\$1 million term loan facility, the security agent and intercreditor agent named therein, among others (incorporated by reference to Exhibit 2.26 from our annual report on Form 20-F for the fiscal year ended December 31, 2021 (File No. 001-33178), filed with the SEC on March 31, 2022)</u></a>
2.24*	<a href="#"><u>Amendment and Restatement Agreement dated June 29, 2023 (in respect of the Senior Facilities Agreement originally dated April 29, 2020 regarding the 2020 Credit Facilities) among MCO Nominee One Limited, MCO Investments Limited, Melco Resorts Finance Limited, MCO International Limited, and Bank of China Limited, Macau Branch</u></a>
4.1	<a href="#"><u>Form of Indemnification Agreement with our directors and executive officers (incorporated by reference to Exhibit 10.1 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006)</u></a>
4.2	<a href="#"><u>Form of Directors' Agreement (incorporated by reference to Exhibit 10.2 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006)</u></a>
4.3	<a href="#"><u>Form of Employment Agreement between our Company and an executive officer (incorporated herein by reference to Exhibit 4.3 from our annual report on Form 20-F for the fiscal year ended December 31, 2022 (File No. 001-33178), filed with the SEC on March 31, 2022)</u></a>
4.4	<a href="#"><u>English Translation of Order of the Secretary for Public Works and Transportation published in Macau Official Gazette no. 9 of March 1, 2006 (incorporated by reference to Exhibit 10.13 from our registration statement on Form F-1 (File No. 333-139088), as amended, initially filed with the SEC on December 1, 2006)</u></a>
4.5	<a href="#"><u>English Translation of the amended Order of Secretary for Public Works and Transportation published in Macau Official Gazette No. 25/2008 in relation to the City of Dreams Land Concession (incorporated by reference to Exhibit 4.30 from our annual report on Form 20-F for the fiscal year ended December 31, 2010 (File No. 001-33178) filed with the SEC on April 1, 2011)</u></a>
4.6	<a href="#"><u>Cooperation Agreement, dated October 25, 2012, among SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc., Belle Corporation, PremiumLeisure and Amusement, Inc., Melco Resorts Leisure, MPHIL Holdings No. 1 Corporation and MPHIL Holdings No. 2 Corporation (incorporated by reference to Exhibit 4.36 from our annual report on Form 20-F for the fiscal year ended December 31, 2012 (File No. 001-33178), filed with the SEC on April 18, 2013)</u></a>



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<u>Exhibit Number</u>	<u>Description of Document</u>
4.7	<a href="#"><u>Contract of Lease, dated October 25, 2012, between Belle Corporation and Melco Resorts Leisure (incorporated by reference to Exhibit 4.37 from our annual report on Form 20-F for the fiscal year ended December 31, 2012 (File No. 001-33178), filed with the SEC on April 18, 2013)</u></a>
4.8	<a href="#"><u>Closing Arrangement Agreement, dated October 25, 2012, among SM Investments Corporation, SM Land, Inc., SM Hotels Corporation, SM Commercial Properties, Inc., SM Development Corporation, Belle Corporation, PremiumLeisure and Amusement, Inc., Melco Resorts Leisure, MPHIL Holdings No. 1 Corporation, MPHIL Holdings No. 2 Corporation, MCO Projects Limited and Melco Property Development Limited (incorporated by reference to Exhibit 4.38 from our annual report on Form 20-F for the fiscal year ended December 31, 2012 (File No. 001-33178), filed with the SEC on April 18, 2013)</u></a>
4.9	<a href="#"><u>Operating Agreement, dated March 13, 2013, among Belle Corporation, SM Investments Corporation, PremiumLeisure and Amusement, Inc., MPHIL Holdings No. 2 Corporation, MPHIL Holdings No. 1 Corporation and Melco Resorts Leisure (incorporated by reference to Exhibit 4.42 from our annual report on Form 20-F for the fiscal year ended December 31, 2012 (File No. 001-33178), filed with the SEC on April 18, 2013)</u></a>
4.10	<a href="#"><u>2011 Share Incentive Plan, as amended, approved at the extraordinary general meeting on December 7, 2016 (incorporated by reference to Exhibit 4.25 from our annual report on Form 20-F for the fiscal year ended December 31, 2016 (File No. 001-33178), filed with the SEC on April 11, 2017)</u></a>
4.11	<a href="#"><u>Seventh Amendment in Respect of the Senior Facilities Agreement, dated June 19, 2015, between Melco Resorts Macau, Deutsche Bank AG, Hong Kong Branch as agent and DB Trustees (Hong Kong) Limited as security agent (incorporated by reference to Exhibit 4.45 from our annual report on Form 20-F for the fiscal year ended December 31, 2015 (File No. 001-33178), filed with the SEC on April 12, 2016)</u></a>
4.12	<a href="#"><u>Amendments, Waivers and Consent Request Letter, dated October 26, 2015, in connection with the Senior Term Loan and Revolving Facilities Agreement dated January 28, 2013 issued by Studio City Investments Limited and Studio City Company Limited, to Deutsche Bank AG, Hong Kong Branch as facility agent (incorporated by reference to Exhibit 4.46 from our annual report on Form 20-F for the fiscal year ended December 31, 2015 (File No. 001-33178), filed with the SEC on April 12, 2016)</u></a>
4.13	<a href="#"><u>Supplemental Amendments, Waivers and Consent Request Letter, dated November 16, 2015, in connection with the Senior Term Loan and Revolving Facilities Agreement dated January 28, 2013 issued by Studio City Investments Limited and Studio City Company Limited, to Deutsche Bank AG, Hong Kong Branch as facility agent (incorporated by reference to Exhibit 4.47 from our annual report on Form 20-F for the fiscal year ended December 31, 2015 (File No. 001-33178), filed with the SEC on April 12, 2016)</u></a>
4.14	<a href="#"><u>Amended and Restated Credit Agreement relating to Studio City Company Limited's HK\$233 million revolving credit facility and HK\$1 million term loan facility (incorporated by reference to Exhibit 99.7 from our registration statement on Form F-3 (File No. 333-215500), filed with the SEC on December 14, 2016)</u></a>
4.15	<a href="#"><u>Purchase Agreement among Studio City Company Limited, as issuer, Studio City Investments Limited as parent guarantor, and subsidiary guarantors as specified therein regarding the 5.875% Senior Secured Notes due 2019 and the 7.250% Senior Secured Notes due 2021 (incorporated by reference to Exhibit 99.10 from our registration statement on Form F-3 (File No. 333-215500), filed with the SEC on December 14, 2016)</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.16	<a href="#"><u>Purchase Agreement, dated May 25, 2017, among Melco Resorts Finance Limited, Australia and New Zealand Banking Group Limited, Merrill Lynch International, BOCI Asia Limited, Industrial and Commercial Bank of China (Asia) Limited and Industrial and Commercial Bank of China (Macau) Limited regarding the 4.875% 2025 Senior Notes (incorporated by reference to Exhibit 4.35 from our annual report on Form 20-F for the fiscal year ended December 31, 2017 (File No. 001-33178), filed with the SEC on April 12, 2018)</u></a>
4.17	<a href="#"><u>Purchase Agreement, dated June 27, 2017, among Melco Resorts Finance Limited, Australia and New Zealand Banking Group Limited, Deutsche Bank AG Singapore Branch, BOCI Asia Limited, Industrial and Commercial Bank of China (Asia) Limited and Industrial and Commercial Bank of China (Macau) Limited regarding the 4.875% 2025 Senior Notes (incorporated by reference to Exhibit 4.36 from our annual report on Form 20-F for the fiscal year ended December 31, 2017 (File No. 001-33178), filed with the SEC on April 12, 2018)</u></a>
4.18	<a href="#"><u>Amended and Restated Shareholders' Agreement, entered into among MCO Cotai Investments Limited, New Cotai, LLC, the Company and SCI in relation to SCI (incorporated by reference to Exhibit 4.25 from our annual report on Form 20-F for the fiscal year ended December 31, 2018 (File No.001-33178), filed with the SEC on March 29, 2019)</u></a>
4.19	<a href="#"><u>Purchase Agreement, dated April 17, 2019 among Melco Resorts Finance Limited, Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, Bank of Communications Co., Ltd Macau Branch, BOCI Asia Limited, Industrial and Commercial Bank of China (Macau) Limited and Mizuho Securities Asia Limited regarding the 5.250% 2026 Senior Notes (incorporated by reference to Exhibit 4.27 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No.001-33178), filed with the SEC on March 31, 2020)</u></a>
4.20	<a href="#"><u>Purchase Agreement, dated June 24, 2019, between Melco Resorts &amp; Entertainment Limited and Melco International Development Limited regarding the acquisition of 75% equity interest in ICR Cyprus Holdings Limited from Melco International Development Limited (incorporated by reference to Exhibit 4.29 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No.001-33178), filed with the SEC on March 31, 2020)</u></a>
4.21	<a href="#"><u>Purchase Agreement, dated July 10, 2019 among Melco Resorts Finance Limited, Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, Bank of Communications Co., Ltd Macau Branch, BOCI Asia Limited, Industrial and Commercial Bank of China (Macau) Limited, Mizuho Securities Asia Limited and Morgan Stanley &amp; Co. LLC regarding the 5.625% 2027 Senior Notes (incorporated by reference to Exhibit 4.30 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No.001-33178), filed with the SEC on March 31, 2020)</u></a>
4.22	<a href="#"><u>Shareholders' Agreement, dated July 31, 2019, between The Cyprus Phassouri (Zakaki) Limited, MCO Europe Holdings (NL) B.V., ICR Cyprus Holdings Limited and Melco Resorts &amp; Entertainment Limited relating to ICR Cyprus Holdings Limited (incorporated by reference to Exhibit 4.31 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No.001-33178), filed with the SEC on March 31, 2020)</u></a>
4.23	<a href="#"><u>Purchase Agreement, dated November 26, 2019 among Melco Resorts Finance Limited, Deutsche Bank AG, Singapore Branch, Morgan Stanley &amp; Co. LLC, Australia and New Zealand Banking Group Limited, Bank of Communications Co., Ltd Macau Branch, BOCI Asia Limited, Industrial and Commercial Bank of China (Macau) Limited and Mizuho Securities Asia Limited and regarding the 5.375% 2029 Senior Notes (incorporated by reference to Exhibit 4.33 from our annual report on Form 20-F for the fiscal year ended December 31, 2019 (File No.001-33178), filed with the SEC on March 31, 2020)</u></a>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.24	<a href="#">Supplemental Agreement, dated March 22, 2021, to the Operating Agreement, dated March 13, 2013, among Belle Corporation, SM Investments Corporation, PremiumLeisure and Amusement, Inc., MPHIL Holdings No. 2 Corporation, MPHIL Holdings No. 1 Corporation and Melco Resorts Leisure (incorporated by reference to Exhibit 4.35 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No.001-33178), filed with the SEC on March 31, 2021)</a>
4.25	<a href="#">Supplemental Agreement, dated March 22, 2021, to the Contract of Lease, dated October 25, 2012, between Belle Corporation and Melco Resorts Leisure (incorporated by reference to Exhibit 4.36 from our annual report on Form 20-F for the fiscal year ended December 31, 2020 (File No.001-33178), filed with the SEC on March 31, 2021)</a>
4.26	<a href="#">2021 Share Incentive Plan (incorporated by reference to Exhibit 4.5 from our registration statement on Form S-8 (File No. 333-261554), filed with the SEC on December 9, 2021)</a>
4.27	<a href="#">English Translation of the Provisions of the Concession Contract (incorporated by reference to Exhibit 99.3 from our Current Report on Form 6-K (File No. 001-33178), furnished with the SEC on December 19, 2022)</a>
8.1*	<a href="#">List of Significant Subsidiaries</a>
12.1*	<a href="#">CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
12.2*	<a href="#">CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
13.1*	<a href="#">CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
13.2*	<a href="#">CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
15.1*	<a href="#">Consent of Walkers (Hong Kong)</a>
15.2*	<a href="#">Consent of Ernst &amp; Young, Hong Kong</a>
15.3*	<a href="#">Consent of Ernst &amp; Young LLP, Singapore</a>
97.1*	<a href="#">Compensation Recovery Policy</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)
*	Filed with this annual report on Form 20-F
**	Certain portions of this exhibit have been redacted pursuant to Item 601(b)(10)(iv) of Regulation S-K. The omitted information is (i) not material and (ii) would likely cause competitive harm to the Company if publicly disclosed.

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

Date: March 22, 2024

By: /s/ Lawrence Yau Lung Ho  
Name: Lawrence Yau Lung Ho  
Title: Chairman and Chief Executive Officer

**MELCO RESORTS & ENTERTAINMENT LIMITED**

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Melco Resorts & Entertainment Limited (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, (deficit) equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated March 22, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Impairment of long-lived assets***

*Description of the Matter*

As discussed in Note 2(m) to the consolidated financial statements, during 2023, the Company determined that an indicator of impairment existed with regards to certain long-lived assets related to Altira Macau as a result of a change in its forecasted performance given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the Company's earlier cessation of arrangements with gaming promoters in Macau. Accordingly, during the fourth quarter, the Company evaluated its long-lived assets for recoverability and determined that these assets were not recoverable and were impaired. As a result, the Company recognized a \$207.6 million impairment loss, which is the amount by which the carrying value exceeded the estimated fair value of these assets.

Auditing the Company's long-lived asset impairment measurement of Altira Macau involved subjectivity due to the significant estimates underlying the forecasted cash flows used to evaluate the recoverability and estimate the fair values of long-lived assets, which were based on assumptions about future market and economic conditions. Significant assumptions used in the Company's forecasted cash flows included future revenue growth rates and gross margin.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's process to assess the impairment of the Altira Macau asset group. This included controls over the Company's review of the significant assumptions underlying the forecasted cash flows, including projected revenue growth rate and gross margin assumptions.

To test the Company's impairment assessment and subsequent fair value measurement of long-lived assets of the Altira Macau asset group, our audit procedures included, among others, evaluating the Company's methodologies applied to the cash flow projections and testing the significant assumptions used. We compared the significant assumptions of future revenue growth rates and gross margin to current industry and economic trends, as well as changes to the Company's strategic plans. We assessed the historical accuracy of the Company's cash flow projections by comparing them with actual operating results. We evaluated management's sensitivity analysis by performing independent sensitivity analyses on the significant assumptions to assess the extent of change those assumptions individually or collectively would have on the future cash flows.

***Goodwill impairment assessment***

*Description of the Matter*

As described in Notes 2(1) and 7 to the consolidated financial statements, the balance of goodwill was \$81.6 million as of December 31, 2023. Goodwill is allocated to the Mocha and Other reporting unit and is assessed at least annually for impairment, or when circumstances indicate that the carrying value of goodwill may not be recoverable.

Auditing management's impairment assessment of goodwill was subjective due to the significant estimation required by management to determine the fair value of the reporting unit. To assess the fair value, management prepares a cash flow analysis; this cash flow is sensitive to changes in significant assumptions such as future revenue growth rates, gross margin, discount rate and terminal growth rate. These significant assumptions are forward-looking and could be affected by future economic and market conditions.

*How We Addressed the Matter in Our Audit*

We obtained an understanding, evaluated the design and tested the operating effectiveness of controls over the Company's goodwill impairment assessment process. This included controls over the Company's review of the significant assumptions used to develop the cash flow projections.

To test the Company's impairment assessment of goodwill, our audit procedures included, among others, evaluating the Company's methodologies applied to the cash flow projections and testing the significant assumptions used. We compared the significant assumptions of future revenue growth rates and gross margin to current industry and economic trends, as well as changes to the Company's strategic plans. We involved our valuation specialists to assist us in our evaluation of the discount rate and terminal growth rate assumptions by calculating an independent range using observable market information and comparing the rates against the rates used by management. We assessed the historical accuracy of the Company's cash flow projections by comparing them with actual operating results. We reconciled the carrying value of goodwill used in the impairment assessment to the underlying accounting records. We evaluated management's sensitivity analysis by performing independent sensitivity analyses on the significant assumptions to assess the extent of change those assumptions individually or collectively would have on the future cash flows.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2022.

Singapore  
March 22, 2024



**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

**Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of operations, comprehensive loss, equity and cash flows of Melco Resorts & Entertainment Limited (the Company) for the year ended December 31, 2021, and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of operations and cash flows of the Company for the year ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

**Basis for Opinion**

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young

We served as the Company’s auditor from 2017 to 2022.

Hong Kong, The People’s Republic of China  
March 31, 2022

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Melco Resorts & Entertainment Limited

### Opinion on Internal Control Over Financial Reporting

We have audited Melco Resorts & Entertainment Limited's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Melco Resorts & Entertainment Limited (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, (deficit) equity and cash flows for each of the two years in the period ended December 31, 2023 and the related notes and the financial statement schedule included in Schedule 1, and our report dated March 22, 2024 expressed an unqualified opinion thereon.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP  
Singapore  
March 22, 2024

**MELCO RESORTS & ENTERTAINMENT LIMITED**
**CONSOLIDATED BALANCE SHEETS**  
**(In thousands, except share and per share data)**

	December 31,	
	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,310,715	\$ 1,812,729
Restricted cash	27	50,992
Accounts receivable, net of allowances for credit losses of \$153,863 and \$202,278	91,638	55,992
Receivables from affiliated companies	797	630
Inventories	29,427	26,416
Prepaid expenses and other current assets	111,688	119,410
Assets held for sale	—	8,503
Total current assets	<u>1,544,292</u>	<u>2,074,672</u>
Property and equipment, net	5,533,994	5,870,905
Intangible assets, net	304,652	43,610
Goodwill	81,582	81,606
Long-term prepayments, deposits and other assets, net of allowances for credit losses of \$2,377 and \$14,966	100,320	159,697
Receivables from an affiliated company	—	216,333
Restricted cash	125,094	124,736
Deferred tax assets, net	—	638
Operating lease right-of-use assets	62,356	58,715
Land use rights, net	582,782	670,872
Total assets	<u>\$ 8,335,072</u>	<u>\$ 9,301,784</u>
<b>LIABILITIES AND DEFICIT</b>		
Current liabilities:		
Accounts payable	\$ 11,752	\$ 6,730
Accrued expenses and other current liabilities	1,008,316	809,305
Income tax payable	28,183	11,610
Operating lease liabilities, current	19,685	12,761
Finance lease liabilities, current	35,307	34,959
Current portion of long-term debt, net	—	322,500
Payables to affiliated companies	377	761
Total current liabilities	<u>1,103,620</u>	<u>1,198,626</u>
Long-term debt, net	7,472,620	8,090,008
Other long-term liabilities	322,591	33,712
Deferred tax liabilities, net	34,959	39,677
Operating lease liabilities, non-current	53,858	55,832
Finance lease liabilities, non-current	187,474	198,291
Total liabilities	<u>\$ 9,175,122</u>	<u>\$ 9,616,146</u>
Commitments and contingencies (Note 21)		

**MELCO RESORTS & ENTERTAINMENT LIMITED****CONSOLIDATED BALANCE SHEETS - continued**  
**(In thousands, except share and per share data)**

	December 31,	
	2023	2022
Deficit:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,404,679,067 and 1,445,052,143 shares issued; 1,311,270,775 and 1,335,307,327 shares outstanding, respectively	\$ 14,047	\$ 14,451
Treasury shares, at cost; 93,408,292 and 109,744,816 shares, respectively	(255,068)	(241,750)
Additional paid-in capital	3,109,212	3,218,895
Accumulated other comprehensive losses	(98,599)	(111,969)
Accumulated losses	(4,056,872)	(3,729,952)
Total Melco Resorts & Entertainment Limited shareholders' deficit	(1,287,280)	(850,325)
Noncontrolling interests	447,230	535,963
Total deficit	(840,050)	(314,362)
Total liabilities and deficit	<u>\$ 8,335,072</u>	<u>\$ 9,301,784</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MELCO RESORTS & ENTERTAINMENT LIMITED**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(In thousands, except share and per share data)**

	Year Ended December 31,		
	2023	2022	2021
<b>Operating revenues:</b>			
Casino	\$ 3,077,312	\$ 1,076,398	\$ 1,676,263
Rooms	338,224	116,552	157,501
Food and beverage	208,885	85,518	97,665
Entertainment, retail and other	150,826	71,509	80,927
<b>Total operating revenues</b>	<b>3,775,247</b>	<b>1,349,977</b>	<b>2,012,356</b>
<b>Operating costs and expenses:</b>			
Casino	(2,034,848)	(912,839)	(1,320,882)
Rooms	(87,637)	(46,199)	(49,895)
Food and beverage	(163,492)	(82,000)	(91,533)
Entertainment, retail and other	(76,704)	(22,419)	(29,463)
General and administrative	(488,127)	(423,225)	(426,407)
Payments to the Philippine Parties	(42,451)	(28,894)	(26,371)
Pre-opening costs	(43,994)	(15,585)	(4,157)
Development costs	(1,202)	—	(30,677)
Amortization of gaming subconcession	—	(32,785)	(57,276)
Amortization of land use rights	(22,670)	(22,662)	(22,832)
Depreciation and amortization	(520,726)	(466,492)	(499,739)
Property charges and other	(228,437)	(39,982)	(30,575)
<b>Total operating costs and expenses</b>	<b>(3,710,288)</b>	<b>(2,093,082)</b>	<b>(2,589,807)</b>
<b>Operating income (loss)</b>	<b>64,959</b>	<b>(743,105)</b>	<b>(577,451)</b>
<b>Non-operating income (expenses):</b>			
Interest income	23,305	26,458	6,618
Interest expense, net of amounts capitalized	(492,391)	(376,722)	(350,544)
Other financing costs	(4,372)	(6,396)	(11,033)
Foreign exchange gains, net	2,232	3,904	4,566
Other income, net	2,748	3,930	3,082
Gain (loss) on extinguishment of debt	1,611	—	(28,817)
<b>Total non-operating expenses, net</b>	<b>(466,867)</b>	<b>(348,826)</b>	<b>(376,128)</b>
<b>Loss before income tax</b>	<b>(401,908)</b>	<b>(1,091,931)</b>	<b>(953,579)</b>
<b>Income tax expense</b>	<b>(13,422)</b>	<b>(5,236)</b>	<b>(2,885)</b>
<b>Net loss</b>	<b>(415,330)</b>	<b>(1,097,167)</b>	<b>(956,464)</b>
<b>Net loss attributable to noncontrolling interests</b>	<b>88,410</b>	<b>166,641</b>	<b>144,713</b>
<b>Net loss attributable to Melco Resorts &amp; Entertainment Limited</b>	<b>\$ (326,920)</b>	<b>\$ (930,526)</b>	<b>\$ (811,751)</b>
<b>Net loss attributable to Melco Resorts &amp; Entertainment Limited per share:</b>			
Basic	\$ (0.249)	\$ (0.669)	\$ (0.566)
Diluted	\$ (0.249)	\$ (0.669)	\$ (0.566)

**MELCO RESORTS & ENTERTAINMENT LIMITED****CONSOLIDATED STATEMENTS OF OPERATIONS - continued**  
**(In thousands, except share and per share data)**

	Year Ended December 31,		
	2023	2022	2021
Weighted average shares outstanding used in net loss attributable to Melco Resorts & Entertainment Limited per share calculation:			
Basic	<u>1,314,605,173</u>	<u>1,391,154,836</u>	<u>1,434,087,641</u>
Diluted	<u>1,314,605,173</u>	<u>1,391,154,836</u>	<u>1,434,087,641</u>

The accompanying notes are an integral part of these consolidated financial statements.

**MELCO RESORTS & ENTERTAINMENT LIMITED**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
**(In thousands)**

	Year Ended December 31,		
	2023	2022	2021
Net loss	\$ (415,330)	\$ (1,097,167)	\$ (956,464)
Other comprehensive income (loss):			
Foreign currency translation adjustments	13,310	(41,082)	(78,992)
Other comprehensive income (loss)	13,310	(41,082)	(78,992)
Total comprehensive loss	(402,020)	(1,138,249)	(1,035,456)
Comprehensive loss attributable to noncontrolling interests	88,470	171,762	159,029
Comprehensive loss attributable to Melco Resorts & Entertainment Limited	\$ (313,550)	\$ (966,487)	\$ (876,427)

The accompanying notes are an integral part of these consolidated financial statements.



**MELCO RESORTS & ENTERTAINMENT LIMITED**

**CONSOLIDATED STATEMENTS OF (DEFICIT) EQUITY**  
**(In thousands, except share and per share data)**

	Melco Resorts & Entertainment Limited Shareholders' (Deficit) Equity								
	Ordinary Shares		Treasury Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Losses		Noncontrolling Interests	Total (Deficit) Equity
	Shares	Amount	Shares	Amount		Comprehensive Losses	Accumulated Losses		
Balance at January 1, 2021	1,456,547,942	\$ 14,565	(25,582,630)	\$ (121,028)	\$ 3,207,312	\$ (11,332)	\$ (1,987,396)	\$ 735,950	\$ 1,838,071
Net loss	—	—	—	—	—	—	(811,751)	(144,713)	(956,464)
Foreign currency translation adjustments	—	—	—	—	—	(64,676)	—	(14,316)	(78,992)
Share-based compensation	—	—	—	—	71,894	—	—	14	71,908
Shares repurchased by the Company	—	—	(16,116,135)	(52,026)	—	—	—	—	(52,026)
Issuance of shares for restricted shares vested	—	—	6,042,543	28,516	(28,749)	—	—	—	(233)
Exercise of share options	—	—	2,478,594	11,682	(5,314)	—	—	—	6,368
Changes in shareholdings of the Philippine subsidiaries	—	—	—	—	(6,951)	—	—	(1,567)	(8,518)
Restricted shares granted to employees of an affiliated company	—	—	—	—	408	—	(408)	—	—
Dividends declared to noncontrolling interests	—	—	—	—	—	—	—	(229)	(229)
Balance at December 31, 2021	1,456,547,942	14,565	(33,177,628)	(132,856)	3,238,600	(76,008)	(2,799,555)	575,139	819,885
Net loss	—	—	—	—	—	—	(930,526)	(166,641)	(1,097,167)
Foreign currency translation adjustments	—	—	—	—	—	(35,961)	—	(5,121)	(41,082)
Share-based compensation	—	—	—	—	62,831	—	—	10	62,841
Shares repurchased by the Company	—	—	(102,783,027)	(189,161)	—	—	—	—	(189,161)
Retirement of repurchased shares	(11,495,799)	(114)	11,495,799	21,971	(21,857)	—	—	—	—
Issuance of shares for restricted shares vested	—	—	14,720,040	58,296	(58,756)	—	—	—	(460)
Changes in shareholdings of the Philippine subsidiaries	—	—	—	—	(2,952)	—	—	(358)	(3,310)
Changes in shareholdings of Studio City International	—	—	—	—	879	—	—	133,224	134,103
Restricted shares granted to employees of an affiliated company, net of adjustment	—	—	—	—	(129)	—	129	—	—
Reimbursement from an affiliated company for restricted shares granted to its employees	—	—	—	—	279	—	—	—	279
Dividends declared to noncontrolling interests	—	—	—	—	—	—	—	(290)	(290)
Balance at December 31, 2022	1,445,052,143	14,451	(109,744,816)	(241,750)	3,218,895	(111,969)	(3,729,952)	535,963	(314,362)
Net loss	—	—	—	—	—	—	(326,920)	(88,410)	(415,330)
Foreign currency translation adjustments	—	—	—	—	—	13,370	—	(60)	13,310
Share-based compensation	—	—	—	—	48,336	—	—	4	48,340
Shares repurchased by the Company	—	—	(40,373,076)	(169,836)	—	—	—	—	(169,836)
Retirement of repurchased shares	(40,373,076)	(404)	40,373,076	108,375	(107,971)	—	—	—	—
Issuance of shares for restricted shares vested	—	—	16,254,282	47,903	(49,452)	—	—	—	(1,549)
Exercise of share options	—	—	82,242	240	(14)	—	—	—	226
Changes in shareholdings of the Philippine subsidiaries	—	—	—	—	(582)	—	—	(90)	(672)
Dividends declared to noncontrolling interests	—	—	—	—	—	—	—	(177)	(177)
Balance at December 31, 2023	1,404,679,067	\$ 14,047	(93,408,292)	\$ (255,068)	\$ 3,109,212	\$ (98,599)	\$ (4,056,872)	\$ 447,230	\$ (840,050)

The accompanying notes are an integral part of these consolidated financial statements.

**MELCO RESORTS & ENTERTAINMENT LIMITED**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(In thousands)**

	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities:</b>			
Net loss	\$ (415,330)	\$ (1,097,167)	\$ (956,464)
<b>Adjustments to reconcile net loss to net cash provided by (used in) operating activities:</b>			
Depreciation and amortization	543,396	521,939	579,847
Amortization of deferred financing costs and original issue premiums	19,461	17,056	16,276
(Payment for) interest accretion on finance lease liabilities	(12,825)	(16,843)	17,218
Interest accretion on financial liabilities	4,692	—	—
Net loss on disposal of property and equipment	443	476	807
Impairment of long-lived assets	207,608	3,595	3,643
Impairment of assets held for sale	—	6,794	—
Net (gain) loss on disposal of assets held for sale	(4,468)	477	—
(Reversal of) provision for credit losses	(3,351)	(433)	6,450
Provision for input value-added tax	6,665	5,714	3,023
(Gain) loss on extinguishment of debt	(1,611)	—	28,817
Share-based compensation	35,473	71,809	67,957
<b>Changes in operating assets and liabilities:</b>			
Accounts receivable	(31,526)	(396)	67,571
Inventories, prepaid expenses and other	20,176	4,187	16,134
Long-term prepayments, deposits and other	16,573	(16,405)	61,952
Accounts payable, accrued expenses and other	212,377	(121,288)	(178,853)
Other long-term liabilities	24,937	1,051	(3,152)
Net cash provided by (used in) operating activities	<u>622,690</u>	<u>(619,434)</u>	<u>(268,774)</u>
<b>Cash flows from investing activities:</b>			
Payments for capitalized construction costs	(132,923)	(479,883)	(532,660)
Acquisition of property and equipment	(124,101)	(129,731)	(139,155)
Acquisition of intangible and other assets	(6,864)	(12,478)	(7,579)
Proceeds from sale of property and equipment	530	423	4,843
Proceeds from sale of assets held for sale	14,845	15,562	—
Proceeds from loan repayment from an affiliated company	200,000	—	—
Payment of loan to an affiliated company	—	(200,000)	—
Placement of bank deposits with original maturities over three months	—	—	(298,666)
Withdrawals of bank deposits with original maturities over three months	—	—	298,666
Net cash used in investing activities	<u>\$ (48,513)</u>	<u>\$ (806,107)</u>	<u>\$ (674,551)</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED**
**CONSOLIDATED STATEMENTS OF CASH FLOWS - continued**  
**(In thousands)**

	Year Ended December 31,		
	2023	2022	2021
<b>Cash flows from financing activities:</b>			
Repayments of long-term debt	\$ (2,201,562)	\$ —	\$ (502,831)
Repurchase of shares	(169,836)	(189,161)	(52,026)
Payments of Concession and license liabilities	(7,981)	—	—
Purchase of shares of a subsidiary	(671)	(3,310)	(8,518)
Payments of financing costs	(530)	(7,990)	(37,396)
Dividends paid	(314)	(196)	—
Proceeds from exercise of share options	226	—	7,101
Proceeds from long-term debt	1,251,544	1,849,839	1,416,012
Net proceeds from (payments for) issuance of shares of subsidiaries	—	134,103	(445)
Principal payments on finance lease liabilities	—	—	(152)
Net cash (used in) provided by financing activities	<u>(1,129,124)</u>	<u>1,783,285</u>	<u>821,745</u>
Effect of exchange rate on cash, cash equivalents and restricted cash	<u>2,326</u>	<u>(22,602)</u>	<u>19,359</u>
(Decrease) increase in cash, cash equivalents and restricted cash, including those classified within assets held for sale	(552,621)	335,142	(102,221)
Cash, cash equivalents and restricted cash at beginning of year	<u>1,988,457</u>	<u>1,653,315</u>	<u>1,755,770</u>
Cash, cash equivalents and restricted cash at end of year, including those classified within assets held for sale	1,435,836	1,988,457	1,653,549
Less: cash and cash equivalents classified within assets held for sale	—	—	(234)
Cash, cash equivalents and restricted cash at end of year	<u>\$ 1,435,836</u>	<u>\$ 1,988,457</u>	<u>\$ 1,653,315</u>
<b>Supplemental cash flow disclosures:</b>			
Cash paid for interest, net of amounts capitalized	\$ (490,910)	\$ (350,737)	\$ (310,319)
Cash paid for income taxes, net of refunds	\$ (1,001)	\$ (2,989)	\$ (4,524)
Cash paid for amounts included in the measurement of lease liabilities - operating cash flows from operating leases	\$ (17,135)	\$ (15,393)	\$ (23,398)
Change in operating lease liabilities arising from obtaining operating lease right-of-use assets and lease modification	\$ 22,365	\$ 9,425	\$ 8,849
Change in right-of-use assets held under finance lease and finance lease liabilities arising from lease modification	\$ —	\$ 106,407	\$ —
Change in accrued expenses and other current liabilities and other long-term liabilities related to acquisition of property and equipment	\$ 28,543	\$ 32,042	\$ 29,251
Change in input value-added tax related to acquisition of property and equipment	\$ —	\$ —	\$ 8,276
Change in accrued expenses and other current liabilities and other long-term liabilities related to construction costs	\$ 4,429	\$ 107,158	\$ 145,284
Change in accrued expenses and other current liabilities related to acquisition of intangible assets	\$ 6,280	\$ —	\$ —
Change in other current and other long-term liabilities arising from recognition of intangible assets (Note 7)	\$ 312,647	\$ —	\$ —

The accompanying notes are an integral part of these consolidated financial statements.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(In thousands, except share and per share data)**

**1. ORGANIZATION AND BUSINESS**

**(a) Company Information**

Melco Resorts & Entertainment Limited (“Melco”) is incorporated in the Cayman Islands and its American depository shares (“ADSs”) are listed on the Nasdaq Global Select Market under the symbol “MLCO” in the United States of America (the “U.S.”).

Melco together with its subsidiaries (collectively referred to as the “Company”) is a developer, owner and operator of integrated resort facilities in Asia and Europe. In the Macau Special Administrative Region of the People’s Republic of China (“Macau”), the Company operates its gaming business through its subsidiary, Melco Resorts (Macau) Limited (“Melco Resorts Macau”), a holder of a ten-year concession to operate games of fortune and chance in casinos in Macau which commenced on January 1, 2023 and ends on December 31, 2032 (the “Concession”) and a holder of a previous gaming subconcession contract to operate gaming business in Macau which expired on December 31, 2022. The Company currently operates Altira Macau, an integrated resort located at Taipa, Macau, City of Dreams, an integrated resort located at Cotai, Macau and Grand Dragon Casino, a casino located at Taipa, Macau. The Company’s business also includes the Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. Melco, through its subsidiaries, including Studio City International Holdings Limited (“Studio City International”), which is majority-owned by Melco and its ADSs are 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 operates and manages City of Dreams Manila, an integrated resort in the Entertainment City complex in Manila. In Europe, Melco, through its majority-owned subsidiary, ICR Cyprus Holdings Limited (“ICR Cyprus”) and its subsidiaries (collectively referred to as “ICR Cyprus Group”), operates City of Dreams Mediterranean, an integrated resort in Limassol, in the Republic of Cyprus (“Cyprus”), which had a soft opening on June 12, 2023 and a full public opening on July 10, 2023. In addition to City of Dreams Mediterranean, ICR Cyprus Group also operates licensed satellite casinos in Cyprus, and prior to the soft opening of City of Dreams Mediterranean, a licensed temporary casino in Limassol until its closure on June 9, 2023 (collectively, the “Cyprus Operations”).

Melco International Development Limited (“Melco International”), a company listed in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), is the single largest shareholder of Melco.

**(b) Recent Developments Related to Business Operations and COVID-19**

The Company completed construction of its Studio City Phase 2 expansion before the extended deadline of June 30, 2023 for the development period under the Studio City land concession. The first stage of Studio City Phase 2 was opened in April 2023 while the second stage was opened in September 2023.

City of Dreams Mediterranean commenced operations before the extended deadline of June 30, 2023 under the terms of the gaming license. Since the opening, City of Dreams Mediterranean has been impacted by, amongst other things, the Israel-Hamas military conflict. This, together with the on-going military conflict between Russia and Ukraine and restrictions on the ability to accept certain customers from Russia, continues to have a negative impact on the Company’s business and may materially and adversely affect the Company’s business in Cyprus.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**1. ORGANIZATION AND BUSINESS - continued**

**(b) Recent Developments Related to Business Operations and COVID-19 - continued**

While the Company's business continues to recover from the impact of, and disruptions caused by, COVID-19, the pace of recovery of the Company's business from COVID-19 could vary materially from current estimates and could materially affect the Company's business, prospects, financial condition and results of operations.

The Company is currently unable to reasonably estimate the financial impact on its future results of operations, cash flows and financial condition from various disruptions.

As of December 31, 2023, the Company had cash and cash equivalents of \$1,310,715 and available unused borrowing capacity of \$920,710, subject to the satisfaction of certain conditions precedent.

The Company continues to take cash preservation measures such as implementing cost reduction programs to minimize cash outflows for non-essential items, rationalizing the Company's capital expenditure programs with deferrals and reductions.

The Company believes it is able to support continuing operations and capital expenditures for at least twelve months after the date that these consolidated financial statements are issued. Accordingly, the accompanying consolidated financial statements are prepared on a going concern basis.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Presentation and Principles of Consolidation**

The accompanying consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP").

The accompanying consolidated financial statements include the accounts of Melco and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**(b) Use of Estimates**

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to the Company and on various other assumptions that the Company believes to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates.

**(c) Fair Value of Financial Instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The Company estimated the fair values using appropriate valuation methodologies and market information available as of the balance sheet date.

**(d) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less. Cash equivalents consist of bank time deposits placed with financial institutions with high-credit ratings and quality.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(e) Restricted Cash**

The current portion of restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Company expects these funds will be released or utilized in accordance with the terms of the respective agreements within the next twelve months, while the non-current portion of restricted cash represents funds that will not be released or utilized within the next twelve months. Restricted cash mainly represents cash deposits in (i) collateral bank accounts for bank guarantees as disclosed in Note 3; and (ii) collateral bank accounts associated with borrowings under the credit facilities as disclosed in Note 11.

**(f) Accounts Receivable and Credit Risk**

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of casino accounts receivable. The Company issues credit in the form of markers to approved casino customers following investigations of creditworthiness. Credit is/can be given to gaming promoters. These receivables can be offset against commissions payable and any other value items held by the Company to the respective customers and gaming promoters for which the Company intends to set off when required. As of December 31, 2023 and 2022, a substantial portion of the Company's markers were due from customers and gaming promoters residing in foreign countries. Business and economic conditions, the legal enforceability of gaming debts, foreign currency control measures or other significant events in foreign countries could affect the collectability of receivables from customers and gaming promoters residing in these countries.

Accounts receivable, including casino, hotel and other receivables, are typically non-interest bearing and are recorded at amortized cost. Accounts are written off when management deems it is probable the receivables are uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for credit losses is maintained to reduce the Company's receivables to their carrying amounts, which reflects the net amount the Company expects to collect. The allowance for credit losses is estimated based on specific reviews of the age of the balances owed, the customers' financial condition, management's experience with the collection trends of the customers, current business and economic conditions, and management's expectations of future business and economic conditions.

Management believes that as of December 31, 2023 and 2022, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

**(g) Inventories**

Inventories consist of retail merchandise, food and beverage items and certain operating supplies, which are stated at the lower of cost or net realizable value. Cost is calculated using the first-in, first-out, weighted average and specific identification methods.

**(h) Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets represent current assets that are typically used up or expire within the normal operating cycle of the Company. The prepaid expenses as of December 31, 2023 and 2022 were \$67,035 and \$77,767, respectively, and the other current assets as of December 31, 2023 and 2022 were \$44,653 and \$41,643, respectively.

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****(i) Assets Held For Sale**

Assets (disposal group) classified as held for sale are measured at the lower of their carrying amounts or fair values less costs to sell. Losses are recognized for any initial or subsequent write-down to fair values less costs to sell, while gains are recognized for any subsequent increases in fair values less costs to sell, but not in excess of the cumulative losses previously recognized. Assets are not depreciated and amortized while classified as held for sale.

No impairment on assets held for sale was recognized during the years ended December 31, 2023 and 2021. During the year ended December 31, 2022, an impairment of assets held for sale of \$6,794, which related to a significant decrease in the market value of a piece of freehold land in Japan as described in Note 5, was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach.

**(j) Property and Equipment**

Property and equipment are stated at cost, net of accumulated depreciation and amortization, and accumulated impairment, if any. Gains or losses on dispositions of property and equipment are included in the accompanying consolidated statements of operations. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

During the construction and development stage of the Company's integrated resort facilities, direct and incremental costs related to the design and construction, including costs under construction contracts, duties and tariffs, equipment installations, shipping costs, payroll and payroll-benefit related costs, applicable portions of interest, including amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activity is substantially suspended.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as integrated resort facilities are completed and opened.

Property and equipment are depreciated and amortized over the following estimated useful lives on a straight-line basis:

Freehold land	Not depreciated
Buildings	4 to 40 years
Transportation	5 to 10 years
Leasehold improvements	3 to 10 years or over the lease term, whichever is shorter
Furniture, fixtures and equipment	2 to 15 years
Plant and gaming machinery	3 to 5 years

During the years ended December 31, 2023, 2022 and 2021, impairments of property and equipment of \$110,033, \$3,595 and \$3,643, being part of the impairment of long-lived assets as described in Note 2(m), were recognized, respectively, and included in property charges and other in the accompanying consolidated statements of operations.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(k) Capitalized Interest**

Interest, including amortization of deferred financing costs, associated with major development and construction projects is capitalized and included in the cost of the projects. The capitalization of interest ceases when the project is substantially completed or the development activity is substantially suspended. The amount to be capitalized is determined by applying the weighted average interest rate of the Company's outstanding borrowings to the average amount of accumulated qualifying capital expenditures for assets under construction during the year. Total interest expense incurred amounted to \$518,255, \$440,654 and \$380,904, of which \$25,864, \$63,932 and \$30,360 were capitalized during the years ended December 31, 2023, 2022 and 2021, respectively.

**(l) Goodwill and Intangible Assets**

Goodwill represents the excess of the acquisition cost over the fair value of tangible and identifiable intangible net assets of any business acquired. Goodwill is not amortized, but is tested for impairment at the reporting unit level on an annual basis, and between annual tests when circumstances indicate that the carrying value of goodwill may not be recoverable.

Intangible assets other than goodwill are amortized over their useful lives unless their lives are determined to be indefinite in which case they are not amortized. Intangible assets are stated at cost, net of accumulated amortization, and accumulated impairment, if any. The Company's finite-lived intangible assets consist of the previous gaming subconcession for the period up to its expiry on December 31, 2022, the Concession, the Cyprus License (as defined in Note 7), internal-use software and proprietary rights. Finite-lived intangible assets are amortized over the shorter of their contractual terms or estimated useful lives on a straight-line basis. The Company's intangible assets with indefinite lives represent Mocha Clubs trademarks, which are tested for impairment on an annual basis or when circumstances indicate the carrying value of the intangible assets may not be recoverable.

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful lives of the software of 3 to 15 years on a straight-line basis. The capitalization of such costs begins during the application development stage of the software project and ceases once the software project is substantially complete and ready for its intended use. Costs of specified upgrades and enhancements to the internal-use software are capitalized, while costs associated with preliminary project stage activities, training, maintenance and all other post-implementation stage activities are expensed as incurred.

When performing the impairment analysis for goodwill and intangible assets with indefinite lives, the Company will first perform a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test. If the qualitative factors indicate that the carrying amount of the reporting unit is more likely than not to exceed the fair value, then a quantitative impairment test is performed. To perform a quantitative impairment test of intangible assets with indefinite lives, the Company performs an assessment that consists of a comparison of the fair values of the intangible assets with indefinite lives with their carrying amounts. An impairment is recognized in an amount equal to the excess of the carrying amounts over the fair values of the intangible assets with indefinite lives. To perform a quantitative impairment test of goodwill, the Company performs an assessment that consists of a comparison of the carrying value of a reporting unit with its fair value. The fair value of the reporting unit is determined using income valuation approaches through the application of the discounted cash flow method. Estimating fair value of the reporting unit involves significant



**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(l) Goodwill and Intangible Assets - continued**

assumptions, including future revenue growth rates, future market conditions, gross margin, discount rate and terminal growth rate. If the carrying value of the reporting unit exceeds its fair value, an impairment is recognized for the amount by which the carrying value exceeds the reporting unit's fair value, limited to the total amount of goodwill allocated to that reporting unit.

No impairment on goodwill and intangible assets with indefinite lives was recognized during the years ended December 31, 2023, 2022 and 2021. During the year ended December 31, 2023, an intangible asset with finite lives for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on intangible assets with finite lives was recognized during the years ended December 31, 2022 and 2021.

**(m) Impairment of Long-lived Assets (Other Than Goodwill)**

The Company evaluates the long-lived assets with finite lives to be held and used for impairment whenever indicators of impairment exist. The Company then compares the estimated future cash flows of the assets, on an undiscounted basis, to the carrying values of the assets. Estimating future cash flows of the assets involves significant assumptions, including future revenue growth rates, future market conditions and gross margin. If the undiscounted cash flows exceed the carrying values, no impairments are indicated. If the undiscounted cash flows do not exceed the carrying values, then an impairment charge is recorded based on the fair values of the assets, typically measured using a discounted cash flow model involving significant assumptions, such as discount rates. If an asset is still under development, future cash flows include remaining construction costs.

During the year ended December 31, 2023, with the market value of Altira Macau significantly decreased as a result of a change in its forecasted performance given the latest market conditions and lingering disruptions to the business caused by COVID-19 and the Company's earlier cessation of arrangements with gaming promoters in Macau, the Company recognized an impairment of long-lived assets in relation to Altira Macau of \$207,608 which was recognized and included in property charges and other in the accompanying consolidated statements of operations. Such amount included the impairment of Altira Macau's property and equipment of \$110,033, and the full impairment of the finite-lived intangible assets, land use rights and operating lease right-of-use assets for Altira Macau of \$30,435, \$65,172 and \$1,968, respectively. The fair values of the long-lived assets of Altira Macau were estimated by using level 3 inputs based on a combination of income and cost approaches.

During the year ended December 31, 2022, an impairment of long-lived assets of \$3,595 represents the impairment of property and equipment which related to a significant decrease in the market value of an aircraft as described in Note 5 was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the aircraft was estimated by using level 2 inputs based on a buyer indicative purchase price. During the year ended December 31, 2021, an impairment of long-lived assets of \$3,643 represents impairment of property and equipment, mainly due to reconfigurations and renovations at the Company's operating properties, and of which \$1,147 related to a significant decrease in the market value of a piece of freehold land as described in Note 5 was recognized and included in property charges and other in the accompanying consolidated statements of operations. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(n) **Deferred Financing Costs**

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the terms of the related debt agreements using the effective interest method. Deferred financing costs incurred in connection with the issuance of revolving credit facilities are included in other assets, either current or non-current, in the accompanying consolidated balance sheets, based on the maturity of each revolving credit facility. All other deferred financing costs are presented as a reduction of long-term debt in the accompanying consolidated balance sheets.

(o) **Land Use Rights**

Land use rights represent the upfront land premiums paid for the use of land held under operating leases, which are stated at cost, net of accumulated amortization, and accumulated impairment, if any. Amortization is provided over the estimated term of the land use rights of 40 years on a straight-line basis. During the year ended December 31, 2023, land use right for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on land use rights was recognized during the years ended December 31, 2022 and 2021.

(p) **Leases**

At the inception of the contract or upon modification, the Company will perform an assessment as to whether the contract is a lease or contains a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. A lessee has control of an identified asset if it has both the right to direct the use of the asset and the right to receive substantially all of the economic benefits from the use of the asset.

Finance and operating lease right-of-use assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. The initial measurement of the right-of-use assets also includes any prepaid lease payments and any initial direct costs incurred and is reduced by any lease incentive received. For leases where the rate implicit in the lease is not readily determinable, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. Leases with an expected term of 12 months or less are not accounted for on the balance sheet and the related lease expense is recognized on a straight-line basis over the expected lease term.

The Company's lease contracts have lease and non-lease components. For contracts in which the Company is a lessee, the Company accounts for the lease components and non-lease components as a single lease component for all classes of underlying assets, except for real estate. For contracts in which the Company is a lessor, all are accounted for as operating leases, and the lease components and non-lease components are accounted for separately.

During the year ended December 31, 2023, operating lease right-of-use assets for Altira Macau was fully impaired, being part of the impairment of long-lived assets as described in Note 2(m). No impairment on operating lease right-of-use assets was recognized during the years ended December 31, 2022 and 2021.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

**(q) Revenue Recognition**

The Company's revenues from contracts with customers consist of casino wagers, sales of rooms, food and beverage, entertainment, retail and other goods and services.

Gross casino revenues are measured by the aggregate net difference between gaming wins and losses. The Company accounts for its casino wagering transactions on a portfolio basis versus an individual basis as all wagers have similar characteristics. Commissions rebated to customers and gaming promoters, cash discounts and other cash incentives earned by customers are recorded as reductions of casino revenues. In addition to the wagers, casino transactions typically include performance obligations related to complimentary goods or services provided to incentivize future gaming or in exchange for incentives or points earned under the Company's non-discretionary incentive programs (including loyalty programs).

For casino transactions that include complimentary goods or services provided by the Company to incentivize future gaming, the Company allocates the standalone selling price of each good or service to the appropriate revenue type based on the good or service provided. Complimentary goods or services that are provided under the Company's control and discretion and supplied by third parties are recorded as operating expenses.

The Company operates different non-discretionary incentive programs in certain of its properties which include loyalty programs (the "Loyalty Programs") to encourage repeat business mainly from loyal slot machine customers and table games patrons. Customers earn points primarily based on gaming activity and such points can be redeemed for free play and other free goods and services. For casino transactions that include points earned under the Loyalty Programs, the Company defers a portion of the revenue by recording the estimated standalone selling prices of the earned points that are expected to be redeemed as a liability. Upon redemption of the points for Company-owned goods or services, the standalone selling price of each good or service is allocated to the appropriate revenue type based on the good or service provided. Upon the redemption of the points with third parties, the redemption amount is deducted from the liability and paid directly to the third party.

After allocating amounts to the complimentary goods or services provided and to the points earned under the Loyalty Programs, the residual amount is recorded as casino revenue when the wagers are settled.

The Company follows the accounting standards for reporting revenue gross as a principal versus net as an agent, when accounting for the operations of two of its externally managed hotels and Grand Dragon Casino and concluded that it is the controlling entity and is the principal to these arrangements. For the operations of these two externally managed hotels, as the Company is the owner of the hotel properties, the hotel managers operate the respective hotels under management agreements providing management services to the Company, and the Company receives all rewards and takes substantial risks associated with the hotel businesses. The Company is the principal and the transactions are, therefore, recognized on a gross basis. For the operations of Grand Dragon Casino, given the Company operates the casino under a right to use agreement with the owner of the casino premises and has full responsibility for the casino operations in accordance with the Concession or its previous gaming subconcession, it is the principal and casino revenue is, therefore, recognized on a gross basis.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(q) **Revenue Recognition - continued**

The transaction prices for rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from customers for such goods and services that are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by the Company are excluded from revenues. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by the Company are allocated to each good or service based on its relative standalone selling price.

Minimum operating and right to use fees representing lease revenues, adjusted for contractual base fees and operating fee escalations, are included in other revenues and are recognized over the terms of the related agreements on a straight-line basis.

*Contract and Contract-Related Liabilities*

In providing goods and services to customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability.

The Company primarily has three types of liabilities related to contracts with customers: (1) outstanding gaming chips, which represent the amounts owed in exchange for gaming chips held by customers and gaming promoters, (2) loyalty program liabilities, which represent the deferred allocation of revenues relating to incentives earned from the Loyalty Programs, and (3) advance deposits and ticket sales, which represent casino front money deposits that are funds deposited by customers and gaming promoters before gaming play occurs and advance payments on goods and services yet to be provided such as advance ticket sales and deposits on rooms and convention space. These liabilities are generally expected to be recognized as revenues within one year of being purchased, earned or deposited and are recorded as accrued expenses and other current liabilities in the accompanying consolidated balance sheets. Decreases in these balances generally represent the recognition of revenues and increases in the balances represent additional chips held by customers and gaming promoters, increases in unredeemed incentives relating to the Loyalty Programs and additional deposits made by customers and gaming promoters.

The following table summarizes the activities related to contract and contract-related liabilities:

	Outstanding gaming chips		Loyalty program liabilities		Advance deposits and ticket sales	
	2023	2022	2023	2022	2023	2022
Balance at January 1	\$37,354	\$ 72,147	\$15,568	\$24,350	\$278,591	\$309,718
Balance at December 31	83,012	37,354	36,000	15,568	250,955	278,591
Increase (Decrease)	<u>\$45,658</u>	<u>\$(34,793)</u>	<u>\$20,432</u>	<u>\$(8,782)</u>	<u>\$(27,636)</u>	<u>\$(31,127)</u>

(r) **Gaming Taxes and License Fees**

The Company is subject to taxes and license fees based on gross gaming revenue and other metrics in the jurisdictions in which it operates, subject to applicable jurisdictional adjustments. These gaming taxes and license fees (including the Cyprus License Fee (as defined in Note 7) prior to the fulfillment of the Cyprus License Requirement (as defined in Note 7)), totaled \$1,489,755, \$489,730 and \$842,722

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(r) **Gaming Taxes and License Fees - continued**

for the years ended December 31, 2023, 2022 and 2021, respectively, are mainly recognized as casino expense in the accompanying consolidated statements of operations.

(s) **Pre-opening Costs**

Pre-opening costs represent personnel, marketing and other costs incurred prior to the opening of new or start-up operations and are expensed as incurred. During the years ended December 31, 2023, 2022 and 2021, the Company incurred pre-opening costs primarily in connection with the development of Studio City Phase 2 and City of Dreams Mediterranean. The Company also incurs pre-opening costs on other one-off activities related to the marketing of new facilities and operations.

(t) **Development Costs**

Development costs include the costs associated with the Company's evaluation and pursuit of new business opportunities, which are expensed as incurred.

(u) **Advertising and Promotional Costs**

The Company expenses advertising and promotional costs the first time the advertising takes place or as incurred. Advertising and promotional costs included in the accompanying consolidated statements of operations were \$100,245, \$29,421 and \$39,811 for the years ended December 31, 2023, 2022 and 2021, respectively.

(v) **Interest Income**

Interest income is recorded on an accrual basis at the stated interest rate and is recorded in interest income in the accompanying consolidated statements of operations.

(w) **Foreign Currency Transactions and Translations**

All transactions in currencies other than functional currencies of Melco and its subsidiaries during the year are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the accompanying consolidated statements of operations.

The functional currency of Melco is the U.S. dollar ("S" or "US\$") and the functional currency of most of Melco's foreign subsidiaries is the local currency in which the subsidiary operates. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of foreign subsidiaries' financial statements are recorded as a component of other comprehensive income (loss).

(x) **Comprehensive Loss and Accumulated Other Comprehensive Losses**

Comprehensive loss includes net loss and other non-shareholder changes in equity, or other comprehensive income (loss) and is reported in the accompanying consolidated statements of comprehensive loss.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

(x) **Comprehensive Loss and Accumulated Other Comprehensive Losses - continued**

As of December 31, 2023 and 2022, the Company's accumulated other comprehensive losses consisted solely of foreign currency translation adjustments, net of tax and noncontrolling interests.

(y) **Share-based Compensation Expenses**

The Company measures the cost of employee services received in exchange for an award of equity instruments based on the grant date fair value of the award and recognizes that cost over the service period. Compensation is attributed to the periods of associated service and such expense is recognized over the vesting period of the awards on a straight-line basis. Forfeitures are recognized when they occur.

Further information on the Company's share-based compensation arrangements is included in Note 16.

(z) **Income Tax**

The Company is subject to income taxes in Macau, Hong Kong, the Philippines, Cyprus and other jurisdictions where it operates.

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the accompanying consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The Company's income tax returns are subject to examination by tax authorities in the jurisdictions where it operates. The Company assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. These accounting standards utilize a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position, based on the technical merits of the position, will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely, based on cumulative probability.

(aa) **Net Loss Attributable to Melco Resorts & Entertainment Limited Per Share**

Basic net loss attributable to Melco Resorts & Entertainment Limited per share is calculated by dividing the net loss attributable to Melco Resorts & Entertainment Limited by the weighted average number of ordinary shares outstanding during the year.

Diluted net loss attributable to Melco Resorts & Entertainment Limited per share is calculated by dividing the net loss attributable to Melco Resorts & Entertainment Limited by the weighted average number of ordinary shares outstanding during the year adjusted to include the potentially dilutive effect of outstanding share-based awards.

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued****(aa) Net Loss Attributable to Melco Resorts & Entertainment Limited Per Share - continued**

The weighted average number of ordinary and ordinary equivalent shares used in the calculation of basic and diluted net loss attributable to Melco Resorts & Entertainment Limited per share consisted of the following:

	Year Ended December 31,		
	2023	2022	2021
Weighted average number of ordinary shares outstanding used in the calculation of basic net loss attributable to Melco Resorts & Entertainment Limited per share	1,314,605,173	1,391,154,836	1,434,087,641
Incremental weighted average number of ordinary shares from assumed vesting of restricted shares and exercise of share options using the treasury stock method	—	—	—
Weighted average number of ordinary shares outstanding used in the calculation of diluted net loss attributable to Melco Resorts & Entertainment Limited per share	<u>1,314,605,173</u>	<u>1,391,154,836</u>	<u>1,434,087,641</u>
Anti-dilutive share options and restricted shares excluded from the calculation of diluted net loss attributable to Melco Resorts & Entertainment Limited per share	<u>26,921,336</u>	<u>44,366,752</u>	<u>46,532,956</u>

**(ab) Recent Changes in Accounting Standards***Recent Accounting Pronouncement Not Yet Adopted*

The Company has evaluated the recently issued, but not yet effective, accounting pronouncements that have been issued or proposed by the Financial Accounting Standards Board or other standards-setting bodies through the filing date of these financial statements, and anticipated the future adoption of these pronouncements will not have a material effect on the Company's financial position, results of operations and cash flows.

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****3. CASH, CASH EQUIVALENTS AND RESTRICTED CASH**

Cash, cash equivalents and restricted cash reported within the accompanying consolidated statements of cash flows consisted of the following:

	December 31,	
	2023	2022
Cash	\$ 934,224	\$ 1,179,491
Cash equivalents	376,491	633,238
Total cash and cash equivalents	1,310,715	1,812,729
Current portion of restricted cash <sup>(1)</sup>	27	50,992
Non-current portion of restricted cash <sup>(2)</sup>	125,094	124,736
Total cash, cash equivalents and restricted cash	\$ 1,435,836	\$ 1,988,457

- (1) As of December 31, 2023 and 2022, the current portion of restricted cash included bank time deposits of nil and \$50,971, respectively.

On September 20, 2022, Melco Resorts Macau provided a bank guarantee in an amount of Macau Patacas (“MOP”) 820,000 (equivalent to \$101,942) to the Macau government to guarantee the satisfaction of any labor liabilities upon expiry of the previous gaming subconcession. As stipulated in the bank guarantee contract, MOP410,000 (equivalent to \$50,971) 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 (equivalent to \$50,971) deposited in the collateral account was included in the current portion of restricted cash in the accompanying consolidated balance sheets as of December 31, 2022.

- (2) As of December 31, 2023 and 2022, the non-current portion of restricted cash included bank time deposits of \$124,556 and \$124,592, respectively.

On December 9, 2022, as required by the Concession, Melco Resorts Macau provided a bank guarantee in favor of the Macau government of MOP1,000,000 (equivalent to \$124,319) to secure the fulfillment of performance of certain of its legal and contractual obligations, including labor obligations. As stipulated in the bank guarantee contract, the amount of MOP1,000,000 (equivalent to \$124,319), 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 or termination of the Concession. As of December 31, 2023 and 2022, the cash of Hong Kong dollars (“HK\$”) 970,874 (equivalent to MOP1,000,000) held in the collateral bank account was translated to \$124,284 and \$124,319, respectively, and included in the non-current portion of restricted cash in the accompanying consolidated balance sheets.



**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**4. ACCOUNTS RECEIVABLE, NET**

Components of accounts receivable, net are as follows:

	December 31,	
	2023	2022
Casino	\$ 242,312	\$ 271,653
Hotel	4,658	1,365
Other	908	218
Sub-total	247,878	273,236
Less: allowances for credit losses <sup>(1)</sup>	(156,240)	(217,244)
	91,638	55,992
Non-current portion	—	—
Current portion	\$ 91,638	\$ 55,992

(1) As of December 31, 2023 and 2022, the allowances for credit losses of \$2,377 and \$14,966 as a reduction of the long-term casino accounts receivable, are recorded and included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.

The Company's allowances for casino credit losses were 64.4% and 80.0% of gross casino accounts receivable as of December 31, 2023 and 2022, respectively. The Company's allowances for credit losses from its hotel and other receivables are not material.

Movement in the allowances for credit losses are as follows:

	Year Ended December 31,		
	2023	2022	2021
Balance at beginning of year	\$ 217,244	\$ 268,413	\$ 333,792
(Reversal of) provision for credit losses	(3,869)	(892)	6,426
Write-offs, net of recoveries	(56,805)	(49,608)	(69,712)
Effect of exchange rate	(330)	(669)	(2,093)
Balance at end of year	\$ 156,240	\$ 217,244	\$ 268,413

**5. ASSETS HELD FOR SALE**

In September 2021, the Company announced the discontinuance of 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 Company's assets in Japan, including a ski resort in Nagano, Japan operated by 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 considering the relevant facts, the Company concluded the assets and liabilities of the Japan Ski Resort and the Hakone Assets met the criteria for classification as held for sale as of December 31, 2021 which were reported under the Corporate and Other segment.

On December 8, 2022, the Company 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 \$13,663 (including a loan payable to the Company of Japanese Yen ("JPY") 2,215,180 (equivalent to \$16,876)) for a consideration of JPY0.001; and to transfer the loan receivable from the Japan Ski Resort as mentioned

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**5. ASSETS HELD FOR SALE - continued**

above of JPY2,215,180 (equivalent to \$16,876) to the Buyer for a consideration of JPY0.001. The disposal was completed on December 30, 2022 and the Company recorded a loss on disposal of assets held for sale of \$3,106 which is included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2022.

As of December 31, 2022 and 2021, the Hakone Assets classified as assets held for sale were comprised of property and equipment, with aggregate carrying values of \$8,503 and \$17,705, respectively. Due to a significant decrease in the market value of the freehold land included in the Hakone Assets as of December 31, 2022 and 2021, an impairment of assets held for sale of \$6,794 and an impairment of property and equipment of \$1,147 were provided and included in property charges and other in the accompanying consolidated statements of operations during the years ended December 31, 2022 and 2021, respectively. The fair value of the freehold land was calculated by using level 3 inputs based on the market approach.

On July 12, 2023, the Company completed the disposal of the Hakone Assets, with aggregate carrying values of \$7,924, to an independent third party at a consideration of JPY2,144,000 (equivalent to \$15,222). A gain on disposal of assets held for sale, net of the foreign currency translations of certain entities incorporated in Japan being considered as a substantial liquidation, of \$4,468 was recorded and included in property charges and other in the accompanying consolidated statements of operations during the year ended December 31, 2023.

In June and August 2022, the Company signed two sale and purchase agreements with respective buyers to sell two aircraft (the "Aircraft") with an aggregate selling price of \$15,800. After considering the relevant facts, the Company concluded the Aircraft met the criteria for classification as assets held for sale which were reported under the Corporate and Other segment. Due to a decrease in the market value, an impairment of property and equipment of \$3,595 was provided for one of the Aircraft. Upon completion of the disposals of the Aircraft in September 2022, the Company recorded a gain on disposal of assets held for sale of \$2,629 on the Aircraft. The impairment and gain on disposal of assets held for sale were both included in property charges and other in the accompanying consolidated statements of operations for the year ended December 31, 2022.

**6. PROPERTY AND EQUIPMENT, NET**

	December 31,	
	2023	2022
Buildings	\$ 7,621,676	\$ 6,186,373
Furniture, fixtures and equipment	1,187,064	1,112,670
Leasehold improvements	1,094,238	1,080,737
Plant and gaming machinery	259,815	246,255
Transportation	192,151	190,843
Construction in progress	1,491	1,464,866
Freehold land	58,467	56,533
Sub-total	10,414,902	10,338,277
Less: accumulated depreciation and amortization	(4,880,908)	(4,467,372)
Property and equipment, net	<u>\$ 5,533,994</u>	<u>\$ 5,870,905</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued****(In thousands, except share and per share data)****6. PROPERTY AND EQUIPMENT, NET - continued**

The depreciation and amortization expenses of property and equipment recognized for the years ended December 31, 2023, 2022 and 2021 were \$482,574, \$454,194 and \$487,130, respectively.

The cost and accumulated amortization of right-of-use assets held under finance lease arrangements were \$147,072 and \$101,589 as of December 31, 2023 and \$145,660 and \$95,310 as of December 31, 2022, respectively. Further information on the lease arrangements is included in Note 12.

In accordance with the Macau gaming law, the Reversion Assets (as defined in Note 7) that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Effective as of January 1, 2023, the Reversion Assets were transferred by the Macau government to Melco Resorts Macau for the duration of the Concession, in return for annual payments for the right to use and operate the Reversion Assets as part of the Concession, as disclosed in Note 7. As Melco Resorts Macau continues to be operated with the Reversion Assets in the same manner as under the previous gaming subconcession, obtains substantially all of the economic benefits and bears all of the risks arising from the operation of these assets, as well as assuming it will be successful in the awarding of a new concession upon expiry of the Concession, the Company continues to recognize these Reversion Assets as property and equipment over their remaining estimated useful lives.

The Reversion Assets that reverted to the Macau government on December 31, 2022, and included in the above table, consisted of the following:

Buildings	\$ 349,129
Furniture, fixtures and equipment	39,008
Plant and gaming machinery	<u>109,901</u>
	498,038
Less: accumulated depreciation	<u>(276,581)</u>
	<u>\$ 221,457</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****7. GOODWILL AND INTANGIBLE ASSETS, NET****(a) Goodwill**

The changes in the carrying amounts of goodwill by segment are as follows:

	Mocha and Other <sup>(1)</sup>
Balance at January 1, 2021	\$ 82,203
Foreign currency translations	(482)
Balance at December 31, 2021	81,721
Foreign currency translations	(115)
Balance at December 31, 2022	81,606
Foreign currency translations	(24)
Balance at December 31, 2023	<u>\$ 81,582</u>

- (1) The amount represents goodwill which arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Company in 2006. As of December 31, 2023, the gross amount of goodwill and accumulated impairment were \$81,582 and nil, respectively.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**7. GOODWILL AND INTANGIBLE ASSETS, NET - continued**

**(b) Intangible Assets, Net**

Intangible assets, net consisted of the following:

	December 31,	
	2023	2022
<b>Indefinite-lived intangible assets:</b>		
Trademarks of Mocha Clubs	\$ 4,203	\$ 4,204
<b>Total indefinite-lived intangible assets</b>	<b>4,203</b>	<b>4,204</b>
<b>Finite-lived intangible assets:</b>		
Concession	209,934	—
Less: accumulated amortization	(24,037)	—
	<u>185,897</u>	<u>—</u>
Cyprus License	75,307	—
Less: accumulated amortization	(1,595)	—
	<u>73,712</u>	<u>—</u>
Gaming subconcession	—	902,441
Less: accumulated amortization	—	(902,441)
	<u>—</u>	<u>—</u>
Internal-use software	72,556	59,434
Less: accumulated amortization	(39,876)	(29,383)
	<u>32,680</u>	<u>30,051</u>
Proprietary rights	11,922	11,926
Less: accumulated amortization	(3,762)	(2,571)
	<u>8,160</u>	<u>9,355</u>
<b>Total finite-lived intangible assets</b>	<b>300,449</b>	<b>39,406</b>
<b>Total intangible assets, net</b>	<b>\$ 304,652</b>	<b>\$ 43,610</b>

Trademarks of Mocha Clubs

Trademarks arose from the acquisition of Mocha Slot Group Limited and its subsidiaries by the Company in 2006. The changes in carrying amounts of trademarks represented the exchange differences arising from foreign currency translations at the balance sheet date.

Proprietary rights

In November 2020, the Company completed an asset acquisition of the proprietary rights relating to an entertainment show in City of Dreams for a cash consideration of \$12,000. The estimated useful life of the proprietary rights is 10 years. As of December 31, 2023 and 2022, the carrying amount of the proprietary rights included the exchange differences arising from foreign currency translations at the balance sheet date.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**7. GOODWILL AND INTANGIBLE ASSETS, NET - continued**

**(b) Intangible Assets, Net - continued**

Concession

On December 16, 2022, the Macau government awarded the Concession to Melco Resorts Macau. The term of the Concession commenced on January 1, 2023 and ends on December 31, 2032 and Melco Resorts Macau is authorized to operate the Altira Casino, the City of Dreams Casino and the Studio City Casino as well as the Grand Dragon Casino and the Mocha Clubs. Under the Concession, Melco Resorts Macau is obligated to pay the Macau government a fixed annual premium of MOP30,000 (equivalent to \$3,729) plus a variable annual premium calculated in accordance with the number and type of gaming tables (subject to a minimum of 500 tables) and electronic gaming machines (subject to a minimum of 1,000 machines) operated by Melco Resorts Macau. The variable annual premium is MOP300 (equivalent to \$37) for each gaming table reserved exclusively to certain kinds of games or players, MOP150 (equivalent to \$19) for each gaming table not so exclusively reserved and MOP1 (equivalent to \$0.1) for each electronic gaming machine.

On December 30, 2022, in accordance with the obligations under the letters of undertakings dated June 23, 2022, Melco Resorts Macau and certain subsidiaries of Melco, which hold the land lease rights for the properties on which the Altira Casino, City of Dreams Casino and Studio City Casino are located, executed a public deed pursuant to which the gaming and gaming support areas comprising the Altira Casino, City of Dreams Casino and Studio City Casino with an area of 17,128.8 square meters, 31,227.3 square meters and 28,784.3 square meters, respectively, and related gaming equipment and utensils (collectively referred to as the "Reversion Assets"), reverted to the Macau government, without compensation and free and clear from any charges or encumbrances, at the expiration of the previous gaming subconcession in accordance with the Macau gaming law. The Reversion Assets that reverted to the Macau government at the expiration of the previous gaming subconcession are currently owned by the Macau government. Under the terms of the Macau gaming law and the Concession, effective as of January 1, 2023, the Reversion Assets were transferred by the Macau government to Melco Resorts Macau for use in its operations during the Concession for a fee of MOP0.75 (equivalent to \$0.09) per square meter of the casino for years 1 to 3 of the Concession, subject to a consumer price index increase in years 2 and 3 of the Concession and such fee will increase to MOP2.5 (equivalent to \$0.3) per square meter of the casino for years 4 to 10 of the Concession, subject to a consumer price index increase in years 5 to 10 of the Concession (the "Fee").

On January 1, 2023, the Company recognized an intangible asset and financial liability of MOP1,934,035 (equivalent to \$239,588), representing the right to use and operate the Reversion Assets, the right to conduct games of fortunes and chance in Macau and the unconditional obligation to make payments under the Concession. This intangible asset comprises the contractually obligated annual payments of fixed premium and variable premiums, as well as the Fee without considering the consumer price index under the Concession. The contractually obligated annual variable premium payments associated with the intangible asset were determined using the total number of gaming tables and the total number of electronic gaming machines that Melco Resorts Macau is currently approved to operate by the Macau government. In the accompanying consolidated balance sheet, the non-current portion of the financial liability of the Concession is included in other long-term liabilities and the current portion is included in accrued expenses and other current liabilities. The intangible asset is being amortized on a straight-line basis over the period of the Concession, being 10 years.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**7. GOODWILL AND INTANGIBLE ASSETS, NET - continued**

**(b) Intangible Assets, Net - continued**

Cyprus License

On June 26, 2017, the Cyprus government granted a gaming license (the “Cyprus License”) to a subsidiary of ICR Cyprus (the “Cyprus Subsidiary”) to develop, operate and maintain an integrated casino resort in Limassol, Cyprus (and, up until completion and opening of City of Dreams Mediterranean, a temporary casino facility) and up to four satellite casino premises in Cyprus for a term of 30 years, the first 15 years of which are exclusive. Pursuant to the Cyprus License agreement, the Cyprus Subsidiary is obligated to pay the Cyprus government an annual license fee for the integrated casino resort (and prior to opening of City of Dreams Mediterranean, the temporary casino) and any operating satellite casinos (the “Cyprus License Fee”). The annual license fee for the integrated casino resort is EUR2,500 (equivalent to \$2,767) for the first four years, and EUR5,000 (equivalent to \$5,535) for the next four years. Upon the completion of the first eight years and thereafter every four years during the term of the Cyprus License, the Cyprus government may review the annual license fee, with minimum of EUR5,000 (equivalent to \$5,535) per year and any increase in the annual license fee may not exceed 20% of the annual license fee paid annually during the previous four-year period. The Cyprus License required City of Dreams Mediterranean to open by the extended deadline of June 30, 2023 as approved by the Cyprus government (the “Cyprus License Requirement”), failing which the Cyprus government would have been entitled to terminate the Cyprus License.

On June 28, 2023, upon fulfillment of the Cyprus License Requirement, to better reflect the future economic benefits arising from the Cyprus License, the Company recognized an intangible asset of EUR68,031 (equivalent to \$73,928) and financial liability of EUR67,231 (equivalent to \$73,059), representing the right under the Cyprus License and the unconditional obligation to pay i) a minimum annual license fee for City of Dreams Mediterranean of EUR5,000 (equivalent to \$5,535) per year; and ii) an aggregate annual license fee for three operating satellite casinos of EUR2,000 (equivalent to \$2,214), during the term of the Cyprus License from June 28, 2023. In the accompanying consolidated balance sheet, the non-current portion of the financial liability of the Cyprus License is included in other long-term liabilities and the current portion is included in accrued expenses and other current liabilities. The intangible asset is being amortized on a straight-line basis over the remaining period of the Cyprus License until June 2047. Prior to the fulfillment of the Cyprus License Requirement, the Cyprus License Fee was expensed as incurred and included in gaming taxes and license fees as disclosed in Note 2(r).

Gaming subconcession

The deemed cost of the previous gaming subconcession in Macau was capitalized based on the fair value of the gaming subconcession agreement as of the date of acquisition of Melco Resorts Macau in 2006, and amortized on a straight-line basis over the term of the agreement, which expired on June 26, 2022. Melco Resorts Macau paid a premium of MOP47,000 (equivalent to \$5,815) to the Macau government in June 2022 for the extension of the gaming subconcession contract to December 31, 2022 and such premium was amortized on a straight-line basis from June 27, 2022 to the extended expiration date on December 31, 2022.

The amortization expenses of finite-lived intangible assets recognized for the years ended December 31, 2023, 2022 and 2021 were \$37,216, \$44,128 and \$68,831, respectively.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**7. GOODWILL AND INTANGIBLE ASSETS, NET - continued**

**(b) Intangible Assets, Net - continued**

As of December 31, 2023, the estimated future amortization expenses of finite-lived intangible assets are as follows:

Year ending December 31,	
2024	\$ 32,662
2025	31,609
2026	28,896
2027	27,197
2028	27,197
Over 2028	152,888
	<u>\$ 300,449</u>

**8. LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS**

Long-term prepayments, deposits and other assets consisted of the following:

	December 31,	
	2023	2022
Input value-added tax, net	\$ 19,232	\$ 1,019
Other long-term assets	17,983	19,298
Deferred rent assets	17,905	25,904
Deferred financing costs, net	16,183	27,218
Other deposits	11,178	9,971
Long-term prepayments	10,130	31,191
Deposits for acquisition of property and equipment	7,444	19,494
Advance payments for construction costs	265	25,602
Long-term casino accounts receivable, net of allowances for credit losses of \$2,377 and \$14,966 <sup>(1)</sup>	—	—
Long-term prepayments, deposits and other assets	<u>\$ 100,320</u>	<u>\$ 159,697</u>

- (1) Long-term casino accounts receivable, net represent receivables from casino customers where settlements are not expected within the next year. Reclassifications to current accounts receivable, net, are made when settlement of such balances are expected to occur within one year.



**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****9. LAND USE RIGHTS, NET**

	December 31,	
	2023	2022
Altira Macau	\$ 80,707	\$ 145,922
City of Dreams	397,953	398,068
Studio City	650,906	651,094
	1,129,566	1,195,084
Less: accumulated amortization	(546,784)	(524,212)
Land use rights, net	<u>\$ 582,782</u>	<u>\$ 670,872</u>

**10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

	December 31,	
	2023	2022
Advance deposits and ticket sales	\$ 250,955	\$ 278,591
Operating expense and other accruals and liabilities	160,169	97,933
Gaming tax and license fee accruals	159,285	48,688
Interest expense payable	114,587	123,032
Staff cost accruals	101,340	96,219
Outstanding gaming chips	83,012	37,354
Property and equipment payables	37,502	35,747
Construction cost payables	36,018	76,173
Loyalty program liabilities	36,000	15,568
Concession and license liabilities <sup>(1)</sup>	29,448	—
Accrued expenses and other current liabilities	<u>\$ 1,008,316</u>	<u>\$ 809,305</u>

- (1) As of December 31, 2023, the non-current portion of the Concession and license liabilities of \$282,081 is included in other long-term liabilities in the accompanying consolidated balance sheet.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET**

Long-term debt, net consisted of the following:

	December 31,	
	2023	2022
<b>Senior Notes</b>		
2017 4.875% Senior Notes, due 2025 (net of unamortized deferred financing costs and original issue premiums of \$5,746 and \$9,552, respectively)	\$ 994,254	\$ 990,448
2019 5.250% Senior Notes, due 2026 (net of unamortized deferred financing costs of \$2,141 and \$2,981, respectively)	497,859	497,019
2019 5.625% Senior Notes, due 2027 (net of unamortized deferred financing costs of \$3,358 and \$4,178, respectively)	596,642	595,822
2019 5.375% Senior Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of \$1,634 and \$1,845, respectively)	1,148,366	1,148,155
2020 5.750% Senior Notes, due 2028 (net of unamortized deferred financing costs and original issue premiums of \$2,317 and \$2,743, respectively)	847,683	847,257
2020 6.000% SC Notes, due 2025 (net of unamortized deferred financing costs of \$1,320 and \$2,692, respectively)	395,680	497,308
2020 6.500% SC Notes, due 2028 (net of unamortized deferred financing costs of \$2,970 and \$3,598, respectively)	497,030	496,402
2021 5.000% Studio City Notes, due 2029 (net of unamortized deferred financing costs and original issue premiums of \$3,626 and \$4,228, respectively)	1,096,374	1,095,772
2022 7.000% Studio City Secured Notes, due 2027 (net of unamortized deferred financing costs of \$4,039 and \$5,134, respectively)	345,961	344,866
<b>Credit Facilities</b>		
2015 Credit Facilities	128	128
2020 Credit Facilities <sup>(1)</sup>	1,052,515	1,899,203
2016 Studio City Credit Facilities <sup>(2)</sup>	128	128
	<u>7,472,620</u>	<u>8,412,508</u>
Current portion of long-term debt	—	(322,500)
<b>Long-term debt, net</b>	<b><u>\$ 7,472,620</u></b>	<b><u>\$ 8,090,008</u></b>

- (1) As of December 31, 2023 and 2022, the unamortized deferred financing costs related to the revolving credit facility of the 2020 Credit Facilities of \$15,905 and \$26,885 are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.
- (2) As of December 31, 2023 and 2022, the unamortized deferred financing costs related to the 2016 SC Revolving Credit Facility of the 2016 Studio City Credit Facilities of \$278 and \$333 are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets, respectively.

**(a) Senior Notes**

2017 4.875% Senior Notes

On June 6, 2017, Melco Resorts Finance Limited (“Melco Resorts Finance”), a subsidiary of Melco, issued \$650,000 in aggregate principal amount of 4.875% senior notes due June 6, 2025 at an issue price of 100% of the principal amount (the “First 2017 4.875% Senior Notes”); and on July 3, 2017, Melco Resorts Finance further issued \$350,000 in aggregate principal amount of 4.875% senior notes due June 6, 2025 at

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2017 4.875% Senior Notes - continued

an issue price of 100.75% of the principal amount (the “Second 2017 4.875% Senior Notes” and together with the First 2017 4.875% Senior Notes, collectively referred to as the “2017 4.875% Senior Notes”). The interest on the 2017 4.875% Senior Notes is accrued at a rate of 4.875% per annum, payable semi-annually in arrears on June 6 and December 6 of each year. The 2017 4.875% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance’s existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance’s subsidiaries. The net proceeds from the offering of the First 2017 4.875% Senior Notes were used to partly fund the redemption of the previous senior notes of Melco Resorts Finance and the net proceeds from the offering of the Second 2017 4.875% Senior Notes were used to fully repay the 2015 Revolving Credit Facility (as defined below).

On or after June 6, 2020, Melco Resorts Finance has the option to redeem all or a portion of the 2017 4.875% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2017 4.875% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2017 4.875% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder’s 2017 4.875% Senior Notes at a fixed redemption price.

The indenture governing the 2017 4.875% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2017 4.875% Senior Notes also contains conditions and events of default customary for such financings.

2019 5.250% Senior Notes

On April 26, 2019, Melco Resorts Finance issued \$500,000 in aggregate principal amount of 5.250% senior notes due April 26, 2026 at an issue price of 100% of the principal amount (the “2019 5.250% Senior Notes”). The interest on the 2019 5.250% Senior Notes is accrued at a rate of 5.250% per annum, payable semi-annually in arrears on April 26 and October 26 of each year. The 2019 5.250% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance’s existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance’s subsidiaries. The net proceeds from the offering of the 2019 5.250% Senior Notes were used to partially repay the 2015 Revolving Credit Facility.

On or after April 26, 2022, Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.250% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture,

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2019 5.250% Senior Notes - continued

Melco Resorts Finance has the option to redeem in whole, but not in part the 2019 5.250% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2019 5.250% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2019 5.250% Senior Notes at a fixed redemption price.

The indenture governing the 2019 5.250% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2019 5.250% Senior Notes also contains conditions and events of default customary for such financings.

2019 5.625% Senior Notes

On July 17, 2019, Melco Resorts Finance issued \$600,000 in aggregate principal amount of 5.625% senior notes due July 17, 2027 at an issue price of 100% of the principal amount (the "2019 5.625% Senior Notes"). The interest on the 2019 5.625% Senior Notes is accrued at a rate of 5.625% per annum, payable semi-annually in arrears on January 17 and July 17 of each year. The 2019 5.625% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the 2019 5.625% Senior Notes were used to partially repay the 2015 Revolving Credit Facility.

On or after July 17, 2022, Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.625% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2019 5.625% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2019 5.625% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2019 5.625% Senior Notes at a fixed redemption price.

The indenture governing the 2019 5.625% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2019 5.625% Senior Notes also contains conditions and events of default customary for such financings.

2019 5.375% Senior Notes

On December 4, 2019, Melco Resorts Finance issued \$900,000 in aggregate principal amount of 5.375% senior notes due December 4, 2029 at an issue price of 100% of the principal amount (the "First 2019 5.375% Senior Notes"); and on January 21, 2021, Melco Resorts Finance further issued \$250,000 in

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2019 5.375% Senior Notes - continued

aggregate principal amount of 5.375% senior notes due December 4, 2029 at an issue price of 103.25% of the principal amount (the “Additional 2019 5.375% Senior Notes” and together with the First 2019 5.375% Senior Notes, the “2019 5.375% Senior Notes”). The Additional 2019 5.375% Senior Notes are consolidated and form a single series with the First 2019 5.375% Senior Notes. The interest on the 2019 5.375% Senior Notes is accrued at a rate of 5.375% per annum, payable semi-annually in arrears on June 4 and December 4 of each year. The 2019 5.375% Senior Notes are general obligations of Melco Resorts Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance’s existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance’s subsidiaries. The net proceeds from the offering of the First 2019 5.375% Senior Notes were used to repay the outstanding borrowing of the 2015 Revolving Credit Facility in full and to partially prepay the 2015 Term Loan Facility (as defined below). The net proceeds from the offering of the Additional 2019 5.375% Senior Notes were used to fully repay the 2020 Credit Facilities (as defined below) in January 2021.

Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.375% Senior Notes at any time prior to December 4, 2024 at a “make-whole” redemption price. On or after December 4, 2024, Melco Resorts Finance has the option to redeem all or a portion of the 2019 5.375% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, Melco Resorts Finance has the option to redeem up to 35% of the 2019 5.375% Senior Notes with the net cash proceeds from one or more equity offerings at a fixed redemption price at any time prior to December 4, 2024. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance also has the option to redeem in whole, but not in part the 2019 5.375% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2019 5.375% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder’s 2019 5.375% Senior Notes at a fixed redemption price.

The indenture governing the 2019 5.375% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2019 5.375% Senior Notes also contains conditions and events of default customary for such financings.

2020 5.750% Senior Notes

On July 21, 2020, Melco Resorts Finance issued \$500,000 in aggregate principal amount of 5.750% senior notes due July 21, 2028 at an issue price of 100% of the principal amount (the “First 2020 5.750% Senior Notes”); and on August 11, 2020, Melco Resorts Finance further issued \$350,000 in aggregate principal amount of 5.750% senior notes due July 21, 2028 at an issue price of 101% of the principal amount (the “Second 2020 5.750% Senior Notes” and together with the First 2020 5.750% Senior Notes, the “2020 5.750% Senior Notes”). The Second 2020 5.750% Senior Notes are consolidated and form a single series with the First 2020 5.750% Senior Notes. The interest on the 2020 5.750% Senior Notes is accrued at a rate of 5.750% per annum, payable semi-annually in arrears on January 21 and July 21 of each year and commenced on January 21, 2021. The 2020 5.750% Senior Notes are general obligations of Melco Resorts

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2020 5.750% Senior Notes - continued

Finance, rank equally in right of payment to all existing and future senior indebtedness of Melco Resorts Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Melco Resorts Finance and are effectively subordinated to all of Melco Resorts Finance's existing and future secured indebtedness to the extent of the value of the assets securing such debt and to the indebtedness of Melco Resorts Finance's subsidiaries. The net proceeds from the offering of the 2020 5.750% Senior Notes were partially used to repay the 2020 Credit Facilities and with the remaining amount used for general corporate purposes.

On or after July 21, 2023, Melco Resorts Finance has the option to redeem all or a portion of the 2020 5.750% Senior Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture, Melco Resorts Finance has the option to redeem in whole, but not in part the 2020 5.750% Senior Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture, each holder of the 2020 5.750% Senior Notes will have the right to require Melco Resorts Finance to repurchase all or any part of such holder's 2020 5.750% Senior Notes at a fixed redemption price.

The indenture governing the 2020 5.750% Senior Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Melco Resorts Finance to, among other things, effect a consolidation or merger or sell assets. The indenture governing the 2020 5.750% Senior Notes also contains conditions and events of default customary for such financings.

2020 Studio City Notes

On July 15, 2020, Studio City Finance Limited ("Studio City Finance"), a subsidiary of Melco, issued \$500,000 in aggregate principal amount of 6.000% senior notes due July 15, 2025 at an issue price of 100% of the principal amount (the "2020 6.000% SC Notes") and \$500,000 in aggregate principal amount of 6.500% senior notes due January 15, 2028 at an issue price of 100% of the principal amount (the "2020 6.500% SC Notes" and together with 2020 6.000% SC Notes, the "2020 Studio City Notes"). The interest on the 2020 6.000% SC Notes and 2020 6.500% SC Notes is accrued at a rate of 6.000% and 6.500% per annum, respectively, payable semi-annually in arrears on January 15 and July 15 of each year and commenced on January 15, 2021. The 2020 Studio City Notes are general obligations of Studio City Finance, rank equally in right of payment to all existing and future senior indebtedness of Studio City Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Finance and are effectively subordinated to all of Studio City Finance's existing and future secured indebtedness to the extent of the value of the property and assets securing such indebtedness.

The net proceeds from the offering of the 2020 Studio City Notes were partially used to redeem in full the previous senior secured notes of Studio City Company Limited ("Studio City Company"), a subsidiary of Melco and with the remaining amount used for the capital expenditures of the remaining development project at Studio City.

All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities as defined below) (the "2020 Studio City Notes Guarantors") jointly, severally and unconditionally guarantee

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2020 Studio City Notes - continued

the 2020 Studio City Notes on a senior basis (the “2020 Studio City Notes Guarantees”). The 2020 Studio City Notes Guarantees are general obligations of the 2020 Studio City Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the 2020 Studio City Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2020 Studio City Notes Guarantors. The 2020 Studio City Notes Guarantees are effectively subordinated to the 2020 Studio City Notes Guarantors’ obligations under all existing and any future secured indebtedness to the extent of the value of such property and assets securing such indebtedness.

On or after July 15, 2022, Studio City Finance has the option to redeem all or a portion of the 2020 6.000% SC Notes at any time at fixed redemption prices that decline ratably over time. On or after July 15, 2023, Studio City Finance has the option to redeem all or a portion of the 2020 6.500% SC Notes at any time at fixed redemption prices that decline ratably over time. In addition, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2020 Studio City Notes, Studio City Finance has the option to redeem in whole, but not in part the 2020 Studio City Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the 2020 Studio City Notes, each holder of the 2020 Studio City Notes will have the right to require Studio City Finance to repurchase all or any part of such holder’s 2020 Studio City Notes at a fixed redemption price.

On November 9, 2023, Studio City Finance initiated a cash tender offer (the “Tender Offer”) which expired on December 8, 2023, subject to the terms and conditions, to purchase for up to an aggregate principal amount of \$75,000 of the 2020 6.000% SC Notes. On November 24, 2023, Studio City Finance amended and increased the aggregate principal amount of the Tender Offer of the 2020 6.000% SC Notes from \$75,000 to \$100,000 (the maximum tender amount), with all other terms and conditions of the Tender Offer remained unchanged as a result of an aggregate principal amount of \$317,461 of the 2020 6.000% SC Notes was tendered on the early tender date on November 22, 2023. Studio City Finance accepted for purchase an aggregate principal amount of \$100,000 of the 2020 6.000% SC Notes that were validly tendered (and not validly withdrawn) pursuant to the Tender Offer, as amended, and settled the purchase on November 28, 2023. In connection with such purchase, the Company recorded a gain on extinguishment of debt of \$1,495 during the year ended December 31, 2023. As of December 31, 2023, the outstanding principal amount of the 2020 6.000% SC Notes was \$397,000.

The indenture governing the 2020 Studio City Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Finance 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 restricted subsidiaries’ ability 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 2020 Studio City Notes also contains conditions and events of default customary for such financings.

There are provisions under the indenture governing the 2020 Studio City Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Finance and its restricted subsidiaries to companies or persons who are not Studio City Finance or restricted subsidiaries of Studio City Finance,

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2020 Studio City Notes - continued

subject to certain exceptions and conditions. As of December 31, 2023, the net assets of Studio City Finance and its restricted subsidiaries of approximately \$740,000 were restricted from being distributed under the terms of the 2020 Studio City Notes.

2021 5.000% Studio City Notes

On January 14, 2021, Studio City Finance issued \$750,000 in aggregate principal amount of 5.000% senior notes due January 15, 2029 at an issue price of 100% of the principal amount (the “First 2021 5.000% Studio City Notes”); and on May 20, 2021, Studio City Finance further issued \$350,000 in aggregate principal amount of 5.000% senior notes due January 15, 2029 at an issue price of 101.50% of the principal amount (the “Additional 2021 5.000% Studio City Notes” and together with the First 2021 5.000% Studio City Notes, the “2021 5.000% Studio City Notes”). The Additional 2021 5.000% Studio City Notes are consolidated and form a single series with the First 2021 5.000% Studio City Notes. The interest on the 2021 5.000% Studio City Notes is accrued at a rate of 5.000% per annum, payable semi-annually in arrears on January 15 and July 15 of each year and commenced on July 15, 2021. The 2021 5.000% Studio City Notes are general obligations of Studio City Finance, rank equally in right of payment to all existing and future senior indebtedness of Studio City Finance, rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Finance and are effectively subordinated to all of Studio City Finance’s existing and future secured indebtedness to the extent of the value of the property and assets securing such indebtedness.

The net proceeds from the offering of the 2021 5.000% Studio City Notes were partially used to fund the conditional tender offer and the remaining outstanding balance with accrued interest of previous senior notes of Studio City Finance in February 2021; and with the remaining balance to partially fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes.

All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities) (the “2021 5.000% Studio City Notes Guarantors”) jointly, severally and unconditionally guarantee the 2021 5.000% Studio City Notes on a senior basis (the “2021 5.000% Studio City Notes Guarantees”). The 2021 5.000% Studio City Notes Guarantees are general obligations of the 2021 5.000% Studio City Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the 2021 5.000% Studio City Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2021 5.000% Studio City Notes Guarantors. The 2021 5.000% Studio City Notes Guarantees are effectively subordinated to the 2021 5.000% Studio City Notes Guarantors’ obligations under all existing and any future secured indebtedness to the extent of the value of such property and assets securing such indebtedness.

At any time prior to January 15, 2024, Studio City Finance had the options i) to redeem all or a portion of the 2021 5.000% Studio City Notes at a “make-whole” redemption price; and ii) to redeem up to 35% of the 2021 5.000% Studio City Notes with the net cash proceeds of certain equity offerings at a fixed redemption price. Thereafter, Studio City Finance has the option to redeem all or a portion of the 2021 5.000% Studio City Notes at any time at fixed redemption prices that decline ratably over time. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2021 5.000% Studio City Notes, Studio City Finance also has the option to redeem in whole, but not in part the



**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2021 5.000% Studio City Notes - continued

2021 5.000% Studio City Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the 2021 5.000% Studio City Notes, each holder of the 2021 5.000% Studio City Notes will have the right to require Studio City Finance to repurchase all or any part of such holder's 2021 5.000% Studio City Notes at a fixed redemption price.

The indenture governing the 2021 5.000% Studio City Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Finance 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 restricted subsidiaries' ability 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 2021 5.000% Studio City Notes also contains conditions and events of default customary for such financings.

There are provisions under the indenture governing the 2021 5.000% Studio City Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Finance and its restricted subsidiaries to companies or persons who are not Studio City Finance or restricted subsidiaries of Studio City Finance, subject to certain exceptions and conditions. As of December 31, 2023, the net assets of Studio City Finance and its restricted subsidiaries of approximately \$740,000 were restricted from being distributed under the terms of the 2021 5.000% Studio City Notes.

2022 7.000% Studio City Secured Notes

On February 16, 2022, Studio City Company issued \$350,000 in aggregate principal amount of 7.000% senior secured notes due February 15, 2027 at an issue price of 100% of the principal amount (the "2022 7.000% Studio City Secured Notes"). The interest on the 2022 7.000% Studio City Secured Notes is accrued at a rate of 7.000% per annum, payable semi-annually in arrears on February 15 and August 15 of each year and commenced on August 15, 2022. The 2022 7.000% Studio City Secured Notes are senior secured obligations of Studio City Company, rank equally in right of payment to all existing and future senior indebtedness of Studio City Company (although any liabilities in respect of obligations under the 2016 Studio City Credit Facilities that are secured by common collateral securing the 2022 7.000% Studio City Secured Notes will have priority over the 2022 7.000% Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral) and rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Company and effectively subordinated to Studio City Company's existing and future secured indebtedness that is secured by assets that do not secure the 2022 7.000% Studio City Secured Notes, to the extent of the assets securing such indebtedness. The net proceeds from the offering of the 2022 7.000% Studio City Secured Notes were used to fund the capital expenditures of the remaining development project at Studio City and for general corporate purposes.

Studio City Investments Limited ("Studio City Investments"), a subsidiary of Melco, all of its existing subsidiaries (other than Studio City Company) and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities) (the "2022 7.000% Studio City Secured Notes Guarantors") jointly, severally and unconditionally guarantee the 2022 7.000% Studio City Secured Notes on a senior basis (the "2022 7.000% Studio City Secured Notes

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2022 7.000% Studio City Secured Notes - continued

Guarantees”). The 2022 7.000% Studio City Secured Notes Guarantees are senior obligations of the 2022 7.000% Studio City Secured Notes Guarantors, rank equally in right of payment to all existing and future senior indebtedness of the 2022 7.000% Studio City Secured Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2022 7.000% Studio City Secured Notes Guarantors. The 2022 7.000% Studio City Secured Notes Guarantees are pari passu to the 2022 7.000% Studio City Secured Notes Guarantors’ obligations under the 2016 Studio City Credit Facilities, and effectively subordinated to any future secured indebtedness that is secured by assets that do not secure the 2022 7.000% Studio City Secured Notes and the 2022 7.000% Studio City Secured Notes Guarantees, to the extent of the value of the assets.

The 2022 7.000% Studio City Secured Notes are secured, on an equal basis with the 2016 Studio City Credit Facilities, by substantially all of the material assets of Studio City Investments and its subsidiaries (although obligations under the 2016 Studio City Credit Facilities that are secured by the common collateral securing the 2022 7.000% Studio City Secured Notes will have priority over the 2022 7.000% Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral); in addition, in line with the 2016 Studio City Credit Facilities, the 2022 7.000% Studio City Secured Notes are also secured by certain specified bank accounts.

At any time prior to February 15, 2024, Studio City Company had the options i) to redeem all or a portion of the 2022 7.000% Studio City Secured Notes at a “make-whole” redemption price; and ii) to redeem up to 35% of the 2022 7.000% Studio City Secured Notes with the net cash proceeds of certain equity offerings at a fixed redemption price. Thereafter, Studio City Company has the option to redeem all or a portion of the 2022 7.000% Studio City Secured Notes at any time at fixed redemption prices that decline ratably over time. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2022 7.000% Studio City Secured Notes, Studio City Company also has the option to redeem in whole, but not in part the 2022 7.000% Studio City Secured Notes at fixed redemption prices. In certain events that relate to a change of control or a termination of the gaming concession of Melco Resorts Macau and subject to certain exceptions as more fully described in the indenture governing the 2022 7.000% Studio City Secured Notes, each holder of the 2022 7.000% Studio City Secured Notes will have the right to require Studio City Company to repurchase all or any part of such holder’s 2022 7.000% Studio City Secured Notes at a fixed redemption price.

The indenture governing the 2022 7.000% Studio City Secured 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 2022 7.000% Studio City Secured Notes also contains conditions and events of default customary for such financings.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(a) Senior Notes - continued**

2022 7.000% Studio City Secured Notes - continued

There are provisions under the indenture governing the 2022 7.000% Studio City Secured Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Company, Studio City Investments and their respective restricted subsidiaries to companies or persons who are not Studio City Company, Studio City Investments and their respective restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2023, the net assets of Studio City Investments and its restricted subsidiaries of approximately \$675,000 were restricted from being distributed under the terms of the 2022 7.000% Studio City Secured Notes.

**(b) Credit Facilities**

2015 Credit Facilities

Post-cancellation of certain commitments of the term loan facility and the multicurrency revolving credit facility under prior senior secured credit facilities of Melco Resorts Macau (the “Borrower”) (the “2015 Credit Facilities”) on May 7, 2020, the available commitments under the term loan facility (the “2015 Term Loan Facility”) and the multicurrency revolving credit facility (the “2015 Revolving Credit Facility”) are HK\$1,000 (equivalent to \$128) each, collateralized by a bank deposit of HK\$2,130 (equivalent to \$273).

Compliance with certain provisions of the 2015 Credit Facilities were waived pursuant to a waiver letter from Bank of China Limited, Macau Branch (in its capacity as the sole lender under the 2015 Credit Facilities) (“BOC Macau”) to the Borrower dated April 29, 2020 (the “Waiver Letter”), as subsequently extended pursuant to extension request letters dated April 6, 2022 and December 14, 2022. Pursuant to the terms of the Waiver Letter, BOC Macau agreed, among other things, to relax the Borrower’s obligations under the 2015 Credit Facilities by way of a waiver of (i) the maturity date of the 2015 Credit Facilities; (ii) the repayment term of the 2015 Term Loan Facility; (iii) interest rate of the borrowings; (iv) the requirement to comply with substantially all information undertakings, financial covenants, general undertakings and mandatory prepayment provisions; (v) the requirement to make substantially all of the representations; and (vi) certain current and/or future defaults and events of default that may arise under the terms of the 2015 Credit Facilities, subject to certain conditions and terms.

Pursuant to the terms of the Waiver Letter, the maturity date of the 2015 Credit Facilities was first extended to June 24, 2022. Subsequent to that, the maturity date of the 2015 Credit Facilities, and the continuing applicability of the various waivers provided under the Waiver Letter, were further extended to a later date (the “Extended Termination Date”), being (i) December 31, 2022 pursuant to an extension request letter dated April 6, 2022; and (ii) June 24, 2024 pursuant to a further extension request letter dated December 14, 2022. The 2015 Term Loan Facility was originally repayable in quarterly instalments according to an amortization schedule. Pursuant to the terms of the Waiver Letter (as amended and extended), the 2015 Term Loan Facility is repayable in full on the Extended Termination Date (as amended and extended). Each loan made under the 2015 Revolving Credit Facility 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.

Borrowings under the 2015 Credit Facilities bore interest at the Hong Kong Interbank Offered Rate (“HIBOR”) plus a margin ranging from 1.25% to 2.50% per annum as adjusted in accordance with the leverage ratio in respect of the 2015 Borrowing Group (as described below). The Borrower was permitted to

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(b) Credit Facilities - continued**

2015 Credit Facilities - continued

select an interest period for borrowings under the 2015 Credit Facilities ranging from one to six months or any other agreed period. Pursuant to the Waiver Letter, borrowings under the 2015 Credit Facilities bear interest at HIBOR plus a margin of 1% per annum.

As of December 31, 2023, the outstanding principal amount of the 2015 Term Loan Facility and the 2015 Revolving Credit Facility was HK\$1,000 (equivalent to \$128) and nil, respectively, and the available unused borrowing capacity under 2015 Revolving Credit Facility was HK\$1,000 (equivalent to \$128) and the outstanding principal amount was included in the non-current portion of long-term debt as of December 31, 2023 in accordance with applicable accounting standards because management has intent and believes the Borrower has ability to refinance this short-term obligation on a long-term basis.

The indebtedness under the 2015 Credit Facilities is guaranteed by the borrowing group which includes the Borrower and certain of its subsidiaries as defined under the 2015 Credit Facilities (the "2015 Borrowing Group"). Security for the 2015 Credit Facilities includes: a first-priority interest in substantially all assets of the 2015 Borrowing Group, the issued share capital and equity interests and certain buildings, fixtures and equipment of the 2015 Borrowing Group and certain other excluded assets and customary security.

With effect from May 7, 2020, the provisions that limited certain payments of dividends and other distributions by the 2015 Borrowing Group to companies or persons who were not members of the 2015 Borrowing Group were waived pursuant to the terms of the Waiver Letter.

Under the 2015 Credit Facilities, in the event of a change of control, the Borrower may be required, at the election of any lender under the 2015 Credit Facilities, to repay such lender in full. In addition, termination or rescission of Melco Resorts Macau's concession contract or land concessions would constitute an event of default. As with substantially all of the undertakings and covenants under the 2015 Credit Facilities, however, these provisions are subject to a continuing waiver under the terms of the Waiver Letter.

The Borrower is obligated to pay a commitment fee on the undrawn amount of the 2015 Revolving Credit Facility and recognized loan commitment fees of \$1, \$1 and \$1 during the years ended December 31, 2023, 2022 and 2021, respectively.

2020 Credit Facilities

On April 29, 2020, MCO Nominee One Limited ("MCO Nominee One"), a subsidiary of Melco, entered into a senior credit facilities agreement with a syndicate of banks (the "2020 Credit Facilities") for a HK\$14,850,000 (equivalent to \$1,915,947) revolving credit facility with a term of five years. The maturity date of the 2020 Credit Facilities is April 29, 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. MCO Nominee One 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, MCO Nominee One may be required, at the election of any lender under the 2020 Credit Facilities, to repay such lender in full.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(b) Credit Facilities - continued**

2020 Credit Facilities - continued

The indebtedness under the 2020 Credit Facilities is guaranteed by Melco Resorts Macau and MCO Investments Limited (“MCO Investments”), a subsidiary of Melco. 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 MCO Investments and its 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.

On June 29, 2023, certain provisions of the 2020 Credit Facilities were amended and restated (the “2023 Amendment and Restatement”) such that borrowings under the 2020 Credit Facilities denominated in US\$ should bear interest at the term Secured Overnight Financing Rate plus an applicable credit adjustment spread ranging from 0.06% to 0.20% per annum and a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. The amendment became effective on June 29, 2023 (the “Effective Date”). Prior to the Effective Date of the 2023 Amendment and Restatement, borrowings under the 2020 Credit Facilities denominated in US\$ bore interest at the London Interbank Offered Rate plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. Borrowings under the 2020 Credit Facilities denominated in HK\$ bear interest at HIBOR plus a margin ranging from 1.00% to 2.00% per annum as adjusted in accordance with the leverage ratio in respect of MCO Nominee One and certain of its specified subsidiaries. MCO Nominee One may select an interest period for borrowings under the 2020 Credit Facilities ranging from one to six months or any other agreed period.

MCO Nominee One is obligated to pay a commitment fee on the undrawn amount of the 2020 Credit Facilities and recognized loan commitment fees of \$3,954, \$5,978 and \$10,613 during the years ended December 31, 2023, 2022 and 2021, respectively.

On November 26, 2020, MCO Nominee One 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 on the following applicable test dates: (a) December 31, 2020; (b) March 31, 2021; (c) June 30, 2021; (d) September 30, 2021; and (e) December 31, 2021. Such consent became effective on December 2, 2020.

On November 5, 2021, MCO Nominee One 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 on the following applicable test dates: (a) March 31, 2022; (b) June 30, 2022; (c) September 30, 2022; and (d) December 31, 2022. Such consent became effective on November 9, 2021.

On August 16, 2022, MCO Nominee One 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 existing waiver remains valid in

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(b) Credit Facilities - continued**

2020 Credit Facilities - continued

respect of the relevant periods ended on the December 31, 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) March 31, 2023; (b) June 30, 2023; (c) September 30, 2023; (d) December 31, 2023; and (e) March 31, 2024. Such consent became effective on August 17, 2022.

As of December 31, 2023, the outstanding principal amount of the 2020 Credit Facilities was HK\$8,222,000 (equivalent to \$1,052,515), and the available unused borrowing capacity under the 2020 Credit Facilities was HK\$6,628,000 (equivalent to \$848,464).

2016 Studio City Credit Facilities

On November 30, 2016, Studio City Company (the “Studio City Borrower”) amended and restated the Studio City Borrower’s prior senior secured credit facilities agreement from HK\$10,855,880 (equivalent to \$1,395,357) to a HK\$234,000 (equivalent to \$30,077) senior secured credit facilities agreement (the “2016 Studio City Credit Facilities”), comprising a HK\$1,000 (equivalent to \$129) term loan facility (the “2016 SC Term Loan Facility”) and a HK\$233,000 (equivalent to \$29,948) revolving credit facility (the “2016 SC Revolving Credit Facility”). As of December 31, 2023, the outstanding principal amount of the 2016 SC Term Loan Facility and the 2016 SC Revolving Credit Facility were HK\$1,000 (equivalent to \$128) and nil, respectively, and the available unused borrowing capacity under the 2016 SC Revolving Credit Facility was HK\$233,000 (equivalent to \$29,827).

On March 15, 2021, Studio City Company amended the terms of the 2016 Studio City Credit Facilities, including the extension of the maturity date for the 2016 SC Term Loan Facility and the 2016 SC Revolving Credit Facility from November 30, 2021 to January 15, 2028 (the “Extended Maturity Date”). The 2016 SC Term Loan Facility shall be repaid at the Extended Maturity Date with no interim amortization payments. The 2016 SC Revolving Credit Facility is available up to the date that is one month prior to the 2016 SC Revolving Credit Facility’s Extended Maturity Date. Changes have also been made to the covenants in order to align them with those of certain other financings at Studio City Finance, including amending the threshold sizes and measurement dates of the covenants.

The 2016 SC Term Loan Facility is collateralized by cash of HK\$1,012 (equivalent to \$130). The Studio City Borrower is subject to mandatory prepayment requirements in respect of various amounts of the 2016 SC Revolving Credit Facility as specified in the 2016 Studio City Credit Facilities; in the event of the disposal of all or substantially all of the business and assets of the Studio City borrowing group which includes the Studio City Borrower and certain of its subsidiaries as defined under the 2016 Studio City Credit Facilities (the “2016 Studio City Borrowing Group”), the 2016 Studio City Credit Facilities are required to be repaid in full. In the event of a change of control, the Studio City Borrower may be required, at the election of any lender under the 2016 Studio City Credit Facilities, to repay such lender in full (other than the principal amount of the 2016 SC Term Loan Facility).

The indebtedness under the 2016 Studio City Credit Facilities is guaranteed by Studio City Investments and its subsidiaries (other than the Studio City Borrower). Security for the 2016 Studio City Credit Facilities includes a first-priority mortgage over any rights under the land concession contract of Studio City and an assignment of certain leases or rights to use agreements; as well as other customary security. The 2016 Studio City Credit Facilities contain certain affirmative and negative covenants customary for such

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**11. LONG-TERM DEBT, NET - continued**

**(b) Credit Facilities - continued**

2016 Studio City Credit Facilities - continued

financings, as well as affirmative, negative and financial covenants aligned with those of certain other financings at Studio City Finance. Certain specified bank accounts of Melco Resorts Macau are pledged under 2016 Studio City Credit Facilities and related finance documents. The 2016 Studio City Credit Facilities are secured by substantially all of the material assets of Studio City Investments and its subsidiaries.

The 2016 Studio City Credit Facilities contain 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 2016 Studio City Credit Facilities also contain conditions and events of default customary for such financings.

In addition, modification, expiry, or termination of the gaming concession of Melco Resorts Macau in circumstances that have a material adverse effect on the 2016 Studio City Borrowing Group (as a whole) will allow lenders to elect for the mandatory prepayment of all outstanding loan amounts.

There are provisions that limit certain payments of dividends and other distributions by the 2016 Studio City Borrowing Group to companies or persons who are not members of the 2016 Studio City Borrowing Group. As of December 31, 2023, the net assets of Studio City Investments and its restricted subsidiaries of approximately \$675,000 were restricted from being distributed under the terms of the 2016 Studio City Credit Facilities.

Borrowings under the 2016 Studio City Credit Facilities bear interest at HIBOR plus a margin of 4% per annum. The Studio City Borrower may select an interest period for borrowings under the 2016 Studio City Credit Facilities ranging from one to six months or any other agreed period. The Studio City Borrower is obligated to pay a commitment fee on the undrawn amount of the 2016 SC Revolving Credit Facility and recognized loan commitment fees of \$417, \$417 and \$419 during the years ended December 31, 2023, 2022 and 2021, respectively.

Philippine Credit Facility

On October 14, 2015, Melco Resorts and Entertainment (Philippines) Corporation ("MRP"), a subsidiary of Melco, entered into an on-demand, unsecured credit facility agreement of Philippine Pesos ("PHP") 2,350,000 (equivalent to \$49,824), as amended from time to time (the "Philippine Credit Facility") with a lender to finance advances to Melco Resorts Leisure (PHP) Corporation ("Melco Resorts Leisure"), a subsidiary of Melco. The available drawdown currencies under the Philippine Credit Facility are PHP and US\$. As of December 31, 2023, the Philippine Credit Facility availability period, as amended from time to time, is up to January 31, 2024 and was further extended to April 30, 2023, in January 2024, and the maturity date of each individual drawdown, as amended from time to time, 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

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****11. LONG-TERM DEBT, NET - continued****(b) Credit Facilities - continued***Philippine Credit Facility* - continued

availability period. The individual drawdowns under the Philippine Credit Facility are subject to certain conditions precedent, including issuance of a promissory note in favor of the lender evidencing such drawdown. As of December 31, 2023, borrowings under the Philippine Credit Facility bear interest, as amended from time to time, at the higher of: (i) the PHP BVAL Reference Rate of the selected interest period plus the applicable margin to be mutually agreed by the bank and the borrower at the time of drawdown, and (ii) Philippines Term Deposit Facility Rate of the selected interest period plus the applicable margin to be mutually agreed by the bank and the borrower at the time of drawdown, such rate to be set one business day prior to the relevant interest period. The Philippine Credit Facility includes a tax gross-up provision requiring MRP to pay without any deduction or withholding for or on account of tax.

As of December 31, 2023, the Philippine Credit Facility had not yet been drawn and the available unused borrowing capacity under the Philippine Credit Facility was PHP2,350,000 (equivalent to \$42,291).

**(c) Borrowing Rates and Scheduled Maturities of Long-term Debt**

During the years ended December 31, 2023, 2022 and 2021, the Company's average borrowing rates were approximately 5.72%, 5.32% and 5.43% per annum, respectively.

Scheduled maturities of the long-term debt (excluding unamortized deferred financing costs and original issue premiums) as of December 31, 2023 are as follows:

Year ending December 31,	
2024	\$ 128
2025	2,449,515
2026	500,000
2027	950,000
2028	1,350,128
Over 2028	2,250,000
	<u>\$ 7,499,771</u>

**12. LEASES****Lessee Arrangements**

The Company is the lessee under operating and finance leases for equipment and real estate, including the land and certain of the building structures for City of Dreams Manila under the MRP Lease Agreement as described in Note 20, Cyprus casino sites, Mocha Clubs sites, office spaces, warehouses, staff quarters, and certain parcels of land in Macau on which Altira Macau, City of Dreams and Studio City are located. Certain lease agreements provide for periodic rental increases based on both contractually agreed incremental rates and on the general inflation rate once agreed by the Company and its lessors and, in some cases, contingent rental expenses stated as a percentage of turnover. Certain leases include options to extend the lease term and options to terminate the lease term. The land concession contracts in Macau have a term of 25 years, which is renewable for further consecutive periods of 10 years, subject to applicable legislation in Macau. The estimated term related to the land concession contracts in Macau is 40 years.



**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****12. LEASES - continued****Lessee Arrangements - continued**

The components of lease costs are as follows:

	Year Ended December 31,		
	2023	2022	2021
Operating lease costs:			
Amortization of land use rights	\$ 22,670	\$ 22,662	\$ 22,832
Operating lease costs	18,434	14,614	29,401
Short-term lease costs	342	720	473
Variable lease costs	2,684	1,902	(629)
Finance lease costs:			
Amortization of right-of-use assets	5,336	12,928	15,682
Interest costs	24,562	25,371	31,642
Total lease costs	<u>\$ 74,028</u>	<u>\$ 78,197</u>	<u>\$ 99,401</u>

Other information related to lease terms and discount rates is as follows:

	December 31,	
	2023	2022
Weighted average remaining lease term		
Operating leases	18.0 years	21.5 years
Finance leases	9.5 years	10.5 years
Weighted average discount rate		
Operating leases	6.66%	5.77%
Finance leases	10.70%	10.70%

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****12. LEASES - continued****Lessee Arrangements - continued**

Maturities of lease liabilities as of December 31, 2023 are as follows:

	<u>Operating Leases</u>	<u>Finance Leases</u>
Year ending December 31,		
2024	\$ 20,502	\$ 37,387
2025	13,130	37,387
2026	11,058	37,387
2027	5,675	37,387
2028	5,365	37,387
Over 2028	<u>65,681</u>	<u>169,345</u>
Total future minimum lease payments	121,411	356,280
Less: amounts representing interest	<u>(47,868)</u>	<u>(133,499)</u>
Present value of future minimum lease payments	73,543	222,781
Current portion	<u>(19,685)</u>	<u>(35,307)</u>
Non-current portion	<u>\$ 53,858</u>	<u>\$ 187,474</u>

**Lessor Arrangements**

The Company is the lessor under non-cancellable operating leases mainly for mall spaces in the sites of City of Dreams, City of Dreams Manila, Studio City and City of Dreams Mediterranean with various retailers that expire at various dates through December 2035. Certain of the operating leases include minimum base fees with contingent fee clauses based on percentages of turnover.

During the years ended December 31, 2023, 2022 and 2021, the Company earned minimum operating lease income of \$45,210, \$41,633 and \$45,019, respectively, and contingent operating lease income of \$7,810, \$265 and \$5,080, respectively. Total lease income for the years ended December 31, 2023, 2022 and 2021 were reduced by \$52, \$3,076 and \$882, respectively, as a result of the rent concessions related to the effects of the COVID-19 outbreak.

Future minimum fees, excluding the contingent fees to be received under non-cancellable operating leases as of December 31, 2023 were as follows:

Year ending December 31,	
2024	\$ 56,427
2025	56,409
2026	29,975
2027	7,257
2028	3,378
Over 2028	<u>3,640</u>
	<u>\$ 157,086</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued  
(In thousands, except share and per share data)**13. FAIR VALUE MEASUREMENTS**

Authoritative literature provides a fair value hierarchy, which prioritizes the input to valuation techniques used to measure fair values into three broad levels. The level in the hierarchy within which the fair value measurements in its entirety is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The carrying values of cash equivalents, bank time deposits included in restricted cash, long-term deposits, long-term receivables and other long-term liabilities approximated fair values and were classified as level 2 in the fair value hierarchy.

The fair value as of December 31, 2023 adopted for the long-lived assets impairment of Altira Macau as described in Note 2(m) were estimated by using level 3 inputs based on a combination of income and cost approaches.

The fair values as of December 31, 2022 adopted in impairment assessments of an aircraft and a piece of freehold land classified as assets held for sale were estimated by using level 2 and level 3 inputs, respectively. Details are disclosed in Note 2(m) and Note 5.

The estimated fair values of long-term debt as of December 31, 2023 and 2022, were approximately \$6,975,901 and \$7,341,910, respectively, as compared to their carrying values, excluding unamortized deferred financing costs and original issue premiums, of \$7,499,771 and \$8,449,459, respectively. Fair values were estimated using quoted market prices and were classified as level 1 in the fair value hierarchy for the 2017 4.875% Senior Notes, the 2019 5.250% Senior Notes, the 2019 5.625% Senior Notes, the 2019 5.375% Senior Notes, the 2020 5.750% Senior Notes, the 2020 Studio City Notes, the 2021 5.000% Studio City Notes and the 2022 7.000% Studio City Secured Notes. Fair values for the 2015 Credit Facilities, the 2020 Credit Facilities and the 2016 Studio City Credit Facilities approximated their carrying values as the instruments carried variable interest rates that approximated the market rates and were classified as level 2 in the fair value hierarchy.

As of December 31, 2023 and 2022, the Company did not have any non-financial assets or liabilities that were recognized or disclosed at fair value in the accompanying consolidated financial statements.

**14. CAPITAL STRUCTURE****Treasury Shares**

Melco's treasury shares represent new shares issued by Melco and the shares repurchased by Melco under the respective share repurchase programs. The treasury shares are mainly held by the depositary bank to

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**14. CAPITAL STRUCTURE - continued**

**Treasury Shares - continued**

facilitate the administration and operations of Melco's share incentive plans, and are to be delivered to the directors, eligible employees and consultants on the vesting of restricted shares and upon the exercise of share options.

No ordinary shares were issued by Melco to its depository bank for future vesting of restricted shares and exercise of share options during the years ended December 31, 2023, 2022 and 2021. Melco issued 16,254,282, 14,720,040 and 6,042,543 ordinary shares upon vesting of restricted shares and 82,242, nil and 2,478,594 ordinary shares upon exercise of share options during the years ended December 31, 2023, 2022 and 2021, respectively.

On June 2, 2021, the Board of Directors of Melco authorized the repurchase of Melco's ordinary shares and/or ADSs of up to an aggregate of \$500,000 over a three-year period which commenced on June 2, 2021 under a share repurchase program (the "2021 Share Repurchase Program"). Purchases under the 2021 Share Repurchase Program may be made from time to time on the open market at prevailing market prices, including pursuant to a trading plan in accordance with Rule 10b-18 and/or Rule 10b5-1 of the U.S. Securities Exchange Act, and/or in privately-negotiated transactions. The timing and the amount of ordinary shares and/or ADSs purchased were determined by Melco's management based on its evaluation of market conditions, trading prices, applicable securities laws and other factors. The 2021 Share Repurchase Program may be suspended, modified or terminated by Melco at any time prior to its expiration.

On August 18, 2022, Melco, Melco International and Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a subsidiary of Melco International, entered into a share repurchase agreement, pursuant to which Melco agreed to repurchase 9,995,799 ordinary shares of Melco and 25,000,000 ADSs of Melco (equivalent to 75,000,000 ordinary shares) from Melco Leisure (the "2022 Share Repurchase"). On August 26, 2022, the Share Repurchase was completed for an aggregate consideration of \$152,709, which represents an average price of \$1.7967 per share or \$5.39 per ADS. Following the completion of the 2022 Share Repurchase, 9,995,799 ordinary shares of Melco were retired (the "2022 Share Retirement").

On March 8, 2023, Melco, Melco International and Melco Leisure entered into a share repurchase agreement, pursuant to which Melco agreed to repurchase 40,373,076 ordinary shares of Melco from Melco Leisure (the "2023 Share Repurchase"). On March 10, 2023, the 2023 Share Repurchase was completed for an aggregate consideration of \$169,836, which represents an average price of \$4.2067 per share or \$12.62 per ADS and 40,373,076 ordinary shares of Melco repurchased from Melco Leisure were retired on the same date (the "2023 Share Retirement").

Other than the 2023 Share Repurchase and the 2023 Share Retirement as described above, no ordinary shares were repurchased and retired during the year ended December 31, 2023. In addition to the 2022 Share Repurchase and the 2022 Share Retirement as described above, 5,929,076 ADSs, equivalent to 17,787,228 ordinary shares were repurchased under the 2021 Share Repurchase Program, of which 1,500,000 ordinary shares repurchased were retired during the year ended December 31, 2022. During the year ended December 31, 2021, 5,372,045 ADSs, equivalent to 16,116,135 ordinary shares were repurchased under the 2021 Share Repurchase Program, of which no ordinary shares repurchased were retired.

As of December 31, 2023 and 2022, Melco had 1,404,679,067 and 1,445,052,143 issued ordinary shares, and 93,408,292 and 109,744,816 treasury shares, with 1,311,270,775 and 1,335,307,327 ordinary shares outstanding, respectively.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**15. INCOME TAXES**

Loss before income tax consisted of:

	Year Ended December 31,		
	2023	2022	2021
Macau operations	\$ 11,021	\$ (720,470)	\$ (456,089)
Hong Kong operations	(474,862)	(400,725)	(434,618)
Philippine operations	86,910	28,204	(51,436)
Cyprus operations	(29,171)	3,152	(13,454)
Other jurisdictions operations	4,194	(2,092)	2,018
Loss before income tax	\$ (401,908)	\$ (1,091,931)	\$ (953,579)

The income tax expense consisted of:

	Year Ended December 31,		
	2023	2022	2021
<b>Income tax expense - current:</b>			
Macau Complementary Tax	\$ —	\$ 9	\$ 172
Lump sum in lieu of Macau Complementary Tax on dividends	5,650	2,342	2,359
Hong Kong Profits Tax	11,613	528	48
Philippine Corporate Income Tax	4	5	1
Philippine withholding tax on dividends	2,566	—	2,937
Cyprus Corporate Income Tax	—	—	188
Income tax in other jurisdictions	66	219	323
Sub-total	19,899	3,103	6,028
<b>(Over) under provision of income taxes in prior years:</b>			
Macau Complementary Tax	(511)	(560)	(874)
Lump sum in lieu of Macau Complementary Tax on dividends	(1,327)	—	—
Hong Kong Profits Tax	(450)	(4)	18
Philippine Corporate Income Tax	(157)	300	(62)
Income tax in other jurisdictions	50	98	14
Sub-total	(2,395)	(166)	(904)
<b>Income tax (benefit) expense - deferred:</b>			
Macau Complementary Tax	(7,931)	(768)	(4,535)
Hong Kong Profits Tax	(154)	3,276	2,493
Philippine Corporate Income Tax	3,366	(258)	209
Cyprus Corporate Income Tax	589	(578)	—
Income tax in other jurisdictions	48	627	(406)
Sub-total	(4,082)	2,299	(2,239)
Total income tax expense	\$ 13,422	\$ 5,236	\$ 2,885

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**15. INCOME TAXES - continued**

A reconciliation of the income tax expense from loss before income tax per the accompanying consolidated statements of operations is as follows:

	Year Ended December 31,		
	2023	2022	2021
Loss before income tax	\$ (401,908)	\$ (1,091,931)	\$ (953,579)
Macau Complementary Tax rate	12%	12%	12%
Income tax benefit at Macau Complementary Tax rate	(48,229)	(131,032)	(114,429)
Lump sum in lieu of Macau Complementary Tax on dividends	5,650	2,342	2,359
Effect of different tax rates of subsidiaries operating in other jurisdictions	(13,422)	(12,271)	(31,653)
Over provision in prior years	(2,395)	(166)	(904)
Effect of income for which no income tax expense is payable	(14,178)	(11,727)	(6,308)
Effect of expenses for which no income tax benefit is receivable	80,455	70,687	101,111
Effect of profits generated by gaming operations exempted	(75,403)	(25,700)	(10,851)
Effect of tax losses that cannot be carried forward	—	15,553	6,742
Changes in valuation allowances	27,004	48,122	(13,360)
Change in income tax rate	—	—	16,521
Expired tax losses	53,940	49,428	53,657
Income tax expense	\$ 13,422	\$ 5,236	\$ 2,885

Melco and certain of its subsidiaries are exempt from tax in the Cayman Islands or British Virgin Islands, where they are incorporated, while Melco is subject to Hong Kong Profits Tax on profits from its activities conducted in Hong Kong. Certain subsidiaries incorporated or conducting businesses in Macau, Hong Kong, the Philippines, Cyprus and other jurisdictions are subject to Macau Complementary Tax, Hong Kong Profits Tax, Philippine Corporate Income Tax, Cyprus Corporate Income Tax and income tax in other jurisdictions, respectively, during the years ended December 31, 2023, 2022 and 2021.

Macau Complementary Tax, Hong Kong Profits Tax, Cyprus Corporate Income Tax and income tax in other jurisdictions have been provided at 12%, 16.5%, 12.5% and the respective tax rates in other jurisdictions, on the estimated taxable income earned in or derived from the respective jurisdictions, respectively, during the years ended December 31, 2023, 2022 and 2021, if applicable.

On March 26, 2021, in the Philippines, the Corporate Recovery and Tax Incentives for Enterprises (“CREATE”) took effect on April 11, 2021. CREATE reduced the minimum corporate income tax in the Philippines from 2% to 1% for the period from July 1, 2020 to June 30, 2023 and the corporate income tax rate in the Philippines from 30% to 25% starting July 1, 2020.

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 Limited (“Studio City Entertainment”), a subsidiary of Melco, 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

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**15. INCOME TAXES - continued**

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 February 17, 2022 and September 1, 2022, Melco Resorts Macau was granted an extension of the Macau Complementary Tax exemption on profits generated from gaming operations under the previous gaming subconcession for the period from January 1, 2022 to June 26, 2022 and from June 27, 2022 to December 31, 2022, respectively. Melco Resorts Macau continues to benefit from the Macau Complementary Tax exemption on profits generated from gaming operations under the Concession for the period from January 1, 2023 to December 31, 2027 pursuant to a Dispatch of the Macau Chief Executive dated January 29, 2024. Studio City Entertainment applied for an extension of the Macau Complementary Tax exemption for 2022 and for the period from January 1, 2023 through December 31, 2027. These applications are subject to the discretionary approval of the Macau government. The non-gaming profits and dividend distributions of Studio City Entertainment to its shareholders continue to be subject to the Macau Complementary Tax. Melco Resorts Macau's non-gaming profits remain subject to the Macau Complementary Tax and its casino revenues remain subject to the Macau special gaming tax and other levies in accordance with the Concession effective on January 1, 2023.

The gaming operations of Melco Resorts Leisure, the operator of City of Dreams Manila, are exempt from Philippine Corporate Income Tax, among other taxes, pursuant to the Philippine Amusement and Gaming Corporation ("PAGCOR") charter and are subject to license fees which are inclusive of the 5% franchise tax based on gross gaming revenue in the Philippines, in lieu of all other taxes.

Had Melco Resorts Macau and Melco Resorts Leisure not have been entitled to the income tax exemption on profits generated by gaming operations for the year ended December 31, 2023 in Macau and the Philippines, respectively, and if Studio City Entertainment's application for the extended exemption from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau will not be approved, the Company's consolidated net loss attributable to Melco Resorts & Entertainment Limited for the year ended December 31, 2023 would have been increased by \$75,190 and diluted loss per share would have been increased by \$0.057 per share. During the years ended December 31, 2022 and 2021, Melco Resorts Macau and Studio City Entertainment in Macau did not have any profits generated by gaming operations exempted from Macau Complementary Tax, while had Melco Resorts Leisure not received the income tax exemption on profits generated by gaming operations in the Philippines, the Company's consolidated net loss attributable to Melco Resorts & Entertainment Limited for the years ended December 31, 2022 and 2021 would have been increased by \$25,252 and \$10,688, and diluted loss per share would have been increased by \$0.018 and \$0.007 per share, respectively.

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 2017 through 2021, in which the extension agreement provided for an annual payment of MOP18,900 (equivalent to \$2,342) as payments in lieu of Macau Complementary Tax which would otherwise be borne by the shareholders of Melco Resorts Macau on dividend distributions from gaming profits ("Payments in lieu of Macau Complementary Tax on Dividend Distributions"). Such annual payment was required regardless of whether dividends were actually distributed or whether Melco Resorts Macau had distributable profits in the relevant year. In December 2022 and March 2023, Melco Resorts Macau received extensions of the agreements with the Macau government for an amount of MOP4,000 (equivalent to \$497) and MOP4,167 (equivalent to \$518) as Payments in lieu of Macau Complementary Tax on Dividend Distributions for the period from January 1, 2022 to June 26, 2022 and from June 27, 2022 to December 31, 2022, respectively. In February 2024, Melco Resorts Macau entered into an agreement with the Macau government in relation to the Payments in lieu of

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****15. INCOME TAXES - continued**

Macau Complementary Tax on Dividend Distributions from January 1, 2023 to December 31, 2025. During the year ended December 31, 2023, an estimated amount of \$5,650 was provided for such arrangement.

The effective tax rates for the years ended December 31, 2023, 2022 and 2021 were (3.34)%, (0.48)% and (0.30)%, respectively. Such rates differ from the statutory Macau Complementary Tax rate of 12%, where the majority of the Company's operations are located, primarily due to the effects of expired tax losses, expenses for which no income tax benefit is receivable, income for which no income tax expense is payable, changes in valuation allowances, profits generated by gaming operations being exempted from Philippine Corporate Income Tax and different tax rates of subsidiaries operating in other jurisdictions for the relevant years together with the effect of profits generated by gaming operations being exempted from Macau Complementary Tax for the year ended December 31, 2023; the effect of tax losses that cannot be carried forward for the year ended December 31, 2022; and the effects of tax losses that cannot be carried forward and change in income tax rate for the year ended December 31, 2021.

The net deferred tax liabilities as of December 31, 2023 and 2022 consisted of the following:

	December 31,	
	2023	2022
Deferred tax assets:		
Net operating losses carried forward	\$ 205,189	\$ 206,079
Depreciation and amortization	157,667	76,272
Lease liabilities	29,277	30,492
Others	16,936	13,052
Sub-total	409,069	325,895
Valuation allowances	(374,623)	(299,620)
Total deferred tax assets	<u>34,446</u>	<u>26,275</u>
Deferred tax liabilities:		
Right-of-use assets	(9,471)	(10,413)
Land use rights	(36,513)	(44,434)
Intangible assets	(9,718)	(505)
Unrealized capital allowances	(4,405)	(4,279)
Others	(9,298)	(5,683)
Total deferred tax liabilities	<u>(69,405)</u>	<u>(65,314)</u>
Deferred tax liabilities, net	<u>\$ (34,959)</u>	<u>\$ (39,039)</u>

As of December 31, 2023 and 2022, valuation allowances of \$374,623 and \$299,620 were provided, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized. As of December 31, 2023, adjusted operating tax losses carried forward of \$10,048 have no expiry date and the remaining tax losses amounting to \$1,380,467 will expire by 2024 through 2033. Adjusted operating tax losses carried forward of \$448,834 expired during the year ended December 31, 2023.

Deferred tax, where applicable, is provided under the asset and liability method at the enacted statutory income tax rate of the respective tax jurisdictions, applicable to the respective financial years, on the difference between the consolidated financial statements carrying amounts and income tax base of assets and liabilities.



**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****15. INCOME TAXES - continued**

Aggregate undistributed earnings of certain of Melco's foreign subsidiaries available for distribution to Melco of approximately \$745,694 and \$745,425 as of December 31, 2023 and 2022, respectively, are considered to be indefinitely reinvested. Accordingly, no provision has been made for the dividend withholding taxes that would be payable upon the distribution of those amounts to Melco. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, Melco would have to record a deferred income tax liability in respect of those undistributed earnings of approximately \$89,483 and \$89,449 as of December 31, 2023 and 2022, respectively.

A reconciliation of the beginning and ending amounts of unrecognized tax benefits is presented as follows:

	Year Ended December 31,		
	2023	2022	2021
At beginning of year	\$ 22,940	\$ 16,342	\$ 15,132
Additions based on tax positions related to current year	756	6,810	2,028
Additions based on tax positions related to prior year	4,984	—	—
Reductions due to expiry of the statute of limitations	(1,348)	(212)	(818)
At end of year	<u>\$ 27,332</u>	<u>\$ 22,940</u>	<u>\$ 16,342</u>

The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate were \$27,332 and \$22,940 as of December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, there were no interest and penalties related to uncertain tax positions recognized in the accompanying consolidated financial statements. The Company does not anticipate any significant increases or decreases in unrecognized tax benefits within the next twelve months.

Melco and its subsidiaries' major tax jurisdictions are Hong Kong, Macau, the Philippines and Cyprus. Income tax returns of Melco and its subsidiaries remain open and subject to examination by the local tax authorities of Macau, Hong Kong, the Philippines and Cyprus until the statute of limitations expire in each corresponding jurisdiction. The statute of limitations in Macau, Hong Kong, the Philippines and Cyprus are five years, six years, three years and six years, respectively.

**16. SHARE-BASED COMPENSATION****2006 Share Incentive Plan**

Melco adopted a share incentive plan in 2006 ("2006 Share Incentive Plan"), as amended, for grants of share options and nonvested shares of Melco's ordinary shares to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award was 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2006 Share Incentive Plan was 100,000,000 over 10 years. Melco adopted a share incentive plan in 2011 ("2011 Share Incentive Plan") and a share incentive plan in 2021 ("2021 Share Incentive Plan") as described below and no further awards would be granted under the 2006 Share Incentive Plan and the 2011 Share Incentive Plan which was terminated on December 6, 2021. All subsequent awards will be issued under the 2021 Share Incentive Plan.

*Share Options*

As of December 31, 2023 and 2022, there were no outstanding share options under the 2006 Share Incentive Plan.

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****16. SHARE-BASED COMPENSATION - continued****2006 Share Incentive Plan - continued***Share Options - continued*

The following information is provided for share options under the 2006 Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Proceeds from the exercise of share options	\$ —	\$ —	\$ 2,756
Intrinsic value of share options exercised	\$ —	\$ —	\$ 7,370

As of December 31, 2023, there were no unrecognized compensation costs related to share options under the 2006 Share Incentive Plan.

**2011 Share Incentive Plan**

Melco adopted the 2011 Share Incentive Plan, effective on December 7, 2011, which had been subsequently amended and restated, for grants of various share-based awards, including but not limited to, options to purchase Melco's ordinary shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award was 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2011 Share Incentive Plan was 100,000,000 over 10 years, which could be raised up to 10% of the issued share capital upon shareholders' approval. The 2011 Share Incentive Plan would have expired ten years after December 7, 2011.

Melco adopted the 2021 Share Incentive Plan as described below, effective on December 6, 2021 (also the termination date of the 2011 Share Incentive Plan). Upon the termination of the 2011 Share Incentive Plan, no further awards may be granted under the 2011 Share Incentive Plan but the provisions of such plan shall remain in full force and effect in all other respects for any awards granted prior to the date of the termination of such plan.

*Share Options*

There were no share options granted under the 2011 Share Incentive Plan during the years ended December 31, 2023 and 2022. During the year ended December 31, 2021, the exercise prices for share options granted under the 2011 Share Incentive Plan were determined at the market closing prices of Melco's ADS trading on the Nasdaq Global Select Market on the dates of grant. These share options became exercisable over vesting periods of two to three years. The share options granted expire 10 years from the date of grant.

The Company uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco's ADS trading on the Nasdaq Global Select Market. Expected term is based upon the vesting term or the historical expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**16. SHARE-BASED COMPENSATION - continued**

**2011 Share Incentive Plan - continued**

*Share Options - continued*

The fair values of share options granted under the 2011 Share Incentive Plan were estimated on the dates of grant using the following weighted average assumptions:

	Year Ended December 31, 2021
Expected dividend yield	2.50%
Expected stock price volatility	45.46%
Risk-free interest rate	1.00%
Expected term (years)	5.6

A summary of the share options activity under the 2011 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of January 1, 2023	2,845,719	\$ 5.89		
Exercised	(14,094)	4.13		
Forfeited or expired	(141,978)	5.42		
Outstanding as of December 31, 2023	<u>2,689,647</u>	<u>\$ 5.93</u>	<u>5.16</u>	<u>\$ —</u>
Fully vested and expected to vest as of December 31, 2023	<u>2,689,647</u>	<u>\$ 5.93</u>	<u>5.16</u>	<u>\$ —</u>
Exercisable as of December 31, 2023	<u>2,570,973</u>	<u>\$ 5.88</u>	<u>5.06</u>	<u>\$ —</u>

The following information is provided for share options under the 2011 Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Weighted average grant date fair value	\$ —	\$ —	\$ 2.28
Proceeds from the exercise of share options	\$ 58	\$ —	\$ 4,345
Intrinsic value of share options exercised	\$ 7	\$ —	\$ 1,655

As of December 31, 2023, there were \$16 unrecognized compensation costs related to share options under the 2011 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 0.27 years.

*Restricted Shares*

Certain restricted shares were approved by Melco to be granted under the 2011 Share Incentive Plan to the eligible management personnel of the Company in lieu of the 2020 bonus for their services performed

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**16. SHARE-BASED COMPENSATION - continued**

**2011 Share Incentive Plan - continued**

*Restricted Shares - continued*

during 2020. A total of 1,899,897 restricted shares were granted and vested immediately on March 31, 2021 (the “2020 Bonus Shares”) with the grant date fair value of \$19.91 per ADS or \$6.6367 per share, which was the closing price of Melco’s ADS trading on the Nasdaq Global Select Market on the date of grant.

On July 7, 2021, a total of 52,056 restricted shares were granted to employees of an affiliated company, a subsidiary of Melco International, for their services rendered to Melco International, with vesting periods of three months to twelve months. The grant date fair value for these restricted shares, which was determined with reference to the market closing price of Melco’s ADS trading on the Nasdaq Global Select Market on the date of grant, were recognized as a deemed distribution to Melco International in respect of share-based compensation against retained earnings over the vesting period. Deemed distributions to Melco International in respect of these restricted shares of \$143 and \$136 were recognized during the years ended December 31, 2022 and 2021, respectively. During the year ended December 31, 2022, the reimbursement from Melco International of \$279 for restricted shares granted to employees of an affiliated company were recognized as an increase in additional paid-in capital of the Company as deemed contribution from Melco International in respect of these restricted shares, with a corresponding increase in receivable from affiliated companies in the consolidated balance sheet.

There were no restricted shares granted under the 2011 Share Incentive Plan during the years ended December 31, 2023 and 2022. Other than the restricted shares granted under the 2020 Bonus Shares as described above, the grant date fair values for restricted shares granted under the 2011 Share Incentive Plan during the year ended December 31, 2021, with vesting periods of generally three months to three years, were determined with reference to the market closing prices of Melco’s ADS trading on the Nasdaq Global Select Market on the dates of grant.

A summary of the restricted shares activity under the 2011 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date Fair Value
Unvested as of January 1, 2023	7,705,320	\$ 5.42
Vested	(5,760,885)	4.97
Forfeited	(117,597)	5.93
Unvested as of December 31, 2023	<u>1,826,838</u>	<u>\$ 6.81</u>

The following information is provided for restricted shares under the 2011 Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Weighted average grant date fair value	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 6.07</u>
Grant date fair value of restricted shares vested	<u>\$ 28,638</u>	<u>\$ 54,424</u>	<u>\$ 43,533</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****16. SHARE-BASED COMPENSATION - continued****2011 Share Incentive Plan - continued***Restricted Shares - continued*

As of December 31, 2023, there were \$2,104 unrecognized compensation costs related to restricted shares under the 2011 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 0.27 years.

**2021 Share Incentive Plan**

Melco adopted the 2021 Share Incentive Plan, effective on December 6, 2021, for grants of various share-based awards, including but not limited to, options to purchase Melco's ordinary shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of the Company and its affiliates. The maximum term of an award is 10 years from the date of the grant. The maximum aggregate number of ordinary shares to be available for all awards under the 2021 Share Incentive Plan may be increased from time to time, provided that the maximum aggregate number of Melco's ordinary shares which may be issued upon exercise of options granted under the 2021 Share Incentive Plan shall not be more than 10% of the total number of the issued share capital of Melco on the date the new plan limit is approved by the shareholders of Melco International in accordance with the applicable listing rules in Hong Kong. As of December 31, 2023, there were 104,653,941 ordinary shares available for grants of various share-based awards under the 2021 Share Incentive Plan.

*Share Options*

During the years ended December 31, 2023 and 2022, the exercise prices for share options granted under the 2021 Share Incentive Plan were determined at the market closing prices of Melco's ADS trading on the Nasdaq Global Select Market on the dates of grant. These share options became exercisable over vesting periods of one to three years. The share options granted expire 10 years from the date of grant. There were no share options granted under the 2021 Share Incentive Plan during the year ended December 31, 2021.

The Company uses the Black-Scholes valuation model to determine the estimated fair value for each share option granted, with certain assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco's ADS trading on the Nasdaq Global Select Market. Expected term is based upon the vesting term or the historical expected term of publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected term.

The fair values of share options granted under the 2021 Share Incentive Plan were estimated on the dates of grant using the following weighted average assumptions:

	Year Ended December 31,	
	2023	2022
Expected dividend yield	2.50%	2.50%
Expected stock price volatility	58.67%	51.00%
Risk-free interest rate	3.39%	2.69%
Expected term (years)	5.1	5.1

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****16. SHARE-BASED COMPENSATION - continued****2021 Share Incentive Plan - continued***Share Options - continued*

On March 28, 2022, the compensation committee of Melco 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 "Option Exchange Program"). The share options eligible for exchange under the Option Exchange Program were those that were granted during the years from 2012 to 2021 under the 2011 Share Incentive Plan, including those unvested, or vested but not exercised or the unexercised share options granted in 2012 but expired in March 2022. The Option Exchange Program became unconditional and effective on April 15, 2022, the date Melco accepted the eligible participants' consent (the "Modification Date"), with a total of 26,076,978 eligible share options were tendered and surrendered by eligible participants (the "Cancelled Share Options") and Melco granted an aggregate of 2,486,241 new share options (the "Replacement Share Options") and 5,912,547 new restricted shares (the "Replacement Restricted Shares") under the 2021 Share Incentive Plan. The Replacement Share Options and Replacement Restricted Shares have vesting periods of one to two years. The Replacement Share Options expire 10 years from April 6, 2022. A total incremental share-based compensation expense resulting from the Option Exchange Program was approximately \$3,306, representing the excess of (i) the fair value of certain Replacement Share Options measured using the Black-Scholes valuation model on the Modification Date; and (ii) the fair value of certain Replacement Restricted Shares determined with reference to the market closing price of Melco's ADS trading on the Nasdaq Global Select Market on the Modification Date, over the fair value of the Cancelled Share Options that were granted during 2013 to 2021 immediately before the exchange. The incremental share-based compensation expenses and the unrecognized compensation costs remaining from the Cancelled Share Options are being recognized over the new vesting periods of the Replacement Share Options and Replacement Restricted Shares. The weighted average fair value of the Replacement Share Options at the Modification Date was \$0.82.

The fair values of the Replacement Share Options granted under the 2021 Share Incentive Plan were estimated on the Modification Date using the following weighted average assumptions:

Expected dividend yield	2.50%
Expected stock price volatility	52.50%
Risk-free interest rate	2.75%
Expected term (years)	4.6

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**16. SHARE-BASED COMPENSATION - continued**

**2021 Share Incentive Plan - continued**

*Share Options - continued*

A summary of the share options activity under the 2021 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Share Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding as of January 1, 2023	5,360,526	\$ 2.47		
Granted	158,949	4.13		
Exercised	(68,148)	2.47		
Outstanding as of December 31, 2023	<u>5,451,327</u>	<u>\$ 2.52</u>	<u>8.29</u>	<u>\$ 2,593</u>
Fully vested and expected to vest as of December 31, 2023	<u>5,451,327</u>	<u>\$ 2.52</u>	<u>8.29</u>	<u>\$ 2,593</u>
Exercisable as of December 31, 2023	<u>2,133,066</u>	<u>\$ 2.47</u>	<u>8.26</u>	<u>\$ 1,045</u>

The following information is provided for share options under the 2021 Share Incentive Plan:

	Year Ended December 31,	
	2023	2022
Weighted average grant date fair value (excluding the options granted under the Option Exchange Program)	\$ 1.82	\$ 0.94
Proceeds from the exercise of share options	\$ 168	\$ —
Intrinsic value of share options exercised	\$ 120	\$ —

As of December 31, 2023, there were \$1,609 unrecognized compensation costs related to share options under the 2021 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 1.24 years.

*Restricted Shares*

Certain restricted shares were approved by Melco to be granted under the 2021 Share Incentive Plan to the eligible management personnel of the Company and its affiliated company in lieu of the 2021 bonus for their services performed during 2021. A total of 4,578,543 restricted shares were granted and vested immediately on April 6, 2022 (the "2021 Bonus Shares") with the grant date fair value of \$7.40 per ADS or \$2.47 per share, which was the closing price of Melco's ADS trading on the Nasdaq Global Select Market on the date of grant. Based on the estimated bonus amount, share-based compensation expenses of \$10,929, of which \$729 were capitalized, were recognized for the restricted shares granted to the management personnel rendered services to the Company and deemed distribution to Melco International in respect of the restricted shares granted to employees of an affiliated company of \$272 was recognized during the year ended December 31, 2021.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**16. SHARE-BASED COMPENSATION - continued**

**2021 Share Incentive Plan - continued**

*Restricted Shares - continued*

Certain restricted shares were approved by Melco to be granted under the 2021 Share Incentive Plan to the eligible management personnel of the Company in lieu of the 2022 bonus for their services performed during 2022. A total of 4,350,111 restricted shares were granted and vested immediately on April 5, 2023 (the “2022 Bonus Shares”) with the grant date fair value of \$12.38 per ADS or \$4.13 per share, which was the closing price of Melco’s ADS trading on the Nasdaq Global Select Market on the date of grant. Based on the estimated bonus amount, share-based compensation expenses of \$17,926, of which \$680 were capitalized, were recognized for such grant during the year ended December 31, 2022.

Other than the restricted shares granted under the 2021 Bonus Shares and the 2022 Bonus Shares as described above, the fair values for restricted shares granted under the 2021 Share Incentive Plan during the years ended December 31, 2023 and 2022, with vesting periods of generally five months to three years, were determined with reference to the market closing prices of Melco’s ADS trading on the Nasdaq Global Select Market on the dates of grant or the Modification Date. There were no restricted shares granted under the 2021 Share Incentive Plan during the year ended December 31, 2021.

A summary of the restricted shares activity under the 2021 Share Incentive Plan for the year ended December 31, 2023, is presented as follows:

	Number of Restricted Shares	Weighted Average Grant Date or Modification Date Fair Value
Unvested as of January 1, 2023	19,183,428	\$ 2.33
Granted	11,086,512	4.12
Vested	(12,819,975)	2.87
Forfeited	(362,919)	2.64
Unvested as of December 31, 2023	<u>17,087,046</u>	<u>\$ 3.08</u>

The following information is provided for restricted shares under the 2021 Share Incentive Plan:

	Year Ended December 31,	
	2023	2022
Weighted average grant date fair value (excluding the options granted under the Option Exchange Program)	\$ 4.12	\$ 2.35
Grant date fair value of restricted shares vested	\$ 36,732	\$ 12,967

As of December 31, 2023, there were \$32,510 unrecognized compensation costs related to restricted shares under the 2021 Share Incentive Plan and the costs are expected to be recognized over a weighted average period of 1.85 years.



**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**16. SHARE-BASED COMPENSATION - continued**

**MRP Share Incentive Plan**

MRP adopted a share incentive plan (the “MRP Share Incentive Plan”), effective on June 24, 2013, which was subsequently amended and restated, for grants of various share-based awards, including but not limited to, options to purchase MRP common shares, restricted shares, share appreciation rights and other types of awards to eligible directors, employees and consultants of MRP and its subsidiaries, and the Company and its affiliates. The maximum term of an award is 10 years from the date of grant. The maximum aggregate number of common shares to be available for all awards under the MRP Share Incentive Plan is 442,630,330 shares with up to 5% of the issued capital stock of MRP from time to time over 10 years. On April 24, 2019 and June 24, 2019, the board and the shareholders of MRP approved an amendment to the Amended Articles of Incorporation of MRP, respectively, whereby, without changing the total amount of the authorized capital stock, the par value per MRP common share was increased from PHP1 (equivalent to \$0.02) per share to PHP500,000 (equivalent to \$9,857) per share, thereby decreasing the total number of MRP common shares on a pro-rata basis (“Reverse Stock Split”). The Reverse Stock Split was approved by the Philippine Securities and Exchange Commission (the “Philippine SEC”) on May 12, 2020. As of December 31, 2023, there were 305 MRP common shares available for grants of various share-based awards under the MRP Share Incentive Plan. All share and per share data of MRP common shares relating to the transactions carried out before May 12, 2020 as disclosed in the accompanying consolidated financial statements, represent the number of shares or value per share of MRP common shares before the Reverse Stock Split.

All accrued liability associated with the cash-settled share options and restricted shares in accordance with the original vesting schedules was fully vested and settled during the year ended December 31, 2021. No fair value gain or loss on remeasurement of the liability associated with the cash-settled share options and restricted shares was recognized for the year ended December 31, 2021.

*Share Options*

As of December 31, 2023 and 2022, there were no outstanding share options under the MRP Share Incentive Plan.

There were no share options granted or exercised under the MRP Share Incentive Plan during the years ended December 31, 2023, 2022 and 2021.

During the years ended December 31, 2023, 2022 and 2021, MRP paid nil, nil and \$87 to settle the vested share options that are classified as cash-settled awards under the MRP Share Incentive Plan, respectively.

As of December 31, 2023, there were no unrecognized compensation costs related to share options under the MRP Share Incentive Plan.

*Restricted Shares*

As of December 31, 2023 and 2022, there were no unvested restricted shares under the MRP Share Incentive Plan.

There were no restricted shares granted under the MRP Share Incentive Plan during the years ended December 31, 2023, 2022, and 2021.

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****16. SHARE-BASED COMPENSATION - continued****MRP Share Incentive Plan - continued***Restricted Shares - continued*

The following information is provided for restricted shares under the MRP Share Incentive Plan:

	Year Ended December 31,		
	2023	2022	2021
Grant date fair value of restricted shares vested	\$ —	\$ —	\$ 351

During the years ended December 31, 2023, 2022 and 2021, MRP paid nil, nil and \$346 to settle the vested restricted shares that are classified as cash-settled awards under the MRP Share Incentive Plan, respectively.

As of December 31, 2023, there were no unrecognized compensation costs related to restricted shares under the MRP Share Incentive Plan.

**Melco International Share Incentive Plan**

On September 6, 2019, certain share-based awards under Melco International's share option scheme adopted on May 30, 2012 and share purchase scheme adopted on October 18, 2007 (the "Melco International Share Incentive Plan") were granted by Melco International to an employee of the Company.

On April 6, 2022, the board of directors of Melco International 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 restricted shares to be granted, subject to the eligible participants' consent (the "Melco International Option Exchange Program"). The share options eligible for exchange under the Melco International Option Exchange Program were those that were granted during the years from 2016 to 2021 under the Melco International Share Incentive Plan, including those unvested, or vested but not exercised. The Melco International Option Exchange Program became effective on April 6, 2022. A total of 14,200,000 eligible share options granted to an employee of the Company were accepted and surrendered and Melco International granted an aggregate of 4,740,000 new restricted shares under the Melco International Share Incentive Plan (the "Melco International Replacement Restricted Shares"). The Melco International Replacement Restricted Shares have vesting periods of one to two years. No incremental share-based compensation expense was resulted from the Melco International Option Exchange Program.

In accordance with the applicable accounting standards, the share-based compensation expenses related to the grant of share-based awards under the Melco International Share Incentive Plan to an employee of the Company, to the extent of services received by the Company, are recognized in the accompanying consolidated statements of operations with a corresponding increase in additional paid-in capital, representing capital contribution from Melco International. No share-based compensation expenses related to share-based awards under the Melco International Share Incentive Plan were recognized during the year ended December 31, 2023.

**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****16. SHARE-BASED COMPENSATION - continued**

The share-based compensation expenses for the Company were recognized as follows:

	Year Ended December 31,		
	2023	2022	2021
Share-based compensation expenses:			
2011 Share Incentive Plan	\$10,343	\$38,823	\$53,466
2021 Share Incentive Plan	26,092	32,803	10,929
MRP Share Incentive Plan	—	—	108
Melco International Share Incentive Plan	—	2,865	6,641
Total share-based compensation expenses	36,435	74,491	71,144
Less: Share-based compensation expenses capitalized in property and equipment	(962)	(2,682)	(3,187)
Share-based compensation expenses recognized in general and administrative expenses	<u>\$35,473</u>	<u>\$71,809</u>	<u>\$67,957</u>

**17. EMPLOYEE BENEFIT PLANS**

The Company operates defined contribution fund schemes in different jurisdictions, which allow eligible employees to participate in defined contribution plans (the “Defined Contribution Fund Schemes”). The Company either contributes a fixed percentage of the eligible employees’ relevant income, a fixed amount or an amount which matches the contributions of the employees up to a certain percentage of relevant income to the Defined Contribution Fund Schemes. The Company’s contributions to the Defined Contribution Fund Schemes are vested with employees in accordance to vesting schedules, achieving full vesting ranging from upon contribution to 10 years from the date of employment effective in April 2021. The Defined Contribution Fund Schemes were established under trusts with the fund assets being held separately from those of the Company by independent trustees.

Employees employed by the Company in different jurisdictions are members of government-managed social security fund schemes (the “Social Security Fund Schemes”), which are operated by the respective governments, if applicable. The Company is required to pay monthly fixed contributions or certain percentages of employee relevant income and meet the minimum mandatory requirements of the respective Social Security Fund Schemes to fund the benefits.

During the years ended December 31, 2023, 2022 and 2021, the Company’s contributions into the defined contribution retirement benefits schemes were \$32,041, \$26,688 and \$26,984, respectively.

**18. DISTRIBUTION OF PROFITS**

Subsidiaries of Melco incorporated in Macau are required to set aside a minimum between 10% to 25% of the entity’s profit after tax to the legal reserve until the balance of the legal reserve reaches a level equivalent to between 25% to 50% of the entity’s share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve is not available for distribution to the shareholders of the subsidiaries. The appropriation of the legal reserve is recorded in the subsidiaries’ financial statements in the

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**18. DISTRIBUTION OF PROFITS - continued**

year in which it is approved by the shareholders of the relevant subsidiaries. As of December 31, 2023 and 2022, the aggregate balance of the legal reserves amounted to \$31,525 and \$31,524, respectively.

The Company's borrowings, subject to certain exceptions and conditions, contain certain restrictions on paying dividends and other distributions, as defined in the respective indentures governing the relevant senior notes and credit facility agreements, and disclosed in Note 11 under each of the respective borrowings.

**19. DIVIDENDS**

In May 2020, the Company suspended its quarterly dividend program due to the impact of the COVID-19 outbreak.

During the years ended December 31, 2023, 2022 and 2021, the Company did not declare any dividends on the ordinary shares.

**20. REGULAR LICENSE, COOPERATION AGREEMENT, OPERATING AGREEMENT AND MRP LEASE AGREEMENT FOR CITY OF DREAMS MANILA**

The following agreements related to the development of City of Dreams Manila were entered into by the relevant parties of the Licensees (described below) and certain of its subsidiaries, which became effective on March 13, 2013 and end on the date of expiry of the Regular License as described below, currently expected to be on July 11, 2033, unless terminated earlier in accordance with the respective terms of the individual agreements.

(a) **Regular License**

On April 29, 2015, PAGCOR issued a regular casino gaming license, as amended (the "Regular License") in replacement of a provisional license granted as of March 13, 2013, to the co-licensees (the "Licensees") namely, MPHIL Holdings No. 1 Corporation, a subsidiary of MRP, and its subsidiaries including Melco Resorts Leisure (collectively the "MPHIL Holdings Group"), SM Investments Corporation ("SMIC"), Belle Corporation ("Belle") and PremiumLeisure and Amusement, Inc. ("PLAI") (SMIC, Belle and PLAI are collectively referred to as the "Philippine Parties") for the establishment and operation of City of Dreams Manila, with Melco Resorts Leisure, a co-licensee, as the "special purpose entity" to operate the casino business and as representative for itself and on behalf of the other co-licensees in dealings with PAGCOR. The Regular License has the same terms and conditions as the provisional license, and is valid until July 11, 2033. Further details of the terms and commitments under the Regular License are included in Note 21(b).

(b) **Cooperation Agreement**

The Licensees and certain of its subsidiaries entered into a cooperation agreement (the "Cooperation Agreement") and other related arrangements which govern the rights and obligations of the Licensees. Under the Cooperation Agreement, Melco Resorts Leisure is appointed as the sole and exclusive representative of the Licensees in connection with the Regular License and is designated as the operator to operate and manage City of Dreams Manila. Further details of the commitments under the Cooperation Agreement are included in Note 21(b).

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**20. REGULAR LICENSE, COOPERATION AGREEMENT, OPERATING AGREEMENT AND MRP LEASE AGREEMENT FOR CITY OF DREAMS MANILA - continued**

**(c) Operating Agreement**

The Licensees entered into an operating agreement (the “Operating Agreement”) which governs the operation and management of City of Dreams Manila by Melco Resorts Leisure. Under the Operating Agreement, Melco Resorts Leisure is appointed as the sole and exclusive operator and manager of City of Dreams Manila, and is responsible for, and has sole discretion (subject to certain exceptions) and control over, all matters relating to the operation and management of City of Dreams Manila (including the gaming and non-gaming operations). The Operating Agreement also includes terms of certain monthly payments to PLAI from Melco Resorts Leisure, based on the performance of gaming operations of City of Dreams Manila and is included in payments to the Philippine Parties in the accompanying consolidated statements of operations, and further provides that Melco Resorts Leisure has the right to retain all revenues from non-gaming operations of City of Dreams Manila.

As a result of the disruptions and impact caused by the COVID-19 outbreak, on March 22, 2021, Melco Resorts Leisure and PLAI entered into a supplemental agreement to the Operating Agreement where the monthly payments paid or payable by Melco Resorts Leisure from 2019 to 2022 were adjusted.

**(d) MRP Lease Agreement**

Melco Resorts Leisure and Belle entered into a lease agreement, as amended from time to time (the “MRP Lease Agreement”) under which Belle agreed to lease to Melco Resorts Leisure the land and certain of the building structures for City of Dreams Manila. The leased property is used by Melco Resorts Leisure and any of its affiliates exclusively as a hotel, casino and resort complex.

As a result of the disruptions and impact caused by the COVID-19 outbreak, on March 22, 2021, Melco Resorts Leisure and Belle entered into a supplemental agreement to the MRP Lease Agreement to make certain adjustments to the rental payments paid or payable by Melco Resorts Leisure for 2020 and 2021.

On August 19, 2022 and October 31, 2022, Melco Resorts Leisure and Belle entered into supplemental agreements to the MRP Lease Agreement to make certain adjustments to the rental payments paid or payable by Melco Resorts Leisure from 2022 to 2033.

**21. COMMITMENTS AND CONTINGENCIES**

**(a) Capital Commitments**

As of December 31, 2023, the Company had capital commitments mainly for the construction and acquisition of property and equipment for Studio City and City of Dreams totaling \$51,938.

**(b) Other Commitments**

**Concession - Macau**

Under the Concession awarded by the Macau government to Melco Resorts Macau on December 16, 2022, in addition to the fixed premium and variable premiums, as well as the Fee (see Note 7), Melco Resorts Macau is obligated to pay the Macau government the following:

- i) A special gaming tax of an amount equal to 35% of gross gaming revenue on a monthly basis.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**21. COMMITMENTS AND CONTINGENCIES - continued**

(b) **Other Commitments - continued**

**Concession - Macau - continued**

- ii) 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.
- iii) 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 (equivalent to \$870) and the average gross gaming revenue of the electronic gaming machines does not reach the annual minimum of MOP300 (equivalent to \$37). 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.
- iv) Melco Resorts Macau must maintain a guarantee issued by a Macau bank in favor of the Macau government in the amount of MOP1,000,000 (equivalent to \$124,284) until 180 days after the earlier of the expiration or termination of the Concession to guarantee its performance of certain of its legal and contractual obligations, including labor 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 to the bank.

*Committed Investment*

In connection with the Concession, Melco Resorts Macau has undertaken to carry out investment in the overall amount of MOP11,823,700 (equivalent to \$1,469,491) by December 2032. 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 (equivalent to \$1,243,829) is to 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 (equivalent to \$248,940), in the event the Macau's annual gross gaming revenue reaches MOP180,000,000 (equivalent to \$22,371,034) (the "Incremental Investment Trigger"). As Macau's annual gross gaming revenue exceeded MOP180,000,000 (equivalent to \$22,371,034) in 2023, the Incremental Investment Trigger was reached and, the non-gaming investment to be carried out was increased by MOP2,003,000 (equivalent to \$248,940) to MOP12,011,000 (equivalent to \$1,492,769), with the overall investment amount increased to MOP13,826,700 (equivalent to \$1,718,431) to be carried out by December 2032. As of December 31, 2023, the total investment in gaming and non-gaming related projects carried out was in the aggregate amount of MOP1,330,971 (equivalent to \$165,418).

**Regular License - Philippines**

Commitments required by PAGCOR under the Regular License are as follows:

- To secure a surety bond in favor of PAGCOR in the amount of PHP100,000 (equivalent to \$1,800) to ensure prompt and punctual remittances/payments of all license fees.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**21. COMMITMENTS AND CONTINGENCIES - continued**

(b) **Other Commitments - continued**

**Regular License - Philippines - continued**

- License fees must be remitted on a monthly basis, in lieu of all taxes with reference to the income component of the gross gaming revenues: (a) 15% high roller tables; (b) 25% non-high roller tables; (c) 25% slot machines and electronic gaming machines; and (d) 15% junket operations. The license fees are inclusive of the 5% franchise tax under the terms of the PAGCOR charter. In October 2021, certain terms under the Regular License were amended to include the monthly minimum guarantee fee of PHP300 (equivalent to \$5) on certain games under the 25% non-high roller tables effective on March 15, 2022. This monthly minimum guarantee fee was discontinued in June 2022, but was reinstated on March 2, 2023.
- The Licensees are required to remit 2% of casino revenues generated from non-junket operation tables to a foundation devoted to the restoration of Philippine cultural heritage, as selected by the Licensees and approved by PAGCOR.
- PAGCOR may collect a 5% fee on non-gaming revenue received from food and beverage, retail and entertainment outlets. All revenues from hotel operations should not be subject to the 5% fee except for rental income received from retail concessionaires.
- Grounds for revocation of the Regular License, among others, are as follows: (a) failure to comply with material provisions of this license; (b) failure to remit license fees within 30 days from receipt of notice of default; (c) the holder has become bankrupt or insolvent; and (d) if the debt-to-equity ratio is more than 70:30. As of December 31, 2023 and 2022, MPHIL Holdings Group, as one of the Licensee parties, has complied with the required debt-to-equity ratio under the definition as agreed with PAGCOR.

**Cooperation Agreement - Philippines**

Under the terms of the Cooperation Agreement, the Licensees are jointly and severally liable to PAGCOR under the Regular License and each Licensee (indemnifying Licensee) must indemnify the other Licensees for any losses suffered or incurred by that Licensee arising out of, or in connection with, any breach by the indemnifying Licensee of the Regular License. Also, each of the Philippine Parties and MPHIL Holdings Group agree to indemnify the non-breaching party for any losses suffered or incurred as a result of a breach of any warranties.

**Gaming License - Cyprus**

Pursuant to the Cyprus License agreement, in addition to the Cyprus License Fee (see Note 7), the Cyprus Subsidiary has committed to pay the Cyprus government a casino tax of an amount equal to 15% of the gross gaming revenue on a monthly basis and the rate shall not be increased during the period of exclusivity for the Cyprus License.

(c) **Guarantees**

Except as disclosed in Notes 11 and 21(b), the Company has made the following significant guarantees as of December 31, 2023:

- Melco entered into two deeds of guarantee with third parties amounting to \$35,000 to guarantee certain payment obligations of the City of Dreams' operations.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**21. COMMITMENTS AND CONTINGENCIES - continued**

(c) **Guarantees** - continued

- In October 2013, one of the Melco’s subsidiaries entered into a trade credit facility agreement for HK\$200,000 (equivalent to \$25,602) (“Trade Credit Facility”) with a bank to meet certain payment obligations of the Studio City project. The Trade Credit Facility which matured on August 31, 2023 was further extended to August 31, 2025, and is guaranteed by Studio City Company. As of December 31, 2023, approximately \$640 of the Trade Credit Facility had been utilized.
- Melco Resorts Leisure issued a corporate guarantee of PHP100,000 (equivalent to \$1,800) to a bank in respect of a surety bond issued to PAGCOR as disclosed in Note 21(b) under the Regular License.

(d) **Litigation**

On December 7, 2021, the Independent Liquor and Gaming Authority in Australia (“ILGA”) commenced proceedings in the Supreme Court of New South Wales against Melco and six individual directors and/or officers of Melco, principally seeking a payment of Australian dollars (“AUD”) 3,676 (equivalent to \$2,664) together with (i) the corresponding interest on such amount from August 3, 2020 to the date of judgment, and (ii) ILGA’s legal costs in the proceedings by ILGA allegedly associated with its seeking in its assessment of whether a major change was proposed or occurred as a result of Melco’s acquisition of shares in Crown in 2019. On July 24, 2023, a settlement deed was entered into for full and final settlement of all outstanding claims in respect of such proceedings.

As of December 31, 2023, the Company was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcomes of such proceedings have been adequately provided for or have no material impacts on the Company’s consolidated financial statements as a whole.

**22. RELATED PARTY TRANSACTIONS**

During the years ended December 31, 2023, 2022 and 2021, the Company entered into the following significant related party transactions:

Related companies	Nature of transactions	Year Ended December 31,		
		2023	2022	2021
<i>Transactions with affiliated companies</i>				
Melco International and its subsidiaries	<b>Revenues and income (services provided by the Company):</b>			
	Shared service fee income for corporate office	\$ 2,198	\$ 2,188	\$ 1,345
	Loan interest income	1,238	16,133	—
	<b>Costs and expenses (services provided to the Company):</b>			
	Management fee expenses <sup>(1)</sup>	2,182	1,394	1,749
	Share-based compensation expenses <sup>(2)</sup>	—	2,865	6,641

(1) The amount mainly represents management fee expenses for the services provided by the senior management of Melco International and for the operation of the office of Melco’s Chief Executive Officer.



**MELCO RESORTS & ENTERTAINMENT LIMITED****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)****22. RELATED PARTY TRANSACTIONS - continued**

- (2) The amount represents the share-based compensation expenses related to the grant of certain share-based awards under the Melco International Share Incentive Plan to an employee of the Company. Further information on the share-based compensation arrangements is included in Note 16.

**Other Related Party Transactions**

As of December 31, 2023, Mr. Lawrence Yau Lung Ho, Melco's Chief Executive Officer, and his controlled entity; and an independent director of Melco held an aggregate principal amount of \$60,000 and \$7,591 senior notes issued by subsidiaries of Melco, respectively. As of December 31, 2022, Mr. Lawrence Yau Lung Ho and his controlled entity; and an independent director of Melco held an aggregate principal amount of \$60,000 and \$8,500 senior notes issued by subsidiaries of Melco, respectively.

In November 2023, an independent director of Melco participated in the Tender Offer and a principal amount of \$909 of the 2020 6.000% SC Notes was purchased by Studio City Finance for a consideration of \$886.

During the years ended December 31, 2023, 2022 and 2021, total interest expense of \$3,300, \$3,300 and \$4,494, in relation to the senior notes issued by a subsidiary of Melco, were paid or payable to Mr. Lawrence Yau Lung Ho and his controlled entity, respectively. During the years ended December 31, 2023, 2022 and 2021, total interest expense of \$519, \$497 and \$316, in relation to the senior notes issued by subsidiaries of Melco, were paid or payable to an independent director of Melco, respectively.

**(a) Receivables from Affiliated Companies**

The outstanding balances mainly arising from operating income or prepayment of operating expenses on behalf of the affiliated companies as of December 31, 2023 and 2022 are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2023	2022
Melco International and its subsidiaries and joint venture	\$ 728	\$ 563
Other	69	67
	<u>\$ 797</u>	<u>\$ 630</u>

**(b) Payables to Affiliated Companies**

The outstanding balances mainly arising from operating expenses and expenses paid by affiliated companies on behalf of the Company as of December 31, 2023 and 2022, are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2023	2022
Melco International and its subsidiaries	<u>\$ 377</u>	<u>\$ 761</u>

**(c) Receivables from an Affiliated Company, Non-current**

On March 28, 2022, Melco entered into a facility agreement (the "Facility Agreement") with Melco International pursuant to which a \$250,000 revolving loan facility was granted by Melco as lender to Melco International as borrower for a period of 12 months after the first utilization date (the last day of

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**22. RELATED PARTY TRANSACTIONS - continued**

(c) **Receivables from an Affiliated Company, Non-current - continued**

such period being the “Final Repayment Date”). Melco International could request utilization of all or part of the loan from the date of the Facility Agreement until one month prior to the Final Repayment Date for general corporate purposes of Melco International and its subsidiaries (excluding the Company). Principal amounts outstanding under the Facility Agreement bore interest at an annual rate of 11%, with outstanding principal amounts and accrued interest payable by Melco International on the Final Repayment Date. On December 30, 2022, Melco and Melco International agreed to amend the Final Repayment Date to June 30, 2024, subject to certain conditions. As of December 31, 2022, the outstanding principal amount under the Facility Agreement was \$200,000 and the remaining outstanding balance mainly represented the accrued interest payable. No part of the amounts would be repayable within the next twelve months from the balance sheet date and, accordingly, the amounts were shown as non-current assets in the accompanying consolidated balance sheets.

The outstanding principal amount of \$200,000 under the Facility Agreement was fully repaid by Melco International on January 18, 2023. The Facility Agreement was terminated on March 10, 2023 following the settlement of the related accrued loan interest under the Facility Agreement due by Melco International to Melco on the same date.

**23. SEGMENT INFORMATION**

The Company is principally engaged in the gaming and hospitality business in Asia and Europe and its principal operating and developmental activities occur in three geographic areas: Macau, the Philippines and Cyprus. The Company monitors its operations and evaluates earnings by reviewing the assets and operations of Mocha, Altira Macau, City of Dreams, Studio City, City of Dreams Manila and City of Dreams Mediterranean and Other. Development projects are included in the Corporate and Other category. Effective from June 12, 2023, with the soft opening of City of Dreams Mediterranean as disclosed in Note 1, the Cyprus Operations segment which previously included the operation of the temporary casino before its closure on June 9, 2023 and the licensed satellite casinos in Cyprus, has been renamed to City of Dreams Mediterranean and Other segment which included the operation of City of Dreams Mediterranean and the licensed satellite casinos in Cyprus. Effective from June 27, 2022, the Grand Dragon Casino, which 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. Grand Dragon Casino’s total assets of \$4,966 were included in the Corporate and Other segment as of December 31, 2021. Grand Dragon Casino’s operating revenues of \$24,189 were included in the Corporate and Other segment during the year ended December 31, 2021.

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**23. SEGMENT INFORMATION - continued**

The Company's segment information for total assets and capital expenditures is as follows:

<b>Total Assets</b>	December 31,		
	2023	2022	2021
<b>Macau:</b>			
Mocha and Other	\$ 135,256	\$ 122,499	\$ 121,214
Altira Macau	77,631	239,575	266,161
City of Dreams	2,720,571	2,641,875	2,942,233
Studio City	<u>3,705,391</u>	<u>3,924,262</u>	<u>3,668,526</u>
Sub-total	6,638,849	6,928,211	6,998,134
<b>The Philippines:</b>			
City of Dreams Manila	418,594	381,579	576,794
<b>Cyprus:</b>			
City of Dreams Mediterranean and Other	742,450	565,663	451,771
Corporate and Other	535,179	1,426,331	856,991
Total consolidated assets	<u>\$ 8,335,072</u>	<u>\$ 9,301,784</u>	<u>\$ 8,883,690</u>
 <b>Capital Expenditures</b>			
	Year Ended December 31,		
	2023	2022	2021
<b>Macau:</b>			
Mocha and Other	\$ 4,590	\$ 1,704	\$ 1,368
Altira Macau	3,892	3,303	6,123
City of Dreams	22,259	21,684	52,520
Studio City	<u>73,452</u>	<u>429,362</u>	<u>505,783</u>
Sub-total	104,193	456,053	565,794
<b>The Philippines:</b>			
City of Dreams Manila	24,970	4,986	22,912
<b>Cyprus:</b>			
City of Dreams Mediterranean and Other	108,214	131,419	186,361
Corporate and Other	15,113	5,956	7,083
Total capital expenditures	<u>\$ 252,490</u>	<u>\$ 598,414</u>	<u>\$ 782,150</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**23. SEGMENT INFORMATION - continued**

The Company's segment information and reconciliation to net loss attributable to Melco Resorts & Entertainment Limited is as follows:

	Year Ended December 31,		
	2023	2022	2021
Operating revenues			
Macau:			
Mocha and Other	\$ 117,700	\$ 76,403	\$ 84,954
Altira Macau	110,825	32,615	56,205
City of Dreams	1,930,483	559,684	1,146,919
Studio City	958,354	175,983	372,277
Sub-total	3,117,362	844,685	1,660,355
The Philippines:			
City of Dreams Manila	495,097	396,392	268,597
Cyprus:			
City of Dreams Mediterranean and Other	159,359	91,255	52,631
Corporate and Other	3,429	17,645	30,773
Total operating revenues	<u>\$ 3,775,247</u>	<u>\$ 1,349,977</u>	<u>\$ 2,012,356</u>
Adjusted property EBITDA <sup>(1)</sup>			
Macau:			
Mocha and Other	\$ 27,286	\$ 10,291	\$ 17,054
Altira Macau	(1,277)	(43,020)	(53,974)
City of Dreams	576,313	(32,160)	201,954
Studio City	206,790	(105,164)	(20,490)
Sub-total	809,112	(170,053)	144,544
The Philippines:			
City of Dreams Manila	205,452	146,926	88,962
Cyprus:			
City of Dreams Mediterranean and Other	27,500	23,696	1,593
Total adjusted property EBITDA	<u>1,042,064</u>	<u>569</u>	<u>235,099</u>
Operating costs and expenses:			
Payments to the Philippine Parties	(42,451)	(28,894)	(26,371)
Pre-opening costs	(43,994)	(15,585)	(4,157)
Development costs	(1,202)	—	(30,677)
Amortization of gaming subconcession	—	(32,785)	(57,276)
Amortization of land use rights	(22,670)	(22,662)	(22,832)
Depreciation and amortization	(520,726)	(466,492)	(499,739)
Land rent to Belle	(1,911)	(2,318)	(2,848)
Share-based compensation	(35,473)	(71,809)	(67,957)
Property charges and other	(228,437)	(39,982)	(30,575)
Corporate and Other expenses	(80,241)	(63,147)	(70,118)
Total operating costs and expenses	<u>(977,105)</u>	<u>(743,674)</u>	<u>(812,550)</u>
Operating income (loss)	<u>\$ 64,959</u>	<u>\$ (743,105)</u>	<u>\$ (577,451)</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**23. SEGMENT INFORMATION - continued**

	Year Ended December 31,		
	2023	2022	2021
Non-operating income (expenses):			
Interest income	\$ 23,305	\$ 26,458	\$ 6,618
Interest expense, net of amounts capitalized	(492,391)	(376,722)	(350,544)
Other financing costs	(4,372)	(6,396)	(11,033)
Foreign exchange gains, net	2,232	3,904	4,566
Other income, net	2,748	3,930	3,082
Gain (loss) on extinguishment of debt	1,611	—	(28,817)
Total non-operating expenses, net	(466,867)	(348,826)	(376,128)
Loss before income tax	(401,908)	(1,091,931)	(953,579)
Income tax expense	(13,422)	(5,236)	(2,885)
Net loss	(415,330)	(1,097,167)	(956,464)
Net loss attributable to noncontrolling interests	88,410	166,641	144,713
Net loss attributable to Melco Resorts & Entertainment Limited	<u>\$ (326,920)</u>	<u>\$ (930,526)</u>	<u>\$ (811,751)</u>

(1) “Adjusted property EBITDA” is net loss before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine Parties, land rent to Belle, Corporate and Other expenses, and other non-operating income and expenses. The Company uses Adjusted property EBITDA to measure the operating performance of Mocha and Other, Altira Macau, City of Dreams, Studio City, City of Dreams Manila and City of Dreams Mediterranean and Other and to compare the operating performance of its properties with those of its competitors.

The Company’s geographic information for long-lived assets is as follows:

**Long-lived Assets**

	December 31,		
	2023	2022	2021
Macau	\$ 5,752,786	\$ 6,068,502	\$ 6,080,616
The Philippines	118,495	141,765	341,307
Cyprus	663,633	485,570	378,738
Hong Kong and other foreign countries	30,452	29,871	32,972
Total long-lived assets	<u>\$ 6,565,366</u>	<u>\$ 6,725,708</u>	<u>\$ 6,833,633</u>

**24. CHANGES IN SHAREHOLDINGS OF SUBSIDIARIES**

**The Philippine subsidiaries**

As a result of the Reverse Stock Split, only those shareholders of MRP who originally owned 500,000 MRP common shares with a par value of PHP1 (equivalent to \$0.02) per share (each an “Original Share”) and in multiples thereof immediately prior to the Reverse Stock Split would now own whole shares (each a “MRP Whole Share”) of stock of MRP. Other holders of the Original Shares could now only hold a fractional share of MRP (“MRP Fractional Share”). To facilitate the elimination of MRP Fractional Shares held by other shareholders of MRP, MPHIL Corporation (“MPHIL”), a subsidiary of Melco, offered to purchase the resulting MRP Fractional Shares at the purchase price to be calculated by multiplying the number of Original Shares represented by the relevant MRP Fractional Shares (which were equal to the number of Original Shares held by the relevant shareholder immediately prior to the Reverse Stock Split) by the price

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**(In thousands, except share and per share data)**

**24. CHANGES IN SHAREHOLDINGS OF SUBSIDIARIES - continued**

**The Philippine subsidiaries - continued**

of PHP7.25 (equivalent to \$0.14) per Original Share (“Fractional Share Elimination Plan”). A shareholder could also sell any MRP Whole Shares to MPHIL under the Fractional Share Elimination Plan. Any holder of MRP Fractional Shares and/or MRP Whole Shares may accept this offer during the two-year period commencing from June 5, 2020. The Fractional Share Elimination Plan expired on June 4, 2022 and was subsequently extended for the period from August 15, 2022 to November 15, 2022.

During the years ended December 31, 2023, 2022 and 2021, the Company through its subsidiaries, purchased 10.111, 50.906 and 123.103 common shares of MRP at a total consideration of PHP36,651 (equivalent to \$671), PHP175,173 (equivalent to \$3,310) and PHP440,032 (equivalent to \$8,518) from the noncontrolling interests, which increased Melco’s shareholding in MRP and the Company recognized a decrease of \$582, \$2,952 and \$6,951 in Melco’s additional paid-in capital which reflected the adjustment to the carrying amount of the noncontrolling interest in MRP, respectively.

The Company retains its controlling financial interests in MRP before and after the above transactions.

**Studio City International**

During February and March 2022, Studio City International, respectively, announced and completed a series of private offers of its 400,000,000 Class A ordinary shares to certain existing shareholders and holders of its ADSs, including Melco, with gross proceeds amounting to \$300,000, of which \$134,944 was from noncontrolling interests (the “2022 Private Placements”). The 2022 Private Placements increased Melco’s shareholding in Studio City International and the Company recognized an increase of \$879 in Melco’s additional paid-in capital which reflected the adjustment to the carrying amount of the noncontrolling interest in Studio City International.

The Company retains its controlling financial interest in Studio City International before and after the above transactions.

The schedule below discloses the effects of changes in Melco’s ownership interest in MRP and Studio City International on its equity:

	Year Ended December 31,		
	2023	2022	2021
Net loss attributable to Melco Resorts & Entertainment Limited	\$(326,920)	\$(930,526)	\$(811,751)
Transfers (to) from noncontrolling interests:			
<b>The Philippine subsidiaries</b>			
Decrease in additional paid-in capital resulting from purchases of common shares of MRP from the open market	(582)	(2,952)	(6,951)
<b>Studio City International</b>			
Increase in additional paid-in capital resulting from the private placements	—	879	—
Changes from net loss attributable to Melco Resorts & Entertainment Limited’s shareholders and transfers from noncontrolling interests	<u>\$(327,502)</u>	<u>\$(932,599)</u>	<u>\$(818,702)</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED****ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1  
FINANCIAL INFORMATION OF PARENT COMPANY  
CONDENSED BALANCE SHEETS  
(In thousands, except share and per share data)**

	December 31,	
	2023	2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 61,345	\$ 7,407
Receivables from affiliated companies	1,064	779
Receivables from subsidiaries	198,910	157,737
Prepaid expenses and other current assets	8,619	9,527
Total current assets	<u>269,938</u>	<u>175,450</u>
Investments in subsidiaries	—	423,520
Receivables from an affiliated company	—	216,333
Receivables from subsidiaries	673,729	165,056
Total assets	<u>\$ 943,667</u>	<u>\$ 980,359</u>
<b>LIABILITIES AND SHAREHOLDERS' DEFICIT</b>		
Current liabilities:		
Accrued expenses and other current liabilities	\$ 7,954	\$ 26,811
Income tax payable	12,536	1,417
Payables to an affiliated company	103	75
Payables to subsidiaries	268,656	260,720
Total current liabilities	<u>289,249</u>	<u>289,023</u>
Investments deficit in subsidiaries	511,449	—
Other long-term liabilities	54	227
Payables to subsidiaries	1,430,195	1,541,434
Total liabilities	<u>2,230,947</u>	<u>1,830,684</u>
Shareholders' deficit:		
Ordinary shares, par value \$0.01; 7,300,000,000 shares authorized; 1,404,679,067 and 1,445,052,143 shares issued; 1,311,270,775 and 1,335,307,327 shares outstanding, respectively	14,047	14,451
Treasury shares, at cost; 93,408,292 and 109,744,816 shares, respectively	(255,068)	(241,750)
Additional paid-in capital	3,109,212	3,218,895
Accumulated other comprehensive losses	(98,599)	(111,969)
Accumulated losses	(4,056,872)	(3,729,952)
Total shareholders' deficit	<u>(1,287,280)</u>	<u>(850,325)</u>
Total liabilities and shareholders' deficit	<u>\$ 943,667</u>	<u>\$ 980,359</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED****ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1  
FINANCIAL INFORMATION OF PARENT COMPANY  
CONDENSED STATEMENTS OF OPERATIONS  
(In thousands)**

	Year Ended December 31,		
	2023	2022	2021
Operating revenues	<u>\$ 84,130</u>	<u>\$ 15,340</u>	<u>\$ 9,547</u>
Operating costs and expenses:			
General and administrative	(34,342)	(50,532)	(51,285)
Development costs	—	—	(32,000)
Property charges and other	<u>(1,244)</u>	<u>(406)</u>	<u>(956)</u>
Total operating costs and expenses	<u>(35,586)</u>	<u>(50,938)</u>	<u>(84,241)</u>
Operating income (loss)	<u>48,544</u>	<u>(35,598)</u>	<u>(74,694)</u>
Non-operating income (expenses):			
Interest income	4,991	16,151	20
Interest expense	(19,366)	(3,165)	—
Foreign exchange gains, net	1,496	7,437	6,211
Other income, net	7,302	11,220	15,092
Share of results of subsidiaries	<u>(358,767)</u>	<u>(922,771)</u>	<u>(755,678)</u>
Total non-operating expenses, net	<u>(364,344)</u>	<u>(891,128)</u>	<u>(734,355)</u>
Loss before income tax	<u>(315,800)</u>	<u>(926,726)</u>	<u>(809,049)</u>
Income tax expense	<u>(11,120)</u>	<u>(3,800)</u>	<u>(2,702)</u>
Net loss	<u>\$ (326,920)</u>	<u>\$ (930,526)</u>	<u>\$ (811,751)</u>



**MELCO RESORTS & ENTERTAINMENT LIMITED****ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1  
FINANCIAL INFORMATION OF PARENT COMPANY  
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS  
(In thousands)**

	Year Ended December 31,		
	2023	2022	2021
Net loss	<u>\$ (326,920)</u>	<u>\$ (930,526)</u>	<u>\$ (811,751)</u>
Other comprehensive income (loss):			
Foreign currency translation adjustments	<u>13,370</u>	<u>(35,961)</u>	<u>(64,676)</u>
Other comprehensive income (loss)	<u>13,370</u>	<u>(35,961)</u>	<u>(64,676)</u>
Total comprehensive loss	<u>\$ (313,550)</u>	<u>\$ (966,487)</u>	<u>\$ (876,427)</u>

**MELCO RESORTS & ENTERTAINMENT LIMITED****ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1  
FINANCIAL INFORMATION OF PARENT COMPANY  
CONDENSED STATEMENTS OF CASH FLOWS  
(In thousands)**

	Year Ended December 31,		
	2023	2022	2021
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	\$ 70,894	\$ 86,252	\$ (21,401)
Cash flows from investing activities:			
Payments of advances to subsidiaries	(528,794)	(215,613)	(20,005)
Proceeds from advances repayment from subsidiaries	75,041	—	—
Proceeds from loan repayment from an affiliated company	200,000	—	—
Proceeds from transfer of intangible asset	519,000	—	—
Payment of loan to an affiliated company	—	(200,000)	—
Net cash provided by (used in) investing activities	265,247	(415,613)	(20,005)
Cash flows from financing activities:			
Repayments of loans or advances from subsidiaries	(270,593)	—	—
Repurchase of shares	(169,836)	(189,161)	(52,026)
Proceeds from loans or advances from subsidiaries	158,000	521,860	54,187
Proceeds from exercise of share options	226	—	7,101
Net cash (used in) provided by financing activities	(282,203)	332,699	9,262
Increase (decrease) in cash and cash equivalents	53,938	3,338	(32,144)
Cash and cash equivalents at beginning of year	7,407	4,069	36,213
Cash and cash equivalents at end of year	\$ 61,345	\$ 7,407	\$ 4,069
Supplemental cash flow disclosures:			
Assignment of advance to subsidiary to offset with advance from subsidiary	\$ —	\$ —	\$235,897
Capitalization of advance to subsidiary as investment in subsidiary	\$ —	\$ —	\$235,897

**MELCO RESORTS & ENTERTAINMENT LIMITED**

**ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1  
FINANCIAL INFORMATION OF PARENT COMPANY  
NOTES TO FINANCIAL STATEMENT SCHEDULE 1  
(In thousands)**

1. Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, cash flows and results and operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of the end of the most recently completed fiscal year. As of December 31, 2023, approximately \$740,000 of the restricted net assets were not available for distribution and as such, the condensed financial information of Melco has been presented for the years ended December 31, 2023, 2022 and 2021. Melco received no cash dividends from its subsidiary during the years ended December 31, 2023, 2022 and 2021.

2. Basis of Presentation

The accompanying condensed financial information has been prepared using the same accounting policies as set out in Melco's consolidated financial statements except that the parent company has used the equity method to account for its investments in subsidiaries. For the parent company, the Company records its investments in subsidiaries under the equity method of accounting as prescribed in Accounting Standards Codification 323, Investments-Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as "Investments in subsidiaries" or "Investments deficit in subsidiaries" and the subsidiaries' profit or loss as "Share of results of subsidiaries" on the Condensed Statements of Operations. Ordinarily, an investor in an equity method investee would cease to recognize its share of the losses of an investee once the carrying value of the investment has been reduced to nil absent an undertaking by the investor to provide continuing support and fund losses. For the purpose of this Schedule 1, the parent company has continued to reflect its share, based on its proportionate interest, of the losses of subsidiaries regardless of the carrying value of the investment even though the parent company is not obligated to provide continuing support or fund losses.

**Dated 29 June 2023**

**Amendment and Restatement Agreement**

in respect of the HKD14,850,000,000 Revolving Credit Facility Agreement originally dated 29 April 2020 (as amended and restated from time to time)

between

**MCO Nominee One Limited**  
as Company and Guarantors' Agent

**MCO Investments Limited**  
as a Subsidiary Guarantor

**Melco Resorts Finance Limited**  
**MCO International Limited**  
as Subordinated Creditors

**Bank of China Limited, Macau Branch**  
as Agent

White & Case  
16th Floor, York House, The Landmark  
15 Queen's Road Central  
Hong Kong

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This Amendment and Restatement Agreement is dated 29 June 2023 (this “**Agreement**”) and made

**Between:**

- (1) **MCO Nominee One Limited**, an exempted company incorporated with limited liability in the Cayman Islands with its registered office at c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and with registration number 187717 for itself as the Company (in such capacity, the “**Company**”) and as the Guarantors’ Agent for each Subsidiary Guarantor (in such capacity, the “**Guarantors’ Agent**”);
- (2) **MCO Investments Limited**, an exempted company incorporated with limited liability in the Cayman Islands with its registered office at c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and with registration number 168835 as a subsidiary guarantor (“**MCO Investments**” and together with Melco Resorts Macau (as defined below), the “**Subsidiary Guarantors**”);
- (3) **Melco Resorts Finance Limited** (formerly known as MCE Finance Limited), an exempted company incorporated with limited liability in the Cayman Islands with its registered office at c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and with registration number 168872 and **MCO International Limited**, an exempted company incorporated with limited liability in the Cayman Islands with its registered office at c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and with registration number 143605 as subordinated creditors (together with the Company, the Guarantors’ Agent and the Subsidiary Guarantors, the “**Transaction Obligors**”); and
- (4) **Bank of China Limited, Macau Branch**, incorporated with limited liability under the laws of the People’s Republic of China in its capacity as facility agent of the other Finance Parties under the Facility Agreement (the “**Agent**”).

**Whereas:**

- (A) Certain of the parties hereto (among others) have entered into a HKD14,850,000,000 Revolving Credit Facility Agreement originally dated 29 April 2020 as further amended and restated from time to time (the “**Facility Agreement**”).
- (B) This Agreement is supplemental to the Facility Agreement.
- (C) The Company and the Guarantors’ Agent have requested that the Facility Agreement be amended and restated as contemplated by this Agreement and the Agent consents to the making of those amendments, subject to the terms and conditions of this Agreement.
- (D) The Parties wish to enter into this Agreement to record their agreements in relation to the above.

Project Osprey (2023) –  
Amended and Restated Facility Agreement  
(Signature Page)

It is agreed as follows:

## 1. Interpretation

### 1.1 Definitions

In this Agreement:

“**Amended and Restated Facility Agreement**” means the Facility Agreement, as amended and restated pursuant to the terms and conditions of this Agreement (as on the Effective Date, in the form set out in Schedule 1 (*Amended and Restated Facility Agreement*)).

“**Consent Extension Request Letter**” means the consent extension request letter dated 1 June 2022 from the Company to the Agent in relation to the requested waiver of the Company’s obligations under clause 23.2 (*Financial condition*) of the Facility Agreement for the Waived Test Period (as defined therein) and which was duly acknowledged and consented to by the Agent on behalf of the Majority Lenders.

“**Effective Date**” means the later of:

- (a) the date of this Agreement; and
- (b) the date on which the Agent confirms in writing to the Company that it has received all of the documents and other evidence listed in Schedule 2 (*Conditions Precedent*), and that each is in form and substance satisfactory to it.

“**Melco Resorts Macau**” means Melco Resorts (Macau) Limited, a company incorporated under the laws of the Macau SAR (with registered number 24325 (SO)), whose registered office is Avenida da Praia Grande no. 594, 15. andar A, Macau, and formerly known as Melco Crown (Macau) Limited and formerly known as Melco Crown Gaming (Macau) Limited.

### 1.2 Construction

- (a) The principles of construction and rules of interpretation set out in the Facility Agreement (including but not limited to clause 1.2 (*Construction*) of the Facility Agreement) shall have effect as if set out in this Agreement.
- (b) Unless a contrary indication appears, a term defined in or by reference in the Facility Agreement has the same meaning in this Agreement. Words and expressions defined in this Agreement by reference to the Amended and Restated Facility Agreement shall (at all times prior to the Effective Date) have the meaning attributed to them in the form of the Amended and Restated Facility Agreement set out in Schedule 1 (*Amended and Restated Facility Agreement*).
- (c) In this Agreement any reference to a “Clause”, a “Schedule” or a “Party” is, unless the context otherwise requires, a reference to a Clause, a Schedule or a Party to this Agreement.

### 1.3 Designation

The Company and the Agent designate this Agreement as a Finance Document by execution of this Agreement for the purposes of the definition of “Finance Document” in the Facility Agreement.

Project Osprey (2023) –  
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## **2. Amendment to the Facility Agreement**

### **2.1 Amendment to the Facility Agreement**

- (a) Subject to the terms and conditions of this Agreement and pursuant to the Facility Agreement, each Party consents to the amendments to the Facility Agreement as contemplated by this Agreement.
- (b) Each Transaction Obligor (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)) and the Agent (on behalf of itself and on behalf of each Finance Party pursuant to paragraph (b) of clause 38.1 (*Required consents*) of the Facility Agreement) agree, in accordance with clause 38 (*Amendments and waivers*) of the Facility Agreement that with immediate and automatic effect on and from the Effective Date, the Facility Agreement shall be amended and restated so that it shall be read and construed for all purposes as set out in Schedule 1 (*Amended and Restated Facility Agreement*) and all references in the Amended and Restated Facility Agreement to "this Agreement" shall include this Agreement.
- (c) Notwithstanding the amendments to the Facility Agreement as contemplated by this Agreement, the Agent (acting on behalf of the Majority Lenders) acknowledges for the avoidance of doubt that the waivers consented to under the terms of Consent Extension Request Letter shall continue to be in effect up to and including the last of the Waived Test Period (as defined in the Consent Extension Request Letter).

### **2.2 Notification of rates of interest**

Notwithstanding any other provision of any Finance Document:

- (a) the Agent shall be under no obligation under (before the Effective Date) Clause 12.4 of Facility Agreement or (on or after the Effective Date) Clause [12.4] of the Amended and Restated Facility Agreement to notify any Lender or the Company of the determination of a rate of interest under a Loan that is with reference to LIBOR (as defined in the Facility Agreement); and
- (b) the Agent shall promptly notify the Lenders and the Company of the determination of a rate of interest that would apply to a Loan that is with reference to Term SOFR (as defined in the Amended and Restated Facility Agreement) on the Effective Date pursuant to the terms of the Amended and Restated Facility Agreement.

## **3. Representations**

### **3.1 Representations**

Each Transaction Obligor (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)) makes the representations and warranties set out in this Clause 3.1 to each Finance Party (by reference to the facts and circumstances then existing) on the date of this Agreement and on the Effective Date.

- (a) Status
  - (i) Each Transaction Obligor is a limited liability corporation or company duly incorporated or organised, as the case may be, and validly existing under the law of its jurisdiction of incorporation or organisation, as the case may be.
  - (ii) Each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

Project Osprey (2023) –  
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- (b) Binding obligations
- Subject to the Legal Reservations, the obligations expressed to be assumed by each Transaction Obligor in this Agreement are its legal, valid, binding and enforceable obligations.
- (c) Pari passu
- Each Transaction Obligor's payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.
- (d) Non-conflict with other obligations
- The entry into and performance by each Transaction Obligor of, and the transactions contemplated by, this Agreement do not and will not conflict with:
- (i) any law or regulation applicable to such Transaction Obligor;
  - (ii) the constitutional documents of any Transaction Obligor; or
  - (iii) any agreement or instrument binding upon it or any of its Subsidiaries or any of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument, except where a Material Adverse Effect does not or would not be reasonably expected to occur.
- (e) Power and authority
- Each Transaction Obligor has the power to enter into, perform and deliver, and has taken all necessary corporate action to authorise its entry into, performance and delivery of, this Agreement and the transactions contemplated herein.
- (f) Validity and admissibility in evidence
- (i) All Authorisations required:
    - (A) to enable each Transaction Obligor to lawfully enter into, exercise its rights and comply with its obligations under this Agreement; and
    - (B) to make this Agreement admissible in evidence in its Relevant Jurisdictions,have been obtained or effected and are in full force and effect.
  - (ii) All Authorisations necessary for the Group to carry out its business relating to the Projects, where the failure of obtaining such Authorisations has or would reasonably be expected to have a Material Adverse Effect, have been obtained or effected and are in full force and effect.
- (g) Governing law and enforcement
- Subject to the Legal Reservations:
- (i) the choice of English law as the governing law of this Agreement will be recognised and enforced in each Transaction Obligor's Relevant Jurisdiction; and
  - (ii) any judgment obtained in relation to this Agreement in England will be recognised and enforced in its Relevant Jurisdictions.

(h) Deduction of Tax

No Transaction Obligor is required under the laws of its Relevant Jurisdiction or at its address specified in a Finance Document or this Agreement to make any deduction for or on account of Tax from any payment it may make under this Agreement.

**3.2 Repetition**

The representations and warranties:

- (a) which are Repeating Representations (under and as defined in the Amended and Restated Facility Agreement);
- (b) set out in clause 9 (*Representations and warranties*) of the Subordination Deed;
- (c) set out in clause 4 (*Representations*) of the MCO Subsidiary Guarantee; and
- (d) set out in clause 4 (*Representations*) of the MRM Subsidiary Guarantee,

are, in each case, deemed to be made by each Transaction Obligor that is party thereto (and, in the case of the representations and warranties set out in clause 4 (*Representations*) of the MRM Subsidiary Guarantee, by the Guarantors' Agent on behalf of Melco Resorts Macau) by reference to the facts and circumstances then existing on the date of this Agreement and on the Effective Date and, in each case, as if any reference therein to any Finance Document in respect of which any amendment, acknowledgement, confirmation, consolidation, novation, restatement, replacement or supplement is expressed to be made by this Agreement included, to the extent relevant, this Agreement and the Finance Document as so amended, acknowledged, confirmed, consolidated, novated, restated, replaced or supplemented.

**4. Continuity and further assurance**

**4.1 Continuing obligations**

- (a) The Transaction Obligors (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)) agree and acknowledge that the provisions of the Facility Agreement and the other Finance Documents shall, save as amended by this Agreement:
  - (i) continue in full force and effect and extend to the liabilities and obligations of the Company and each of the Transaction Obligors under the Amended and Restated Facility Agreement and the other Finance Documents (as amended from time to time), including as varied, amended, supplemented or extended by this Agreement and apply equally to the obligations of the Company under Clause 5 (*Costs and expenses*) as if set out in full in this Agreement; and
  - (ii) continue to constitute legal, valid and binding obligations of the Transaction Obligors enforceable in accordance with their terms.

- (b) In particular, nothing in this Agreement shall affect the rights of the Finance Parties in respect of the occurrence of any Default which is continuing or which arises on or after the date of this Agreement (other than any Default which has occurred or may occur as a result of the entry into of this Agreement or the entry into, and performance of, the transactions contemplated by any of the foregoing).

#### 4.2 Further assurance

Each Transaction Obligor (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)) shall, upon the written request of the Agent and at its own expense, do all such acts and things reasonably necessary to give effect to the amendments effected or to be effected pursuant to this Agreement.

#### 5. Costs and expenses

- (a) Notwithstanding clause 20 (*Costs and expenses*) of the Facility Agreement, the Company shall, within five (5) Business Days of demand, pay (or shall procure that another member of the Group will pay) to the Agent all costs and expenses (together with any Indirect Tax) including without limitation (but subject to any agreed caps) the fees and expenses of the Agent's legal advisers reasonably incurred in connection with the negotiation, preparation, execution and performance of this Agreement (and the documents listed in Schedule 2 (*Conditions Precedent*)) and the transactions contemplated in this Agreement.
- (b) The Company shall pay (or shall procure that another member of the Group will pay) all stamp, registration and other taxes and notarisational expenses to which this Agreement (and the documents listed in Schedule 2 (*Conditions Precedent*)) is or may at any time be subject and shall from time to time within, five (5) Business Days of demand of the Agent, indemnify the Finance Parties against any liabilities, costs, claims and expenses resulting from any failure to pay or delay in paying any such amounts.

#### 6. Enforcement

##### 6.1 Jurisdiction of English courts

- (a) The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) Notwithstanding paragraphs (a) and (b) above, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

## **6.2 Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Transaction Obligor (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)):
  - (i) irrevocably appoints Law Debenture Corporate Services Limited as its agent for service of process in relation to any proceedings before the English Courts in connection with any Finance Document; and
  - (ii) agrees that failure by an agent for service of process to notify a Transaction Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent of service of process, the Transaction Obligors (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)) must immediately (and in any event within three (3) Business Days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

## **6.3 Waiver of immunities**

Each Transaction Obligor (including the Guarantors' Agent (for and on behalf of each Subsidiary Guarantor)) irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

- (a) suit;
- (b) jurisdiction of any court;
- (c) relief by way of injunction or order for specific performance or recovery of property;
- (d) attachment of its assets (whether before or after judgment); and
- (e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

## **6.4 Waiver of Jury Trial**

EACH OF THE PARTIES TO THIS AGREEMENT AGREES TO WAIVE IRREVOCABLY ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN THIS AGREEMENT. This waiver is intended to apply to all Disputes. Each Party acknowledges that (a) this waiver is a material inducement to enter into this Agreement, (b) it has already relied on this waiver in entering into this Agreement and (c) it will continue to rely on this waiver in future dealings. Each Party represents that it has reviewed this waiver with its legal advisers and that it knowingly and voluntarily waives its jury trial rights after consultation with its legal advisers. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

**7. Miscellaneous**

**7.1 Incorporation of terms**

The provisions of clauses 1.3 (*Third Party Rights*), 34 (*Notices*), 36 (*Partial invalidity*) and 37 (*Remedies and waivers*) of the Facility Agreement and, at and from the Effective Date, the corresponding clauses in the Amended and Restated Facility Agreement shall be deemed incorporated into this Agreement as if set out in full herein and as if references in those clauses to “this Agreement” and “a Finance Document” are references to this Agreement and cross references to specified clauses thereof are references to the equivalent clauses set out or incorporated herein.

**8. Counterparts**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

**9. Governing law**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

**This Agreement** has been entered into on the date stated at the beginning of this Agreement.

Project Osprey (2023) –  
Amended and Restated Facility Agreement  
(Signature Page)



**Facility Agreement**

HKD14,850,000,000 Revolving Credit Facility

originally dated 29 April 2020 as amended and restated pursuant to an amendment and restatement agreement dated 29 June 2023

between

**MCO Nominee One Limited**

as Company

**Bank of China Limited, Macau Branch  
Bank of Communications Co., Ltd. Macau Branch and  
Morgan Stanley Senior Funding, Inc.,  
as Joint Global Coordinators**

**Banco Nacional Ultramarino, S.A.,  
Bank of China Limited, Macau Branch,  
Bank of Communications Co., Ltd. Macau Branch  
Deutsche Bank AG, Singapore Branch  
Industrial and Commercial Bank of China (Macau) Limited and  
Morgan Stanley Senior Funding, Inc.  
as Senior Mandated Lead Arrangers and Bookrunners**

**Bank of China Limited, Macau Branch**

as Agent

and

**The Financial Institutions listed herein**

as Original Lenders

White & Case  
16th Floor, York House, The Landmark  
15 Queen's Road Central  
Hong Kong

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**Between:**

- (1) **MCO Nominee One Limited**, an exempted company incorporated with limited liability in the Cayman Islands with its registered office at c/o Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands and with registration number 187717 (“**Company**”);
- (2) **Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch and Morgan Stanley Senior Funding, Inc.**, as joint global coordinators (the “**Coordinators**”);
- (3) **Banco Nacional Ultramarino, S.A., Bank of China Limited, Macau Branch, Bank of Communications Co., Ltd. Macau Branch, Deutsche Bank AG, Singapore Branch, Industrial and Commercial Bank of China (Macau) Limited and Morgan Stanley Senior Funding, Inc.** as senior mandated lead arrangers and bookrunners (the “**Arrangers**”);
- (4) **The financial institutions** listed in Part 2 of Schedule 1 (*Original Parties*) as Original Lenders (the “**Original Lenders**”) and each bank, financial institution, trust, fund and other entity which has become a Party as a Lender in accordance with the terms of this Agreement, in each case which has not ceased to be a Party as a Lender in accordance with the terms of this Agreement; and
- (5) **Bank of China Limited, Macau Branch** as facility agent of the other Finance Parties (the “**Agent**”).

It is agreed as follows:

**Section 1  
Interpretation**

**1. Definitions and interpretation**

**1.1 Definitions**

In this Agreement:

“**2023 Amendment and Restatement Agreement**” means the amendment and restatement agreement dated 29 June 2023 between (amongst others) the Company and the Agent amending and restating this Agreement.

“**2023 Amendment and Restatement Effective Date**” means the “Effective Date” as defined in the 2023 Amendment and Restatement Agreement.

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long-term unsecured and non credit-enhanced debt obligations of BBB or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Baa2 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency;
- (b) Banco Nacional Ultramarino, S.A.;
- (c) Bank of China Limited, Macau Branch;
- (d) any Finance Party or an Affiliate of any Finance Party; or

(e) any other bank or financial institution approved by the Agent.

“**Additional Lender**” has the meaning given to that term in paragraph (f) of Clause 7.2 (*Availability and establishment of Incremental Facilities*).

“**Affiliate**” means, in relation to any person, any other person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such person. For purposes of this definition, “**control**” means, in relation to a person, the power, directly or indirectly, to (a) vote 20 per cent. or more of the shares or other securities having ordinary voting power for the election of the board of directors (or persons performing similar functions) of such person or (b) direct or cause the direction of the management and policies of such person, whether by contract or otherwise.

“**Affiliate Agreement**” means any agreement entered into by a Group Member with an Affiliate which is not a Group Member in connection with the supply of goods or services to such Group Member by such Affiliate (or by such Group Member to such Affiliate) involving the payment or expenditure by any party thereto or any other flow of funds in excess of USD1,000,000 (or its equivalent in other currencies).

“**Agent’s Spot Rate of Exchange**” means the Agent’s spot rate of exchange for the purchase of one currency with the Base Currency in the Hong Kong SAR foreign exchange market at or about 11:00 a.m. (Hong Kong SAR time) on a particular day.

“**Altira Project**” means the ownership, maintenance and operation of a hotel on the Altira Site by Altira Resorts Limited and the leasing from the Macau SAR, operation and management of any casino or gaming area comprised in the Altira Site by Melco Resorts Macau in accordance with the Concession.

“**Altira Site**” means the land described in the Land Concession in relation to the Altira Project.

“**Anti-Bribery and Corruption Laws**” has the meaning given to that term in Clause 21.20 (*Anti-corruption*).

“**APLMA**” means the Asia Pacific Loan Market Association.

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

“**Auditors**” means (a) any one of PricewaterhouseCoopers, Ernst & Young, KPMG and Deloitte & Touche; or (b) any Affiliate of any auditor referred to in (a) or any entity resulting from amalgamation of any auditor referred to in (a); or (c) any firm of independent public accountants with an established national reputation; in each case that has the necessary skills and experience to audit a group of companies such as the Group.

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Authorised Representative**” means (a) the chief executive officer, the chief financial officer and any director of the Company and (b) any director, the chief executive officer, chief financial officer and chief legal officer of Melco.

“**Availability Period**” means:

- (a) in relation to the Initial Facility, the period from and including the date of this Agreement up to and including the date falling one Month prior to the Termination Date applicable to the Initial Facility; and

- (b) in relation to an Incremental Facility, the availability period specified in the Incremental Facility Notice relating to that Incremental Facility.

“**Available Commitment**” means, in relation to a Facility, a Lender’s Commitment under that Facility minus:

- (a) the Base Currency Amount of its participation in any outstanding Utilisations under that Facility; and
- (b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any other Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date.

For the purposes of calculating a Lender’s Available Commitment in relation to any proposed Utilisation under the Initial Facility or any Incremental Revolving Credit Facility only, that Lender’s participation in any Loans under that Facility that are due to be repaid or prepaid on or before the proposed Utilisation Date shall not be deducted from a Lender’s Commitment under that Facility.

“**Available Facility**” means, in relation to a Facility, the aggregate for the time being of each Lender’s Available Commitment in respect of that Facility.

“**Base Currency**” means Hong Kong dollars.

“**Base Currency Amount**” means:

- (a) in relation to a Utilisation, the amount specified in the Utilisation Request delivered by the Company for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent’s Spot Rate of Exchange on the date which is three (3) Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request in accordance with the terms of this Agreement), as adjusted to reflect any repayment, prepayment, consolidation or division of a Utilisation; and
- (b) in relation to any other amount as at any date which is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent’s Spot Rate of Exchange on that date.

“**Benchmark Rate**” means, in relation to any Loan in an Optional Currency (other than any Term SOFR Loan):

- (a) the applicable Screen Rate as of 11:00 a.m. (London time) on the Quotation Date and for a period equal in length to the Interest Period of that Loan; or
- (b) as otherwise determined pursuant to Clause 14.1 (*Absence of quotations*),

and if, in either case, that rate is less than zero, the Benchmark Rate shall be deemed to be zero.

“**Bond Guarantee**” means each guarantee given by a Group Member in respect of any Bondco Indebtedness.

“**Bondco**” means Melco Resorts Finance Limited (formerly known as MCE Finance Limited), a company incorporated in the Cayman Islands with limited liability.

“**Bondco Indebtedness**” means any Financial Indebtedness owed by Bondco.

“**Break Costs**” means the amount (if any) by which:

- (a) the interest excluding the Margin which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in the Macau SAR, the Hong Kong SAR and:

- (a) (in relation to any date for payment or purchase of a currency other than the Base Currency or euro) the principal financial centre of the country of that currency;
- (b) (in relation to any date for payment or purchase of euro) which is a TARGET Day; or
- (c) (in relation to the fixing of an interest rate relating to a Term SOFR Loan) which is a US Government Securities Business Day.

“**Capital Stock**” means:

- (a) (where used in the definition of “Change of Control” set out in Clause 10.1 (*Definitions*)):
  - (i) in the case of a corporation, corporate stock;
  - (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
  - (iii) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
  - (iv) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distribution of assets of, the issuing person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock; and
- (b) (where used elsewhere in this Agreement or any other Finance Document) any and all shares, interest, participations or other equivalents (howsoever designated) of capital stock of a corporation, any and all classes of membership interests in a limited liability company, any and all classes of partnership interests in a partnership, any and all equivalent ownership interests in a person and any and all agreements, warrants, rights or options to acquire any of the foregoing.

“**Capitalised Lease Obligations**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Cash**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**City of Dreams Project**” means the ownership, operation and maintenance of a resort-hotel on the City of Dreams Site by COD Resorts Limited (formerly known as Melco Crown (COD) Developments Limited), and the leasing from the Macau SAR and the operation and management of any casino or gaming area comprised therein by Melco Resorts Macau in accordance with the Concession.

“**City of Dreams Site**” means the land described in the Land Concession for the City of Dreams Project.

“**Code**” means the US Internal Revenue Code of 1986.

“**Commitment**” means an Initial Facility Commitment or an Incremental Facility Commitment.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 6 (*Form of Compliance Certificate*).

“**Concession**” means the agreement dated 16 December 2022 entered into by and between Macau SAR and Melco Resorts Macau setting out the terms and conditions in which Melco Resorts Macau shall operate games of chance and other casino games in Macau SAR as of 1 January 2023, and or Melco Resorts Macau’s entitlement to carry out such activity, as the context may require.

“**Concession Guarantee**” means any guarantees for the arrangement of cash or deposit collateral for, the performance or legal or contractual obligations in connection with and/or the payment of any amounts due under or in connection with any Land Concession or Concession.

“**Concession Guarantee Facility**” means any facility extended to a Group Member for the issuance of any Concession Guarantee.

“**Confidential Information**” means all information relating to any of the Sponsors, the Melco Group, the Company, the Group, the Excluded Subsidiaries, the Finance Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group or any of its advisers; or
- (b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

- (i) information that:
  - (A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 39 (*Disclosure of Information*); or
  - (B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or
  - (C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and
- (ii) any Funding Rate or Reference Bank Quotation.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a recommended form of the APLMA or in any other form agreed between the Company and the Agent.

“**Constitutional Documents**” means, collectively, in relation to any person, any certificate of incorporation, memorandum and articles of association, bylaws, shareholders’ agreement, certificate of formation, limited liability company agreement, partnership agreement and any other formation or constituent documents applicable to such person.

“**Core Asset**” means:

- (a) the Relevant Property and the buildings constructed thereon owned by a member of the Group; and
- (b) the Material Documents,

in each case, to the extent required for any Project but excluding any asset or interest in land required solely for the Mocha Business and/or any Excluded Project.

“**Corporate Structure Chart**” means the corporate structure chart in the agreed form prepared by the Company and delivered to the Arrangers prior to the date of this Agreement, describing the ownership structure of the Group and the Sponsor Group Shareholders, certain of the Group’s assets (including the Concession) and addressed to and capable of being relied upon by the Finance Parties.

“**Credit Adjustment Spread**” means, in relation to any Term SOFR Loan, the percentage rate per annum, corresponding to the length of the relevant Interest Period, as set out in the table below (or, in relation to any Interest Period of any other length as the Company and the Agent (acting on the instructions of all the Lenders) may agree in accordance with Clause 13 (*Interest Periods*) of this Agreement, such percentage rate per annum as is agreed by such Parties in respect of such Interest Period length):

<b>Length of Interest Period</b>	<b>Applicable Credit Adjustment Spread</b>
One Month or less	0.06 per cent per annum
Three Months or less but more than one Month	0.10 per cent per annum.
Six Months or less but more than three Months	0.20 per cent per annum

“**Debt Purchase Transaction**” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of, any Commitment (or any commitment represented thereby) or amount outstanding under this Agreement.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 25 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination in accordance with the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Defaulting Lender**” means any Lender (other than a Lender which is a Sponsor Affiliate):

- (a) which has failed to make its participation in a Loan available (or has notified the Agent or the Company (which has notified the Agent) that it will not make its participation in a Loan available) by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders’ participation*);
- (b) which has otherwise rescinded or repudiated a Finance Document;
- (c) whose Commitments are subject to any Bail-in Action; or
- (d) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; andpayment is made within two (2) Business Days of its due date; or
- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Disposal**” means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**Environmental Claim**” means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

“**Environmental Law**” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the environment;
- (b) harm to or the protection of human health;



- (c) the conditions of the workplace; or
- (d) any emission or substance capable of causing harm to any living organism or the environment.

“**Environmental Permits**” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“**Event of Default**” means any event or circumstance specified as such in Clause 25 (*Events of Default*).

“**Excluded Project**” means any gaming, entertainment, hotel or resort related business, development, project, undertaking or venture of any kind (other than any Projects and the Mocha Business) and including (except as otherwise designated as a “Project” under this Agreement), without limitation:

- (a) such business, development or undertaking at the Hotel Grand Dragon in Macau SAR;
- (b) such business, projects development, undertaking or venture at or comprised in the Studio City development in Macau SAR; and any other property development or management business or undertaking or any other business necessary for, incidental to, arising out of, supportive of or connected to any such business, development, project, undertaking or venture, in each case carried out by an Excluded Subsidiary or other person outside the Group or, in the case of any casino or gaming related business, development, project, undertaking or venture, Melco Resorts Macau, provided that the foregoing neither involves nor permits any claim, interest, liability or right of recourse of any kind in connection therewith against, or the creation of any security interest over, any Core Asset save as permitted (or contemplated by any agreement, document, transaction or other thing permitted) by the Finance Documents and (in respect of Melco Resorts Macau) contemplated by or arising under or in connection with any Excluded Project Agreement or Excluded Project Operation Agreement.

“**Excluded Project Agreement**” means any agreement (including the Studio City Casino Agreement and any Lease Agreement) entered into by Melco Resorts Macau in respect of or relating to any casino or gaming related business, development, project, undertaking or venture in an Excluded Project or any assets relating to or comprised therein.

“**Excluded Project Material Adverse Effect**” means a material adverse effect on:

- (a) the business, operations, property or financial condition of the Group taken as a whole; or
- (b) the ability of the Company and the Subsidiary Guarantors (taken as a whole) to perform their payment obligations under the Finance Documents; or
- (c) subject to the Legal Reservations, the rights or remedies of any Finance Party under any of the Finance Documents.

“**Excluded Project Operation Agreement**” means any agreement entered into between, among others, Melco Resorts Macau, the Agent and any counterparty to an Excluded Project Agreement or other participant in or lender to an Excluded Project with regard to the enforcement of rights against and interests in Melco Resorts Macau and its assets.

“**Excluded Project Revenues**” means any Revenues paid, distributed or otherwise derived from or in connection with any Excluded Project, Excluded Project Agreement or Excluded Subsidiary or any right, title, benefit or interest in respect thereof or any realisation, Disposal or other dealing in respect of any of the foregoing (but not, for the avoidance of doubt, including any Revenues of any member of the Group under any agreement referred to in paragraph (d) of the definition of Permitted Transaction).

“**Excluded Subsidiary**” means any Subsidiary of Melco Resorts Macau:

- (a) (i) which is MCO (Macau) Hotel Limited, MCO (Macau) Consulting Limited, Jumbo Watertours Limited or Melco International Investments (Henan) Limited or (ii) which becomes a Subsidiary of Melco Resorts Macau after the date of this Agreement and has been designated as such by the Company by way of written notice to the Agent; and
- (b) whose assets and business form no part of nor are in any way necessary to ensure the full benefit of any Project to the Group.

“**Existing OpCo Facilities Agreement**” means the USD1,750,000,000 Senior Secured Term Loan and Revolving Credit Facilities Agreement dated 5 September 2007 entered into between, amongst others, Melco Resorts Macau as borrower and Deutsche Bank AG, Hong Kong Branch as agent, and most recently amended and restated by a Second Amendment And Restatement Agreement dated 19 June 2015 (as further amended or waived from time to time).

“**Existing OpCo Facility**” means each facility made available under the Existing OpCo Facilities Agreement.

“**Existing OpCo Facility Agent**” means the agent of the Existing OpCo Facility Finance Parties from time to time under the Existing OpCo Facilities Agreement.

“**Existing OpCo Facility Continuing Lender**” means Bank of China Limited, Macau Branch.

“**Existing OpCo Facility Continuing Lender Waiver**” means the waiver letter dated on or about the date of this Agreement from the Existing OpCo Facility Continuing Lender to Melco Resorts Macau, the Existing OpCo Facility Agent and the Existing OpCo Facility Security Agent in respect of the Existing OpCo Facility Agreement and a copy of which has been or is to be delivered to the Agent under or in connection with paragraph (a) of Clause 4.1 (*Initial conditions precedent*).

“**Existing OpCo Facility Finance Parties**” means the finance parties from time to time in respect of the Existing OpCo Facilities.

“**Existing OpCo Facility Security Agent**” means the security agent of the Existing OpCo Facility Finance Parties from time to time under the Existing OpCo Facilities Agreement.

“**Existing OpCo Loan**” means a loan made or to be made under any Existing OpCo Facility or the principal amount outstanding for the time being of that loan.

“**Existing OpCo Term Facility**” means the term loan facility made available under the Existing OpCo Facilities Agreement.

“**Existing OpCo Term Loan**” means an Existing OpCo Loan made under the Existing OpCo Term Facility.

“**Existing OpCo RCF**” means the revolving credit facility made available under the Existing OpCo Facilities Agreement.

“**Existing OpCo RCF Loan**” means an Existing OpCo Loan made under the Existing OpCo RCF.

“**Extended Loan**” means a Loan or part of a Loan in respect of which the Company and the relevant Lender(s) have agreed to amend certain terms pursuant to an Extension Agreement.

“**Extension Agreement**” has the meaning given to that term in Clause 38.3 (*Extension of Commitments*).

“**Facility**” means the Initial Facility and (as applicable and so designated in an Incremental Facility Notice) each Incremental Facility.

“**Facility Liabilities**” means all present and future liabilities and obligations at any time of any member of the Group to any Finance Party under or in connection with the Finance Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity, together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any person of a payment, prepayment, repayment, redemption, defeasance or discharge of any liability or obligation on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

“**Facility Office**” means:

- (a) in respect of a Lender, the office or offices notified by that Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five (5) Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

“**Fallback Interest Payment**” means the aggregate amount of interest that:

- (a) is, or is scheduled to become, payable under paragraph (b) or (c) of Clause 14.5 (*Unavailability of Term SOFR*); and
- (b) relates to a Term SOFR Loan.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Application Date**” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or
- (b) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a Party that is entitled to receive payments free from any FATCA Deduction.

“**Fee Letter**” means each letter or letters referring to this Agreement or any Facility between (a) on the one hand, the Company and (b) on the other, one or more of the Arrangers or the Agent and setting out any of the fees referred to in Clause 15 (*Fees*).

“**Final Termination Date**” means, at any time, the furthest dated Termination Date in respect of any Facility where the aggregate Commitments in respect of such Facility exceed zero.

“**Finance Document**” means:

- (a) this Agreement;
- (b) each Subsidiary Guarantee;
- (c) the Subordination Deed and each other Third Party Creditor Document;
- (d) any Fee Letter;
- (e) any Compliance Certificate;
- (f) any Selection Notice;
- (g) any Transfer Certificate or Assignment Agreement;
- (h) any Utilisation Request;
- (i) any Incremental Facility Notice;
- (j) any Incremental Lender Accession Deed;
- (k) any Incremental Facility Document;
- (l) the 2023 Amendment and Restatement Agreement; and
- (m) any other document designated as a “Finance Document” by the Agent and the Company.

“**Finance Party**” means each of the Agent, the Arrangers and the Lenders.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) monies borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any Capitalised Lease Obligations;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis (or where recourse is limited to customary warranties and indemnities));
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked-to-market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (i) any amount raised by the issue of redeemable shares which are redeemable (other than solely at the option of the issuer) on or before the Final Termination Date ;
- (j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above.

“**Financial Model**” means the final version of the financial model agreed between the Company and the Arrangers prior to the signing of this Agreement.

“**Financial Quarter**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Financial Year**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**First Test Date**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Funding Rate**” means any individual rate notified by a Lender to the Agent pursuant to paragraph (a)(ii) of Clause 14.6 (*Cost of Funds*).

“**GAAP**” means, in respect of Melco, the Company and other members of the Group, generally accepted accounting principles in the United States of America as in effect from time to time.

“**GBP**” or “**sterling**” denotes the lawful currency of the United Kingdom.

“**Governmental Authority**” means, as to any person, the government of the Macau SAR, any other national, state, provincial or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, in each case having jurisdiction over such person, or any arbitrator with authority to bind such person at law.

“**Group**” means the Company and each of its Subsidiaries for the time being (other than any Excluded Subsidiary) and “**Group Member**” shall mean any member of the Group.

“**Guarantee Restrictions**” means any restrictions of a type referred to in paragraph (b) of clause 2.1 (*Guarantee and indemnity*) of the MRM Subsidiary Guarantee (or any other restrictions that are similar in nature and/or effect).

“**Guarantors’ Agent**” means the Company, appointed to act on behalf of each Subsidiary Guarantor in relation to the Subsidiary Guarantee to which that Subsidiary Guarantor is a party.

“**HIBOR**” means, in relation to any Loan denominated in HK dollars and any Interest Period relating thereto:

- (a) the applicable Screen Rate;
- (b) (if no Screen Rate is available for HK dollars for a period equal in length to the Interest Period of that Loan) the Interpolated Screen Rate; or
- (c) (if no Screen Rate is available for a period equal in length to the Interest Period of that Loan and it is not possible to calculate an Interpolated Screen Rate for that Loan) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in HK dollars in the Relevant Interbank Market for the relevant period, were the relevant Reference Bank to do so by asking for and then accepting interbank offers for deposits in reasonably market size in HK dollars and for that period,

at or about 11:00 a.m. (Hong Kong SAR time) on the Quotation Date for the Base Currency and for a period equal in length to the Interest Period of that Loan, **provided that** if any such rate is less than zero, such rate shall be deemed to be zero.

“**Historic Term SOFR**” means, in relation to any Term SOFR Loan, the most recent Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan and which is as of a US Government Securities Business Day which is no more than three US Government Securities Business Days before the Quotation Date.

“**HKD**”, “**Hong Kong dollars**” or “**HK dollars**” denotes the lawful currency of the Hong Kong SAR.

“**Holding Company**” means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

“**Hong Kong SAR**” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“**Impaired Agent**” means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of “Defaulting Lender”; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within two (2) Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Incremental Facility**” means an Incremental Revolving Credit Facility and/or an Incremental Term Loan Facility or (as the context may require for the mechanics of Clause 7) an Incremental Facility Increase.

“**Incremental Facility Commitments**” means any Incremental Revolving Credit Facility Commitments and/or Incremental Term Loan Facility Commitments or (as the context may require for the mechanics of Clause 7) Incremental Facility Increase Commitments.

“**Incremental Facility Document**” means, in relation to an Incremental Facility, each document relating to or evidencing the terms of that Incremental Facility.

“**Incremental Facility Increase**” has the meaning given to that term in paragraph (c) of Clause 7.1 (*Type of Facility*).

“**Incremental Facility Increase Commitments**” has the meaning given to that term in paragraph (g)(i) of Clause 7.2 (*Availability and establishment of Incremental Facilities*).

“**Incremental Facility Loan**” means a loan made or to be made under an Incremental Facility or the principal amount outstanding for the time being of that loan.

“**Incremental Facility Notice**” has the meaning given to that term in paragraph (b) of Clause 7.2 (*Availability and establishment of Incremental Facilities*).

“**Incremental Facility Termination Date**” means, in relation to an Incremental Facility, the date on which that Incremental Facility terminates, as agreed between the Company and the Lenders under that Incremental Facility in the Incremental Facility Notice or Incremental Facility Document applicable to that Incremental Facility.

“**Incremental Lender Accession Deed**” means a deed of accession substantially in the form set out in Schedule 7 (*Form of Incremental Lender Accession Deed*).

“**Incremental Revolving Credit Facility**” has the meaning given to that term in paragraph (b) of Clause 7.1 (*Type of Facility*).

“**Incremental Revolving Credit Facility Loan**” means a loan made or to be made under an Incremental Revolving Credit Facility or the principal amount outstanding for the time being of that loan.

“**Incremental Revolving Credit Facility Commitments**” has the meaning given to that term in paragraph (g)(i) of Clause 7.2 (*Availability and establishment of Incremental Facilities*) and, in relation to any Incremental Revolving Credit Facility, “**Incremental Revolving Credit Facility Commitment**” or “**Commitment**” means:

(a) in relation to an Original Incremental Facility Lender, the amount in the Base Currency of its Commitments in respect of that Incremental Revolving Credit Facility established pursuant to paragraph (k) of Clause 7.2 (*Availability and establishment of Incremental Facilities*) and the amount of any other Incremental Revolving Credit Facility Commitment in respect of that Incremental Revolving Credit Facility transferred to it under this Agreement; and

- (b) in relation to any other Lender, the amount in the Base Currency of any Incremental Revolving Credit Facility Commitment in respect of that Incremental Revolving Credit Facility transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Incremental Term Loan Facility**” has the meaning given to that term in paragraph (a) of Clause 7.1 (*Type of Facility*).

“**Incremental Term Loan Facility Commitments**” has the meaning given to that term in paragraph (g)(i) of Clause 7.2 (*Availability and establishment of Incremental Facilities*) and, in relation to any Incremental Term Loan Facility, “**Incremental Term Loan Facility Commitment**” or “**Commitment**” means:

- (a) in relation to an Original Incremental Facility Lender, the amount in the Base Currency of its Commitments in respect of that Incremental Term Loan Facility established pursuant to paragraph (k) of Clause 7.2 (*Availability and establishment of Incremental Facilities*) and the amount of any other Incremental Term Loan Facility Commitment in respect of that Incremental Term Loan Facility transferred to it under this Agreement; and
- (b) in relation to any other Lender, the amount in the Base Currency of any Incremental Term Loan Facility Commitment in respect of that Incremental Term Loan Facility transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Indirect Tax**” means any goods and services tax, consumption tax, value added tax or any tax of a similar nature.

“**Initial Facility**” means the revolving credit facility made available pursuant to this Agreement as described in Clause 2.1 (*The Initial Facility*).

“**Initial Facility Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name in Part 2 of Schedule 1 (*Original Parties*) and the amount of any other Initial Facility Commitment transferred to it under this Agreement or established as its Commitments in respect of the Initial Facility by way of an Incremental Facility Increase pursuant to paragraph (k) of Clause 7.2 (*Availability and establishment of Incremental Facilities*); and
- (b) in relation to any other Lender, the amount in the Base Currency of any Initial Facility Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Initial Facility Lender**” means a Lender that makes available an Initial Facility Commitment or participates in an Initial Facility Loan.

“**Initial Facility Loan**” means a loan made or to be made under the Initial Facility or the principal amount outstanding for the time being of that loan.

“**Initial Utilisation Date**” means the date of the first Utilisation under this Agreement.

“**Insolvency Event**” in relation to an entity means that the entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);



- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) days of the institution or presentation thereof;
- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“**Interest Cover**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Interest Period**” means, in relation to a Loan, each period determined in accordance with Clause 13 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 12.3 (*Default interest*).

“**Interpolated Historic Term SOFR**” means, in relation to any Term SOFR Loan, the rate (rounded to the same number of decimal places as the Term SOFR) which results from interpolating on a linear basis between:

- (a) either:
  - (i) the most recent Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Date) for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Term SOFR Loan; or
  - (ii) if no such Term SOFR is available for a period which is less than the Interest Period of that Term SOFR Loan, the most recent Overnight SOFR for a day which is not more than five, and not less than two, US Government Securities Business Days before the Quotation Date; and
- (b) the most recent Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Date) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Term SOFR Loan.

“**Interpolated Screen Rate**” means:

- (a) in relation to HIBOR, the rate which results from interpolating on a linear basis (rounded to the same number of decimal places as the two relevant Screen Rates) between:
  - (i) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of a Loan; and
  - (ii) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,each as of 11:00 a.m. (Hong Kong SAR time) on the Quotation Date for the Base Currency; and
- (b) in relation to a Benchmark Rate for a Loan in an Optional Currency (other than a Term SOFR Loan), the rate which results from interpolating on a linear basis (rounded to the same number of decimal places as the two relevant Screen Rates) between:
  - (i) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of a Loan; and
  - (ii) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan,each as of 11:00 a.m. (London time) on the Quotation Date for the relevant Optional Currency.

“**Interpolated Term SOFR**” means, in relation to any Term SOFR Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

- (a) either:
  - (i) Term SOFR (as of 11:00 a.m. (Hong Kong SAR time)) for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Term SOFR Loan; or
  - (ii) if no such Term SOFR is available for a period which is less than the Interest Period of that Term SOFR Loan, Overnight SOFR for the day that is two US Government Securities Business Days before the Quotation Date; and

- (b) Term SOFR (as of 11:00 a.m. (Hong Kong SAR time)) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Term SOFR Loan.

“**Key Asset**” means each of:

- (a) the Land Concession for the City of Dreams Project;
- (b) the City of Dreams Site;
- (c) the buildings constructed on the City of Dreams Site and owned by a member of the Group comprising the City of Dreams Project; and
- (d) the entire issued share capital in any person (directly or indirectly) owning any of the foregoing.

“**Land Concession**” means, in relation to:

- (a) the Altira Project, the land concession between the Macau SAR and Altira Resorts Limited (formerly known as Altira Developments Limited) dated 20 February 2006 which forms an integral part of Dispatch number 20/2006 of the Secretary for Transport and Public Works of Macau SAR, as revised by the land concession amendment dated 10 December 2013 which forms an integral part of Dispatch 67/2013 of the Secretary for Transport and Public Works of Macau SAR, and the interest of 836.2/1000 that Altira Resorts Limited retains in such land concession and property built thereon upon having transferred on 31 December 2022 a 163.8/1000 of the entire interest in such land concession and property to the Macau SAR and delivered the corresponding casino area of the property to Macau SAR. The Macau SAR granted to Melco Resorts Macau the temporary usage of the 163.8/1000 of the entire interest in such land concession and property corresponding to the casino area for the duration of the Concession;
- (b) the City of Dreams Project, the land concession between the Macau SAR and COD Resorts Limited (formerly known as Melco Crown (COD) Developments Limited) dated 11 August 2008 of the Secretary for Transport and Public Works of Macau SAR which forms an integral part of Dispatch number 25/2008 of the Secretary for Transport and Public Works of Macau SAR as revised by a land concession amendment dated 2 September 2010 which forms an integral part of Dispatch 45/2010 of the Secretary for Transport and Public Works of Macau SAR, and by the land concession amendment dated 17 January 2014 which forms an integral part of Dispatch 5/2014 of the Secretary for Transport and Public Works of Macau SAR, and the interest of 951.3/1000 that COD Resorts Limited retains in such land concession and property built thereon upon having transferred on 31 December 2022 a 48.7/1000 of the entire interest in such land concession and property to Macau SAR and delivered the corresponding casino area of the property to Macau SAR. The Macau SAR granted to Melco Resorts Macau the temporary usage of the 48.7/1000 of the entire interest in such land concession and property corresponding to the casino area for the duration of the Concession; and
- (c) any new land concession which is granted to a Group Member in replacement of the land concessions mentioned in paragraphs (a) or (b) above.

“**Lease Agreement**” means an agreement between Melco Resorts Macau and the developer, owner or operator (as the case may be) of an Excluded Project or any part thereof in connection with the leasing (including by way of Occupational Lease), operation and management of a casino or gaming area by Melco Resorts Macau in such Excluded Project.

“**Legal Opinion**” means any legal opinion delivered to the Agent in connection with Clause 4.1 (*Initial conditions precedent*) and clause 2.1 (*Amendment to the Facility Agreement*) of the 2023 Amendment and Restatement Agreement or otherwise in connection with any Finance Document.

“**Legal Requirements**” means all laws, statutes, orders, decrees, injunctions, licenses, permits, approvals, agreements and regulations of any Governmental Authority having jurisdiction over the matter in question.

“**Legal Reservations**” means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under statutes of limitation;
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; or
- (d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

“**Lender**” means:

- (a) any Original Lender; and
- (b) any person, bank, financial institution, trust, fund or other entity which has become a Party in accordance with or paragraph (h) of Clause 7.2 (*Availability and establishment of Incremental Facilities*) or Clause 26 (*Changes to the Lenders*),

which, in each case, has not ceased to be a Lender in accordance with this Agreement, and for which purposes the:

- (i) termination in full of all of the Commitment(s) of any Lender; and
- (ii) payment in full of all amounts which are payable to such Lender under the Finance Documents,

will result in that Lender ceasing to be regarded as a Lender for the purposes of and in relation to any provision of any of the Finance Documents requiring consultation with or the consent or approval of or instruction from all the Lenders, the Majority Lenders, any Majority Facility Lenders and/or any class or all the Lenders.

“**Liquidated Damages**” means any liquidated damages paid by any party (other than a Group Member) pursuant to any obligation, default or breach under the Material Documents (other than any Termination Proceeds), in each case net of any Taxes, costs and expenses incurred by any Group Member or its agents pursuant to transactions on arm’s length terms (or such better terms for such Group Member) in connection with the collection, adjustment or settlement thereof.

“**Loan**” means an Initial Facility Loan or an Incremental Facility Loan.

“**Macau SAR**” means the Macau Special Administrative Region of the People’s Republic of China.

“**Majority Facility Lenders**” means, in respect of any Facility, a Lender or Lenders whose Commitment(s) in respect of such Facility aggregate more than 50 per cent. of the aggregate Commitments of the Lenders in respect of such Facility (or, if the aggregate Commitments of the Lenders in respect of such Facility have been reduced to zero, aggregated more than 50 per cent. of the aggregate Commitments of the Lenders in respect of such Facility immediately prior to the reduction of such aggregate Commitments in respect of such Facility to zero).

“**Majority Lenders**” means:

- (a) (for the purposes of paragraph (a) of Clause 38.1 (*Required consents*) in the context of a waiver in relation to a proposed Utilisation of the Initial Facility of the condition(s) in Clause 4.2 (*Further conditions precedent*)) a Lender or Lenders whose Initial Facility Commitments aggregate more than 50 per cent. of the Total Initial Facility Commitments; and
- (b) (for the purposes of paragraph (a) of Clause 38.1 (*Required consents*) in the context of a waiver in relation to a proposed Utilisation of an Incremental Facility of the condition(s) in Clause 4.2 (*Further conditions precedent*)) a Lender or Lenders whose Incremental Facility Commitments (in respect of such Incremental Facility) aggregate more than 50 per cent. (or such other percentage as set out in the Incremental Facility Notice relating to such Incremental Facility) of the aggregate Incremental Facility Commitments in respect of such Incremental Facility; and
- (c) (in any other case) a Lender or Lenders whose Commitment(s) aggregate more than 50 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50 per cent. of the Total Commitments immediately prior to the reduction of the Total Commitments to zero).

“**Margin**” means:

- (a) in relation to any Initial Facility Loan, 1.50 per cent. per annum;
- (b) in relation to any Incremental Facility Loan, the percentage rate per annum as set out in the Incremental Facility Notice in respect of the Incremental Facility under which that Incremental Facility Loan is made or is to be made;
- (c) in relation to any Unpaid Sum relating or referable to a Facility, the rate per annum specified above for that Facility; and
- (d) in relation to any other Unpaid Sum, the highest rate specified above,

but if:

- (i) no Event of Default has occurred and is continuing;
- (ii) the Most Recent Senior Leverage is within a range set out below; and
- (iii) at least six Months have elapsed since the Initial Utilisation Date,

then the Margin for each Incremental Facility will be the percentage per annum agreed with the Lenders in respect of that Incremental Facility and as indicated for that range in the Incremental Facility Notice for those Incremental Facility Commitments, and the Margin for the Initial Facility will be the percentage per annum set out below in the column opposite that range:

Most Recent Senior Leverage	Margin (% per annum)
Equal to or greater than 3.00:1	2.00
Less than 3.00:1 but equal to or greater than 2.50:1	1.75
Less than 2.50:1 but equal to or greater than 2.00:1	1.50
Less than 2.00:1 but equal to or greater than 1.50:1	1.375
Less than 1.50:1 but equal to or greater than 1.00:1	1.25
Less than 1.00:1	1.00

and, in each case, Margin for the purposes of paragraphs (c) and (d) above shall be determined accordingly.

However:

- (A) any increase or decrease in the Margin for any Loan shall take effect from and including the first day of the Interest Period relating to that Loan commencing after the date on which the Compliance Certificate setting out such Most Recent Senior Leverage is delivered to the Agent pursuant to Clause 22.3 (*Provision and contents of Compliance Certificate*);
- (B) if and for so long as an Event of Default has occurred and is continuing (and notwithstanding any of the conditions in (i) to (iii) above), the Margin for the Initial Facility (including for the purposes of paragraphs (c) and (d) above) shall be 2.00% per annum (or, in respect of any Incremental Facility, the highest percentage rate per annum set out in the Incremental Facility Notice in respect of that Incremental Facility), and, in each case, Margin for the purposes of paragraphs (c) and (d) above shall be determined accordingly;
- (C) if, following receipt by the Agent of the Annual Financial Statements of the Group and related Compliance Certificate, those statements and Compliance Certificate do not confirm the basis for a reduced Margin or indicate that Margin should have been increased in accordance with this definition, then the provisions of Clause 12.2 (*Payment of interest*) shall apply and the Margin for each affected Facility and Loan shall be the percentage per annum determined using the table above and the revised Most Recent Senior Leverage calculated using the figures in the Compliance Certificate. The Agent's determination of the adjustments payable shall be *prima facie* evidence of such adjustments and the Agent shall, if so requested by the Company, provide the Company with reasonable details of the calculation of such adjustments; and
- (D) for the purpose of determining the Margin, Most Recent Senior Leverage and Relevant Period shall be determined in accordance with Clause 23 (*Financial covenants*).

“**Market Disruption Rate**” means, in the case of any Term SOFR Loan, the percentage rate per annum which is the aggregate of the Reference Rate and the applicable Credit Adjustment Spread.

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, operations, property or financial condition of the Group taken as a whole; or
- (b) the ability of the Company and the Subsidiary Guarantors (taken as a whole) to perform their payment obligations under the Finance Documents; or
- (c) subject to the Legal Reservations, the validity or enforceability of any of the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents,

without taking account (for the purposes of paragraphs (a) and (b) above) of any contribution, loss or other effect of any kind (including any previous contribution, loss or effect) in any way comprised in, related to or derived from any Excluded Project Agreement, Excluded Project, Excluded Project Revenues or Excluded Subsidiary or any interest therein and which, in each case, is unrelated to any of the Projects.

“**Material Documents**” means the Concession and the Land Concession for the City of Dreams Project.

“**MCO Investments**” means MCO Investments Limited, a limited liability company incorporated in the Cayman Islands (with registered number 168835) with registered address at Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

“**Melco**” means Melco Resorts & Entertainment Limited, a limited liability company incorporated in the Cayman Islands (with registered number 143119) with registered address at Intertrust Corporate Services (Cayman) Limited, One Nexus Way, Camana Bay, Grand Cayman, KY1-9005, Cayman Islands.

“**Melco Group**” means Melco and each of its Subsidiaries.

“**Melco International**” means Melco International Development Limited, a limited liability company incorporated in the Hong Kong SAR (with registered number 000099) and whose registered address is 38<sup>th</sup> floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.

“**Melco Resorts Macau**” means Melco Resorts (Macau) Limited, a company incorporated under the laws of the Macau SAR (with registered number 24325 (SO)), whose registered office is Estrada do Istmo, City of Dreams, Executive Office (L2M), Cotai, Macau, and formerly known as Melco Crown (Macau) Limited and formerly known as Melco Crown Gaming (Macau) Limited.

“**Mocha Business**” means the Mocha electronic gaming machine lounge business carried on by Melco Resorts Macau or any other member of the Group.

“**Month**” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and
- (c) if an Interest Period begins on the last Business Day of a calendar month and, consistent with the terms of this Agreement, that Interest Period is to be of a duration equal to a whole number of Months, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period. “**Monthly**” shall be construed accordingly.

“**Most Recent Relevant Period**” means, as at any date, the most recently elapsed Relevant Period in respect of which Relevant Financial Statements for a period ending on the last day of such Relevant Period and the accompanying Compliance Certificate have been delivered to the Agent in accordance with Clauses 22.2 (*Financial statements*) and 22.3 (*Provision and contents of Compliance Certificate*), provided that if such date falls prior to the date on which the first set of Relevant Financial Statements and the accompanying Compliance Certificate shall have been delivered to the Agent in accordance with Clauses 22.2 (*Financial statements*) and 22.3 (*Provision and contents of Compliance Certificate*), then (a) the Most Recent Relevant Period as at such date shall be deemed to be the Relevant Period ending on the last date as at which the Original Financial Statements are prepared, (b) the Relevant Financial Statements for such Most Recent Relevant Period shall be deemed to be the Original Financial Statements and (c) the requirements under Clause 23.2 (*Financial condition*) applicable to the Relevant Period ending on the First Test Date shall be deemed to apply to such Most Recent Relevant Period for the purposes of any *pro forma* calculation of any of the requirements under Clauses 23.2 (*Financial condition*) and 23.3 (*Financial testing*).

“**Most Recent Senior Leverage**” means, at any time, Senior Leverage for the Most Recent Relevant Period as at such time.

“**New Shareholder Injection**” means the cash proceeds received by the Company after the Initial Utilisation Date in respect of (a) a subscription for fully paid ordinary shares of the Company and/or (b) any incurrence of Sponsor Group Loans or Subordinated Debt.

“**Obligor**” means the Company.

“**Occupational Lease**” means any lease, sub-lease, licence, tenancy or right to occupy, use or operate (or any agreement for the grant of any of the foregoing) to which a member of the Group’s interest in a Property may be subject from time to time or which may be granted to a member of the Group.

“**Optional Currency**” means a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.3 (*Conditions relating to Optional Currencies*).

“**Original Financial Statements**” means the audited consolidated financial statements for the financial year ended 31 December 2019 of the Company.

“**Original Incremental Facility Lenders**” has the meaning given to that term in paragraph (g)(i) of Clause 7.2 (*Availability and establishment of Incremental Facilities*).

“**Overnight SOFR**” means the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate) published (before any correction, recalculation or republication by the administrator) by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate).

“**Participation**” means a Debt Purchase Transaction other than a purchase falling within paragraph (a) of the definition thereof.



“**Party**” means a party to this Agreement.

“**Patacas**” or “**MOP**” denotes the lawful currency of the Macau SAR.

“**Permits**” means all approvals, licences, consents, permits, Authorisations, registrations and filings, necessary in connection with the execution, delivery, completion, implementation, perfection or performance, admission into evidence or enforcement of the Transaction Documents on the terms thereof and all material approvals, licences, consents, permits, Authorisations, registrations and filings required for the design, development, construction, ownership, maintenance, operation or management of the Projects and business of the Group as contemplated under the Transaction Documents.

“**Permitted Disposal**” means any Disposal:

- (a) comprised in the grant of any lease, licence or right to occupy or use or equivalent interest made by any member of the Group in the ordinary course of business of the disposing entity with respect to any part of any Real Property or any enterprise of the disposing entity including, without limitation, in respect of restaurants, retail and entertainment outlets, hotel rooms or other facilities;
- (b) of the registered strata title to any casino by the relevant Project Company to Melco Resorts Macau in accordance with or, as the case may be, after an amendment is made to and in accordance with, the relevant Land Concession to permit the registration of strata title and any such Disposal and subject to complying with the Concession and all other Legal Requirements;
- (c) arising as a result of any Permitted Security; or
- (d) not falling within any of the above paragraphs but made with the prior written consent of the Agent.

“**Permitted Group Financial Indebtedness**” means Financial Indebtedness:

- (a) arising under the Finance Documents;
- (b) existing on the date of this Agreement in respect of the Existing OpCo Facilities, **provided** that, on and from the close of business in the Macau SAR on the Business Day immediately after the First Utilisation Date, the aggregate principal amount of such Financial Indebtedness does not exceed HKD2,000,000 at any time;
- (c) arising under any Concession Guarantee Facility;
- (d) in respect of any Sponsor Group Loan or Subordinated Debt, **provided** that all guarantees of such Financial Indebtedness provided by any Group Members are subordinated to the Facility Liabilities under the terms of the Subordination Deed;
- (e) owed by any Group Member to any other Group Member;
- (f) in respect of a Permitted Group Guarantee (other than paragraph (c) thereof) or arising under any interest rate hedging arrangements, spot and forward delivery foreign exchange contracts and any other treasury transactions, in each case entered into in the ordinary course of business or trading activities and not for speculative purposes;
- (g) arising under current trade receivables and payables between (i) on the one hand, members of the Group and (ii) on the other, members of the Melco Group or Sponsor Group Shareholders, arising in the ordinary course of trading;

- (h) in respect of any loans or other credit support from, or given directly on behalf of, at the direction of, or pursuant to any measure, scheme or policy initiative administered or enabled by, a Governmental Authority of the Macau SAR which is either:
  - (i) mandatorily extended to a member of the Group pursuant to applicable law, regulation or policy; or
  - (ii) offered to a member of the Group, if:
    - (A) no Event of Default under any of Clauses 25.1 (*Non payment*), 25.2 (*Financial covenants and other obligations*) in respect of Clause 24.18 (*Financial Indebtedness and guarantees*), 25.3 (*Other obligations*) in respect of Clause 24.13 (*Negative pledge*), 25.6 (*Insolvency*) or 25.7 (*Insolvency proceedings*) is continuing when such Financial Indebtedness is incurred;
    - (B) (x) on or before the date falling 10 Business Days prior to the incurrence of such Financial Indebtedness, the Company has notified the Agent in writing of the relevant Group Members' intention to incur such Financial Indebtedness and (y) on or before the date falling 1 Business Day prior to the incurrence of such Financial Indebtedness, the Company has not received written notice from the Agent that the Majority Lenders object to the incurrence of such Financial Indebtedness; and
    - (C) the Agent has received a certificate from an Authorised Representative confirming that he or she reasonably believes that not incurring such Financial Indebtedness would be materially prejudicial to the business, operations and/or financial condition of the Company;
- (i) constituting Financial Indebtedness referred to in paragraph (r) of the definition of "Permitted Security", **provided** that each of the conditions set out in that paragraph have been satisfied; or
- (j) not permitted by any of the preceding sub-paragraphs or as a Permitted Transaction and the outstanding amount of which (together with the outstanding amount of any guarantees that are solely permitted under paragraph (i) of the definition of "Permitted Group Guarantee") does not exceed USD125,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time.

"Permitted Group Guarantee" means:

- (a) the endorsement of negotiable instruments in the ordinary course of trade;
- (b) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade;
- (c) any guarantee permitted under paragraph (c) of Clause 24.18 (*Financial Indebtedness and guarantees*) (including, without limitation, any guarantee granted in connection with the Existing OpCo Facilities before the date of this Agreement);
- (d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (d) of the definition of Permitted Security;
- (e) any Concession Guarantee;
- (f) any guarantees for the arrangement of cash or deposit collateral for any Land Concession or Concession;

- (g) any Bond Guarantee provided by a Group Member other than the Company, **provided** that prior to incurring such Bond Guarantee (and at the cost of the Company):
- (i) each Group Member that is providing the Bond Guarantee guarantees the Facility Liabilities (in form and substance satisfactory to the Majority Lenders (acting reasonably)) as a primary and not a secondary obligation without any Guarantee Restrictions and as its senior obligation;
  - (ii) the Company, each Group Member that is providing the Bond Guarantee, Bondco and the notes trustee and any other applicable administrative parties in respect of the relevant Bondco Indebtedness have either:
    - (A) entered into an intercreditor agreement (in form and substance satisfactory to the Majority Lenders (acting reasonably) and including, without limitation, arrangements for the creditors to turn over to a common paying agent recoveries from the realisation or enforcement of claims against their respective debtors (including, without limitation, by way of distribution from the insolvent estate of such debtors) for application pursuant to a customary pro rata waterfall of distribution and for equalisation in case of uneven recourse) with the Agent and a common paying agent acceptable to the Finance Parties (acting reasonably), which agreement has been designated as a Third Party Creditor Document; or
    - (B) entered into a subordination agreement with the Agent on terms and conditions that are substantially similar to the Subordination Deed (and in form and substance satisfactory to the Majority Lenders (acting reasonably)), which agreement has been designated as a Third Party Creditor Document,and, in each case, provided to the Agent any other documentation and other evidence required by the Agent (acting reasonably) in connection therewith (in form and substance satisfactory to the Agent); and
  - (iii) the Agent has received:
    - (E) a certificate from the Company confirming that (to the satisfaction of the Majority Lenders, acting reasonably) Senior Leverage and Total Leverage for the Most Recent Relevant Period ending prior to the first incurrence of such Financial Indebtedness, in each case determined on a *pro forma* basis giving effect to the incurrence of such Bond Guarantee (when taken together with all other Bond Guarantees), would not exceed the applicable ratio set forth opposite the Test Date for that Most Recent Relevant Period in Clause 23 (*Financial covenants*), setting out (in reasonable detail) computations of such compliance and signed by an Authorised Representative;
    - (F) such customary legal opinions in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders, acting reasonably) and any documents required in connection therewith; and
    - (G) (x) evidence in form and substance satisfactory to the Agent (acting reasonably) that any Authorisation required from a Governmental Authority (including of the government of Macau SAR) for the purposes of guaranteeing the Facility Liabilities and such other Financial Indebtedness has been obtained or (y) advice from Macanese counsel that no such Authorisations are required from any Governmental Authority;

- (h) a guarantee given by a member of the Group for Financial Indebtedness incurred by:
  - (i) another member of the Group (other than the Company); or
  - (ii) the Company, **provided that**:
    - (A) the relevant member of the Group guarantees the Facility Liabilities (in form and substance satisfactory to the Majority Lenders (acting reasonably)) as a primary and not a secondary obligation without any Guarantee Restrictions; and
    - (B) the Agent has received:
      - (1) a certificate from the Company confirming that (to the satisfaction of the Majority Lenders, acting reasonably) Senior Leverage and Total Leverage for the Most Recent Relevant Period ending prior to the first incurrence of such Financial Indebtedness, in each case determined on a *pro forma* basis giving effect to the incurrence of such guarantee (when taken together with such other guarantees of Group Members permitted to be incurred pursuant to this paragraph (h)(ii)), would not exceed the applicable ratio set forth opposite the Test Date for that Most Recent Relevant Period in Clause 23 (*Financial covenants*), setting out (in reasonable detail) computations of such compliance and signed by an Authorised Representative;
      - (2) such customary legal opinions in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders, acting reasonably) and any documents required in connection therewith; and
      - (3) (x) evidence in form and substance satisfactory to the Agent (acting reasonably) that any Authorisation required from a Governmental Authority (including of the government of Macau SAR) for the purposes of guaranteeing the Facility Liabilities and such other Financial Indebtedness has been obtained or (y) advice from Macanese counsel that no such Authorisations are required from any Governmental Authority; or
- (i) any guarantee not permitted by any of the preceding sub-paragraphs and the outstanding principal amount of which (together with the outstanding amount of any guarantees that are solely permitted under paragraph (j) of the definition of “Permitted Group Financial Indebtedness”) does not exceed USD125,000,000 (or its equivalent in other currencies) in aggregate for the Group at any time.

“**Permitted Holding Company Activity**” means:

- (a) liabilities arising from the incurrence of fees, costs, commissions and expenses in the ordinary course of business of a holding company including in connection with maintenance of existence, all necessary filings and compliance with all applicable laws and liabilities arising by operation of law or agreement of similar effect;

- (b) treasury and normal holding company activities, including the provision of administrative, management, legal and accounting services to members of the Group of a type customarily provided by a holding company to its subsidiaries;
- (c) entering into or performing any Permitted Transactions or Permitted Disposals or granting any Permitted Security, acquiring rights or incurring liabilities otherwise expressly permitted under the Finance Documents and/or incurring any Permitted Group Financial Indebtedness and Permitted Group Guarantees, including:
  - (i) any Financial Indebtedness and/or other liabilities incurred under the Transaction Documents; and
  - (ii) any indemnity given under the Transaction Documents;
- (d) any action taken and any incurrence of liabilities pursuant to:
  - (i) making or entering into any transaction to facilitate a New Shareholder Injection from its Holding Company and declaring any dividends or distributions to its Holding Company;
  - (ii) making any repayments in respect of Sponsor Group Loans or Subordinated Debt, in each case in accordance with the terms of the Subordination Deed; or
  - (iii) making a loan to another Group Member, a member of the Melco Group which is not a Group Member (an “**External Melco Group Debtor**”) or to a person who is neither a Group Member nor a member of the Melco Group (an “**External Third Party Debtor**”), **provided that**:
    - (A) in the case of any loan made to an External Melco Group Debtor:
      - (1) Senior Leverage, Total Leverage and Interest Cover for the Test Date immediately prior to such loan, if determined on a *pro forma* basis after giving effect to such loan would not exceed (or in the case of Interest Cover, would not be less than) the applicable ratio set forth opposite that Test Date in Clause 23.2 (*Financial condition*); and
      - (2) no Event of Default has occurred which is continuing or would result from the provision of such loan; and
    - (B) in the case of any loan made to an External Third Party Debtor:
      - (1) Senior Leverage, Total Leverage and Interest Cover for the Test Date immediately prior to such loan, if determined on a *pro forma* basis after giving effect to such loan would not exceed (or in the case of Interest Cover, would not be less than) the applicable ratio set forth opposite that Test Date in Clause 23.2 (*Financial condition*);
      - (2) such loan is made on arm’s length terms (or better, for the relevant creditor); and
      - (3) no Event of Default has occurred which is continuing or would result from the provision of such loan;
- (e) ownership of shares in its Subsidiaries, credit balances in bank accounts, Cash and Cash Equivalent Investments;

- (f) the payment of salaries or fees to management, directors, officers, employees and operating advisors of the Group or any Holding Company of the Group, **provided** that:
- (i) any payment of such salaries or fees are in the ordinary course of business and are reasonable; and
  - (ii) such payments are funded by dividends or other distributions made to it;
- (g) incurrence of Tax liabilities; and
- any other activity or transaction permitted by the Agent (with the consent of the Majority Lenders).

“**Permitted Reorganisation**” means:

- (a) any liquidation, reorganisation, amalgamation, demerger, merger, consolidation or corporate reconstruction (a “**Reorganisation**”) on a solvent basis of any Group Member (other than the Company, any Subsidiary Guarantor and any other Group Member that, at such time, is guaranteeing or has created or purported to create any Security in respect of the Facility Liabilities), **provided** that (i) the resulting or surviving entity is a Group Member and (ii) any payments or assets distributed as a result of such Reorganisation are distributed to other Group Members; and
- (b) a Reorganisation on a solvent basis of any Group Member (other than the Company and MCO Investments), **provided** that:
  - (i) no Event of Default is continuing at the commencement of the Reorganisation;
  - (ii) the resulting or surviving entity is a Group Member;
  - (iii) all of the business and assets of, and equity interests in, the relevant Group Member are retained by one or more Group Members (except to the extent of any equity interests that will cease to exist); and
  - (iv) in case of a Reorganisation of:
    - (A) Melco Resorts Macau, the Finance Parties continue to benefit from a guarantee from the resulting or surviving entity on the same (or better than) basis as the MRM Subsidiary Guarantee that is in place immediately prior to that Reorganisation and, if the resulting or surviving entity is not Melco Resorts Macau, it assumes liability for the obligations of Melco Resorts Macau under the Finance Documents, which shall continue to be legal, valid, binding and enforceable against such resulting or surviving entity; or
    - (B) any other Group Member, the Finance Parties continue to benefit from all guarantees and/or Security required to ensure that the Reorganisation does not result in a breach of Clause 24.13 (*Negative pledge*) or Clause 24.18 (*Financial Indebtedness and guarantees*).

“**Permitted Security**” means:

- (a) any Security existing on the date of this Agreement and which is to be irrevocably discharged or released in full on or before the Initial Utilisation Date;
- (b) any Security existing on the date of this Agreement in respect of the Existing OpCo Facilities;
- (c) any lien arising or subsisting by operation of law and in the ordinary course of day-to-day business and not as a result of any default or omission by any member of the Group;

- (d) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group but only so long as:
  - (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of persons which are not Obligors; and
  - (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of persons which are not Obligors;
- (e) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group, **provided** that the aggregate value of all assets subject to any such Security shall not exceed USD10,000,000 (or its equivalent in other currencies);
- (f) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
- (g) any Security or Quasi-Security over vehicles, plant, equipment or computers used in the business of the Group arising as a consequence of any finance or capital lease of such vehicles, plant, equipment or computers;
- (h) any Security created in favour of a plaintiff or defendant in any proceedings as security for costs or expenses;
- (i) any Security securing unpaid Taxes and arising by law but only if such unpaid taxes are contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to pay the amount of those unpaid Taxes;
- (j) any Security over goods, documents of title to goods and related documents and insurances and their proceeds to secure liabilities of any member of the Group in respect of a letter of credit, trust receipts, import loans or shipping guarantees issued or granted for all or part of the purchase price and costs of shipment, insurance and storage of goods acquired by a member of the Group in the ordinary course of trading;
- (k) easements, rights-of-way, restrictions, encroachments, and other similar Security or Quasi-Security and other minor defects and irregularities in title, incurred in the ordinary course of business;
- (l) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Security arising in the ordinary course of day-to-day business for amounts which are not overdue for a period of more than thirty (30) days or that are being contested in good faith by appropriate measures;
- (m) Security in favour of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods in the ordinary course of trading;
- (n) any Security or deposits in connection with workers' compensation, unemployment insurance and other social security legislation of all applicable laws, **provided** that such Security is contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets are available to discharge such Security;
- (o) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any Relevant Property, any Relevant Property Easements, the Altira Site and any easement appurtenant, easements in gross, licence agreements and other rights running for the benefit of the Project Company for the Altira Project and/or appurtenant to the Altira Site;

- (p) any Security of cash collateral required in respect of any Concession Guarantee;
- (q) any Security over any assets (provided that any such right, title, asset, benefit or interest was acquired, where acquired using Revenues, using only monies not required to be applied for other purposes under the Finance Documents) or revenues, to the extent that they (in each case) are comprised in, relate to or derive from any Excluded Project Agreement, Excluded Project, Excluded Project Revenues or Excluded Subsidiary or any right, title, asset, benefit or interest in respect thereof or comprised therein and, in each case, such assets form no part of, nor are (other than in the case of Excluded Project Revenues) in any way necessary to ensure the full benefit to the Group of, any Project and are (in each case) permitted to be dealt with in such manner under (and are not required for any other purpose contemplated by) any Excluded Project Agreement;
- (r) any Security securing Financial Indebtedness of the Group (other than any Sponsor Group Loans, Subordinated Debts or Bond Guarantees), **provided** that (at the cost of the Company):
  - (i) such Security secures the Facility Liabilities on an equal and rateable basis;
  - (ii) the Company, each security provider and each creditor in respect of such Financial Indebtedness have (A) prior to the incurrence of that Financial Indebtedness, entered into an intercreditor agreement (in form and substance satisfactory to the Majority Lenders (acting reasonably) and including, without limitation, arrangements for the secured creditors to turn over to a common security agent recoveries from the realisation or enforcement of such Security and claims against their respective debtors (including, without limitation, by way of distribution from the insolvent estate of such debtors) for application pursuant to a customary pro rata waterfall of distribution and for equalisation in case of uneven recourse) with the Agent and a common security agent acceptable to the Finance Parties (acting reasonably), which agreement has been designated as a Third Party Creditor Document and (B) provided to the Agent any other documentation and other evidence required by the Agent (acting reasonably) in connection therewith (in form and substance satisfactory to the Agent); and
  - (iii) the Agent has received:
    - (A) a certificate from the Company confirming that (to the satisfaction of the Majority Lenders, acting reasonably) Senior Leverage, Total Leverage and Interest Cover for the Most Recent Relevant Period ending prior to the first incurrence of such Financial Indebtedness, in each case determined on a *pro forma* basis giving effect to the incurrence and utilisation of such Incremental Facility in full (when taken together with all such other Financial Indebtedness of the Company permitted to be secured by such Security pursuant to this paragraph (r)), would not exceed (or in the case of Interest Cover, would not be less than) the applicable ratio set forth opposite the Test Date for that Most Recent Relevant Period in Clause 23 (*Financial covenants*), setting out (in reasonable detail) computations of such compliance and signed by an Authorised Representative;
    - (H) all agreements, deeds, acknowledgements, confirmations, amendments or other instruments requested by the Agent (acting on the instructions of the Majority Lenders, acting reasonably) to amend or supplement this Agreement in connection with the provision of such Security and the appointment of a common security agent in respect of such Security and any documents required in connection therewith;



- (I) such customary legal opinions in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders, acting reasonably) and any documents required in connection therewith; and
- (J) (x) evidence in form and substance satisfactory to the Agent (acting reasonably) that any Authorisation required from a Governmental Authority (including of the government of Macau SAR) for the purposes of securing the Facility Liabilities and such other Financial Indebtedness under an Incremental Facility or the extension of any Subsidiary Guarantee in connection with such Financial Indebtedness has been obtained or (y) advice from Macanese counsel that no such Authorisations are required from any Governmental Authority; and
- (s) any Security securing indebtedness the outstanding principal amount of which (when aggregated with the outstanding principal amount of any other indebtedness which has the benefit of Security given by any member of the Group other than any permitted under the preceding paragraphs) does not exceed USD100,000,000 (or its equivalent in other currencies).

“**Permitted Transaction**” means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee or indemnity given, or other transaction arising, under the Finance Documents;
- (b) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm’s length terms (or better, for the relevant member of the Group);
- (c) any payments for goods and services under a Service Agreement or Affiliate Agreement, **provided** that any such payment is in an amount not exceeding the actual, arm’s length cost (or better, for the relevant member of the Group) of such goods and services paid by the supplier plus a margin of not more than five per cent or (where any applicable Legal Requirement stipulates that a margin higher than five per cent must be charged pursuant to such Service Agreement or Affiliate Agreement in such circumstances (such margin being the “**Specified Margin**”)) the lesser of the Specified Margin and ten per cent;
- (d) the entry by any member of the Group into, and the performance of its obligations under, any agreement which relates to the supply of goods or services to an Excluded Project with any Excluded Subsidiary or other person outside the Group where such agreement is entered into and performed in the ordinary course of trading of that member of the Group and on arm’s length terms (or better, for the relevant member of the Group).

“**Project**” means each of:

- (a) the City of Dreams Project;
- (b) the Altira Project; and
- (c) any other gaming, hotel or resort related business, development, project, undertaking or venture designated as a “Project” by the Company and agreed to by the Agent (acting on the instructions of the Majority Lenders).

**“Project Company”** means:

- (a) in the case of the City of Dreams Project, COD Resorts Limited or such other Group Member that owns the Real Property comprising the City of Dreams Project;
- (b) in the case of the Altira Project, Altira Resorts Limited or such other Group Member that owns the Real Property comprising the Altira Project; or
- (c) in the case of any other Project, such person or Group Member that owns the Real Property comprising that Project.

**“Properties”** means the lands described in the Land Concessions, and any other Real Property acquired by a member of the Group after the date of this Agreement. A reference to a **“Property”** is a reference to any of the Properties.

**“Quarter Date”** has the meaning given to that term in Clause 23.1 (*Financial definitions*).

**“Quarterly Financial Statements”** has the meaning given to that term in Clause 22.1 (*Definitions*).

**“Quasi-Security”** has the meaning given to that term in Clause 24.13 (*Negative pledge*).

**“Quotation Date”** means, in relation to any period for which an interest rate is to be determined:

- (a) for the Base Currency, the first day of that period;
- (b) for any Optional Currency (other than US dollars), two (2) Business Days prior to the first day of that period; and
- (c) for US dollars, two US Government Securities Business Days before the first day of that period.

**“Quoted Tenor”** means, in relation to the Screen Rate or Term SOFR (as applicable) for the determination of rate of interest applicable to Loans in a currency, any period for which that Screen Rate or Term SOFR (as applicable) is customarily displayed on the relevant page or screen of an information service.

**“Real Property”** means:

- (a) any freehold, leasehold or immovable property, including the land described in the Land Concessions and the Occupational Leases relating to the Mocha Business, and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, leasehold or immovable property.

**“Reference Bank Quotation”** means any quotation supplied to the Agent by a Reference Bank.

**“Reference Banks”** means:

- (a) in relation to HIBOR, such banks as may be designated for such purposes by the Agent in consultation with the Company from time to time; and
- (b) in relation to a Benchmark Rate for a Loan in an Optional Currency (other than a Term SOFR Loan), such banks and office locations as may be designated for such purposes by the Agent in consultation with the Company from time to time.

**“Reference Rate”** means, in relation to any Term SOFR Loan:

- (a) the applicable Term SOFR on the Quotation Date for the Term SOFR Loan and for a period equal in length to the Interest Period of that Term SOFR Loan; or

(b) as otherwise determined pursuant to Clause 14.5 (*Unavailability of Term SOFR*),

and if, in either case, the aggregate of that rate and the applicable Credit Adjustment Spread is less than zero, the Reference Rate shall be deemed to be such a rate that the aggregate of the Reference Rate and the applicable Credit Adjustment Spread is zero.

“**Related Fund**”, in relation to a fund (the “**first fund**”), means a fund which is managed or advised by the same investment manager or adviser or an Affiliate thereof as the first fund.

“**Relevant Interbank Market**” means, in relation to HK dollars, the Hong Kong SAR interbank market, in relation to US dollars for a Term SOFR Loan, the market for overnight cash borrowing in USD collateralised by US Government securities and, in relation to any other currency and a Facility, such other interbank market agreed by all of the Lenders with a Commitment in respect of that Facility and the Company.

“**Relevant Jurisdiction**” means, in relation to any person:

- (a) its jurisdiction of incorporation; and
- (b) any jurisdiction where it conducts its business.

“**Relevant Period**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Relevant Property**” means the City of Dreams Site and, in respect of a “Project” designated under this Agreement, any other property which is designated as a “Relevant Property” by the Company and agreed to by the Agent (acting on instructions of the Majority Lenders).

“**Relevant Property Easement**” means, in relation to any Relevant Property, the easements appurtenant, easements in gross, licence agreements and other rights running for the benefit of the Project Company and/or appurtenant to the Relevant Property.

“**Repeating Representations**” means each of the representations set out in Clause 21 (*Representations*), other than Clause 21.10 (*Deduction of Tax*), paragraphs (a) to (c) of Clause 21.13 (*No misleading information*) and Clause 21.14 (*Financial statements*).

“**Revenues**” means all Group income and receipts, including those derived from the ownership, operation or management of the Projects or any other business of the Melco Group, including payments received by any Group Member under any Material Document, net payments, if any, received under any hedging agreements, Liquidated Damages, insurance proceeds, together with any receipts derived from the sale or disposal of rights of any other property pertaining to the Projects or the business of the Melco Group or incidental to the operation or management of the Projects or the business of the Melco Group, all as determined in conformity with cash accounting principles, and the proceeds of any condemnation awards relating to any Project or the business of the Melco Group.

“**Rollover Loan**” means one or more Initial Facility Loans or Incremental Revolving Credit Facility Loans:

- (a) made or to be made on the same day that a maturing Loan under the same Facility is due to be repaid;
- (b) the aggregate amount of which is equal to or less than the amount of that maturing Loan;
- (c) in the same currency as that maturing Loan; and
- (d) made or to be made to the Company for the purpose of refinancing that maturing Loan (as specified in the Utilisation Request for such first-mentioned Loan(s)).

“**Sanctioned Country**” means a country or territory that is the subject of country-wide or territory-wide Sanctions (including, without limitation, the Crimea region of the Ukraine, Cuba, Iran, North Korea, Sudan and Syria).

“**Sanctioned Person**” means an individual or entity that is:

- (a) the subject of any Sanction, including anyone who is listed:
  - (i) in the Annex to the “Executive Order No. 13224 of 23 September 2001—Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support Terrorism”;
  - (ii) on the “Specially Designated Nationals and Blocked Persons” list maintained by the U.S. Department of Treasury’s Office of Foreign Assets Control; or
  - (iii) in any successor list to either of the foregoing; or
- (b) located, organized or resident in a Sanctioned Country.

“**Sanctions**” means any sanctions administered or enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control, the United Nations Security Council, the European Union, His Majesty’s Treasury of the United Kingdom, the State Secretariat for Economic Affairs of Switzerland, the Hong Kong Monetary Authority or other relevant sanctions authority.

“**Screen Rate**” means:

- (a) in relation to HIBOR, the Hong Kong SAR interbank offered rate administered by the Treasury Markets Association (or any other person which takes over the administration of that rate) for HK dollars for the relevant period displayed on page HKABHIBOR of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate); and
- (b) in relation to a Benchmark Rate for a Loan in an Optional Currency (other than US dollars), the rate designated by the Agent (acting on the instructions of all the Lenders under the Facility pursuant to which that Loan was made) and the Company from time to time,

or, in each case, on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Lenders.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Selection Notice**” means a notice substantially in the form set out in Schedule 10 (*Form of Selection Notice*) given in accordance with Clause 13 (*Interest Periods*) in relation to an Incremental Term Loan Facility.

“**Senior Leverage**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Separate Loan**” has the meaning given to that term in paragraph (c) of Clause 8.1 (*Initial Facility*).

“**Service Agreement**” means any of:

- (a) the services agreement dated 1 January 2007 and made between Melco Resorts Macau and Melco Resorts Services Limited (formerly named Melco PBL Services Limited);

- (b) the services agreement dated 1 January 2007 and made between Altira Resorts Limited (formerly Great Wonders Investments Limited) and Melco Resorts Services Limited (formerly named Melco PBL Services Limited);
- (c) the services agreement dated 1 January 2007 and made between COD Resorts Limited (formerly Melco Hotels and Resorts (Macau) Limited) and Melco Resorts Services Limited (formerly Melco PBL Services Limited);
- (d) the services agreement dated 1 January 2007 and made between MCO Investments Limited (formerly MPEL Investments Limited) and Melco Resorts Services Limited (formerly Melco PBL Services Limited);
- (e) the services agreements dated 1 January 2007 and made between Melco Resorts & Entertainment Limited (formerly Melco PBL Entertainment (Macau) Limited) and MCO Nominee One Limited;
- (f) the services agreement dated 29 May 2007 and made between Melco Resorts (Cafe) Limited (formerly Melco Crown (Cafe) Services Limited) and Melco Resorts Services Limited (formerly Melco PBL Services Limited);
- (g) the services agreement dated 29 May 2007 and made between Golden Future (Management Services) Limited (formerly Melco PBL Services (Macau) Limited) and Melco Resorts Services Limited (formerly Melco PBL Services Limited);
- (h) the services agreement dated 27 October 2009 and made between Melco Resorts Macau and Melco Resorts Security Services Limited (formerly Melco Crown Security Services Limited);
- (i) the services agreement dated 27 October 2009 and made between Golden Future (Management Services) Limited and Melco Resorts Security Services Limited (formerly Melco Crown Security Services Limited);
- (j) the services agreement dated 25 March 2010 and made between Golden Future (Management Services) Limited and MPEL Properties (Macau) Limited; and
- (k) the master services agreement dated 21 December 2015 and made between, amongst others, COD Resorts Limited (formerly Melco Crown (COD) Developments Limited), Altira Resorts Limited (formerly Altira Developments Limited), Melco Resorts Macau, Golden Future (Management Services) Limited (formerly Melco PBL Services (Macau) Limited) and certain other members of the Melco Group, and Studio City International Holdings Limited and certain of its subsidiaries (the “MSA”), and any and all work agreements entered into in conjunction with the MSA,

and any other agreement which a member of the Group may enter into from time to time with an Affiliate outside the Group for the supply of goods or services as permitted pursuant to this Agreement.

“**Sponsor Affiliate**” means each Sponsor and each Sponsor Group Shareholder and each of their respective Affiliates (excluding members of the Group).

“**Sponsor Group Loan**” means any Financial Indebtedness owed by a Group Member to any Sponsor Group Shareholder, *provided that* (other than for the purposes of Clause 25.9 (*Unlawfulness and invalidity*)) it is subordinated to the Facility Liabilities under the terms of the Subordination Deed.

“**Sponsor Group Shareholder**” means any direct or indirect shareholder of the Company which is a Sponsor or a Subsidiary of a Sponsor.

“**Sponsors**” means Melco International and Melco and “**Sponsor**” means each of them.

“**Subordinated Creditor**” has the meaning given to it in the Subordination Deed;

“**Subordinated Debt**” means any Financial Indebtedness owed by a Group Member to a Subordinated Creditor that is (other than for the purposes of Clause 25.9 (*Unlawfulness and invalidity*)) subordinated to the Facility Liabilities under the terms of the Subordination Deed, and which includes, as at the date of this Agreement, Financial Indebtedness incurred under the following intercompany loan agreements:

- (a) the US\$1,000,000,000 loan agreement dated 31 July 2017 between MCO Investments as the borrower and Bondco as the lender;
- (b) the US\$500,000,000 loan agreement dated 8 July 2019 between MCO Investments as the borrower and Bondco as the lender;
- (c) the US\$600,000,000 loan agreement dated 18 November 2019 between MCO Investments as the borrower and Bondco as the lender; and
- (d) the US\$900,000,000 loan agreement dated 18 December 2019 between MCO Investments as the borrower and Bondco as the lender.

“**Subordination Deed**” means the subordination deed dated on or about the date of this Agreement between Bondco and MCO International Limited as Subordinated Creditors, the Company and MCO Investments as Debtors and the Agent and acceding parties from time to time (as amended, novated, supplemented, extended, replaced or retained (in each case, however fundamentally) from time to time).

“**Subsidiary**” means in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“**Subsidiary Guarantee**” means each of:

- (a) the guarantee dated on or about the date of this Agreement between MCO Investments as guarantor, the Company and the Agent (as amended, novated, supplemented, extended, replaced or retained (in each case, however fundamentally) from time to time) (the “**MCO Subsidiary Guarantee**”); and
- (b) the guarantee dated on or about the date of this Agreement between Melco Resorts Macau as guarantor, the Company and the Agent (as amended, novated, supplemented, extended, replaced or retained (in each case, however fundamentally) from time to time) (the “**MRM Subsidiary Guarantee**”).

“**Subsidiary Guarantor**” means each of (i) Melco Resorts Macau and (ii) MCO Investments.

“**Studio City Casino Agreement**” means the services and the rights to use agreement dated 11 May 2007 between, amongst others, Melco Resorts Macau and Studio City Entertainment Limited, as amended from time to time.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Term SOFR**” means the term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate) (rounded upwards to five decimal places).

“**Term SOFR Loan**” means any Loan or, if applicable, Unpaid Sum in US dollars.

“**Termination Date**” means:

- (a) in relation to the Initial Facility, the date falling 60 Months after the date of this Agreement (or, if such date is not a Business Day, the immediately preceding Business Day); and
- (b) in relation to an Incremental Facility, the Incremental Facility Termination Date relating to that Incremental Facility.

“**Termination Proceeds**” means compensation or other proceeds paid by the Macau SAR in relation to the termination, redemption or rescission of the Concession.

“**Third Party Creditor Document**” means each of (a) the Subordination Deed and (b) any other document designated as such by the Company and the Agent from time to time.

“**Total Commitments**” means the aggregate of the Total Initial Facility Commitments and the Total Incremental Facility Commitments, being HKD14,850,000,000 as at the date of this Agreement.

“**Total Incremental Facility Commitments**” means, at any time, the aggregate of the Incremental Facility Commitments.

“**Total Initial Facility Commitments**” means the aggregate of the Initial Facility Commitments, being HKD14,850,000,000 as at date of this Agreement.

“**Total Leverage**” has the meaning given to that term in Clause 23.1 (*Financial definitions*).

“**Transaction Documents**” means:

- (a) the Finance Documents;
- (b) the Constitutional Documents of the Company and of each Subsidiary Guarantor; and
- (c) the Excluded Project Operation Agreements (if any).

“**Transfer Certificate**” means an agreement substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Company.

“**Transfer Date**” means, in relation to an assignment or transfer by a Lender, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate relating to such assignment or transfer; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate relating to such assignment or transfer.

“**Treasury Transactions**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“**Unpaid Sum**” means any sum due and payable but unpaid by the Company under the Finance Documents.

“**US**” and “**United States**” means the United States of America, its territories, possessions and other areas subject to the jurisdiction of the United States of America.

“**US Government Securities Business Day**” means any day other than:

- (a) a Saturday or a Sunday; and
- (b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities.

“**USA Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56.

“**USD**”, “**US dollars**” or “**US\$**” denotes the lawful currency of the United States.

“**Utilisation**” means any Loan.

“**Utilisation Date**” means the date on which a Utilisation is made.

“**Utilisation Request**” means a notice substantially in the form set out in Schedule 3 (*Form of Utilisation Request*).

“**Voting Participation**” means a Participation which includes a transfer of any voting rights, directly or indirectly, under, or in relation to, the Finance Documents.

## 1.2 Construction

(a) Unless a contrary indication appears a reference in this Agreement to:

- (i) the “**Agent**”, an “**Arranger**”, any “**Finance Party**”, any “**Lender**”, any “**Obligor**”, any “**Subsidiary Guarantor**” any “**Party**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
- (ii) a document in “**agreed form**” is a document which is in a form previously agreed in writing by or on behalf of the Company and the Agent or, if not so agreed, is in the form specified by the Agent;
- (iii) “**assets**” includes present and future properties, revenues and rights of every description;
- (iv) a “**Finance Document**” or a “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended, replaced or restated (in each case, however fundamentally);
- (v) “**guarantee**” means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;



- (vi) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
  - (vii) a Lender’s “**participation**” in a Loan or Unpaid Sum includes an amount (in the currency of such Loan or Unpaid Sum) representing the fraction or portion (attributable to such Lender by virtue of the provisions of this Agreement) of the total amount of such Loan or Unpaid Sum and the Lender’s rights under this Agreement in respect thereof;
  - (viii) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality) of two or more of the foregoing;
  - (ix) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
  - (x) an “**equivalent amount in other currencies**”, “**equivalent amount in HKD**”, “**equivalent amount in USD**” or “**its equivalent**” means, in relation to an amount in one currency, that amount converted on any relevant date into the relevant currency, HKD or USD (as the case may be) at the Agent’s Spot Rate of Exchange on that date;
  - (i) a “**group of Lenders**” includes all the Lenders;
  - (xi) a provision of law is a reference to that provision as amended or re-enacted from time to time; and
  - (xii) a time of day is a reference to Hong Kong SAR time.
- (b) References in this Agreement to “**the date hereof**”, “**the date of this Agreement**”, and any other like expressions shall mean 29 April 2020.
  - (b) Any reference to the Agent “acting reasonably” shall, to the extent that the Agent seeks instructions from the Lenders or all the Lenders in respect of any matter, be construed so as to require the Lenders or all the Lenders to act reasonably in respect of that matter.
  - (c) Section, Clause and Schedule headings are for ease of reference only.
  - (d) Unless a contrary indication appears, (i) a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement; and (ii) the word “including” shall be construed as “including without limitation” (and cognate expressions shall be construed similarly).
  - (e) The determination of the extent to which a rate is “**for a period equal in length**” to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.
  - (f) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been waived, save that, in respect of an Event of Default under Clause 25.1 (*Non-payment*) which occurs as a result of a Lender of a maturing Initial Facility Loan or Incremental Revolving Credit Facility Loan not making an equivalent Rollover Loan available on a proposed Utilisation Date pursuant to the operation of Clause 4.2 (*Further conditions precedent*), such Event of Default is “**continuing**” if it has not been waived or remedied by that Lender being repaid such Initial Facility Loan or Incremental Revolving Credit Facility Loan in full (together with all accrued interest and other amounts payable to that Lender pursuant to the Finance Documents) by the Company by the date falling no later than three (3) Business Days from that proposed Utilisation Date.

- (g) A Lender shall only have rights in respect of any provisions of Clause 21.22 (*Sanctions*) and Clause 24.8 (*Sanctions*) if and to the extent such provision does not result in a violation of (if applicable to that Lender) the Council Regulation (EC) No. 2271/96 of 22 November 1996 as amended by Commission Delegated Regulation (EU) 2018/1100 of 6 June 2018, section 7 of the German Foreign Trade Ordinance (Außenwirtschaftsverordnung—AWV) or any other applicable anti-boycott or similar laws or regulations which is applicable to such Lender.
- (h) A reference in this Agreement to a page or screen of an information service displaying a rate shall include:
  - (i) any replacement page of that information service which displays that rate; and
  - (ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Agent after consultation with the Company.

### 1.3 Third Party Rights

- (a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of any Finance Document.
- (b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary any Finance Document at any time.

**Section 2**  
**The Facilities**

**2. The Facilities**

**2.1 The Initial Facility**

Subject to the terms of this Agreement, the Lenders make available to the Company a multicurrency revolving credit facility in an aggregate amount the Base Currency Amount of which is equal to the Total Initial Facility Commitments.

**2.2 Incremental Facilities**

Subject to the terms of this Agreement, the Lenders make available to the Company each Incremental Facility established pursuant to Clause 7 (*Incremental Facilities*).

**2.3 Finance Parties' rights and obligations**

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from the Company shall be a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of a Loan or any other amount owed by the Company which relates to a Finance Party's participation in a Facility or its role under a Finance Document (including any such amount payable to the Agent on its behalf) is a debt owing to that Finance Party by the Company.
- (c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

**3. Purpose**

**3.1 Purpose**

- (a) Subject to paragraph (c) below, the Company shall apply all amounts borrowed by it under the Initial Facility towards:
  - (i) refinancing (in whole or in part) the existing Financial Indebtedness of the Group (including but not limited to the Existing OpCo Facilities);
  - (ii) financing the payment of agreed fees, costs and other expenses associated with the Facility; and/or
  - (iii) the general corporate and working capital purposes of the Melco Group.
- (b) Subject to paragraph (c) below, the Company shall apply all amounts borrowed by it under an Incremental Facility towards the purpose(s) specified in the Incremental Facility Notice relating to such Incremental Facility.

- (c) The Company shall not apply any proceeds of any Loan towards any purposes connected with the operation of casino games of chance or other forms of gaming (including, without limitation, financing the acquisition, maintenance or repair of equipment and utensils used in the operation of casino games of chance or other forms of gaming or fitting out any casino).

### 3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

## 4. Conditions of utilisation

### 4.1 Initial conditions precedent

- (a) The Company may not deliver a Utilisation Request unless and until the Agent has received (or the Arrangers or the Agent has waived the requirement to receive) all of the documents and other evidence listed in Schedule 2 (*Conditions precedent*) in form and substance satisfactory to the Arrangers (acting reasonably) (except where such documents and other evidence are stated to be for information purposes only in which case such documents and other evidence shall be satisfied upon receipt without the Arrangers making any determination or otherwise being satisfied as to form or substance) (the “**Condition**”). The Arrangers shall notify the Agent, the Company and the Lenders promptly upon being so satisfied. Lenders will only be obliged to comply with Clause 5.4 (*Lenders’ participation*) in relation to any Utilisation if the Condition has been satisfied on or before 11.00 a.m. on the date falling three (3) Business Days prior to the Initial Utilisation Date (or by such later date as the Agent may agree).
- (b) Other than to the extent that the Majority Lenders notify the Arrangers in writing to the contrary before the Arrangers give the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Arrangers to give that notification. None of the Arrangers, nor the Coordinators nor the Agent shall be liable for any damages, costs or losses whatsoever as a result of the Arrangers giving any such notification.
- (c) The Lenders will only be obliged to comply with Clause 5.4 (*Lenders’ participation*) in relation to any Incremental Facility Loan if on or before the Utilisation Date for that Loan, the Agent has received all of the documents and other evidence specified as initial conditions precedent in the Incremental Facility Notice relating to the relevant Incremental Facility (if any) in form and substance satisfactory to the Agent. The Agent shall notify the Company and the Lenders promptly upon being so satisfied.
- (d) Other than to the extent that the Majority Facility Lenders under the relevant Incremental Facility notify the Agent in writing to the contrary before the Agent gives a notification described in paragraph (c) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

### 4.2 Further conditions precedent

Subject to Clause 4.1 (*Initial conditions precedent*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders’ participation*) in relation to a Utilisation if on the date of the Utilisation Request and on the proposed Utilisation Date relating to that Utilisation:

- (a) in the case of a Rollover Loan, no Event of Default has occurred and is continuing or would result from the proposed Utilisation and, in the case of any other Utilisation, no Default has occurred and is continuing or would result from the proposed Utilisation; and

- (b) all the Repeating Representations are true and correct in all respects.

#### 4.3 Conditions relating to Optional Currencies

- (a) A currency will constitute an Optional Currency in relation to a Utilisation if:
  - (i) it is readily available in the amount required and freely convertible into the Base Currency in the wholesale market for that currency on the Quotation Date and the Utilisation Date for that Utilisation; and
  - (ii) (A) it is US dollars ; or  
(B) it is any other currency which has been approved by the Agent (acting on the instructions of all Lenders in the relevant Facility) on or prior to receipt by the Agent of the relevant Utilisation Request for that Utilisation.
- (b) If the Agent has received a written request from the Company for a currency to be approved under paragraph (a)(ii)(B) above, the Agent will confirm to the Company within five (5) Business Days of receipt of the relevant written request from the Company:
  - (i) whether or not the relevant Lenders have granted their approval; and
  - (ii) if approval has been granted, the minimum amount for any subsequent Utilisation in that currency.

#### 4.4 Maximum number of Utilisations

- (a) The Company may not deliver a Utilisation Request if as a result of the proposed Utilisation:
  - (i) more than 20 Initial Facility Loans would be outstanding; or
  - (ii) in relation to any Loan to be made under an Incremental Facility, any agreed limit on the number of Loans relating to that Facility would be breached.
- (b) Any Loan made by a single Lender under Clause 6.2 (*Unavailability of a currency*) shall not be taken into account in this Clause 4.4.
- (c) No Separate Loan or Extended Loan shall be taken into account in this Clause 4.4.

**Section 3  
Utilisation**

**5. Utilisation**

**5.1 Delivery of a Utilisation Request**

The Company may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request signed by an authorised signatory of the Company, not later than 11.00 a.m. on the third Business Day prior to the proposed Utilisation Date (or such later time as the Agent may agree).

**5.2 Completion of a Utilisation Request**

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
  - (i) it identifies the Facility to be utilised;
  - (ii) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility;
  - (iii) the currency and amount of the Utilisation comply with Clauses 5.3 (*Currency and amount*) and 5.5 (*Special limit on Utilisations*);
  - (iv) the proposed Interest Period complies with Clause 13 (*Interest Periods*); and
  - (v) (other than in the case of any Rollover Loan) it specifies the account(s) and bank(s) to which the proceeds of that Loan are to be credited.
- (b) Only one Utilisation may be requested in each Utilisation Request.

**5.3 Currency and amount**

- (a) The currency specified in a Utilisation Request in relation to the Initial Facility must be the Base Currency or an Optional Currency.
- (b) The currency specified in a Utilisation Request in relation to an Incremental Facility must be the Base Currency (or, if agreed between the Company and all of the Lenders under that Incremental Facility, whether in the applicable Incremental Facility Notice or other Incremental Facility Document applicable to that Incremental Facility, any Optional Currency so agreed).
- (c) Subject to Clause 5.5 (*Special limit on Utilisations*), the amount of the proposed Utilisation in respect of the Initial Facility must be:
  - (i) if the currency selected is the Base Currency, a minimum of HKD40,000,000 or, if less, the Available Facility applicable to that Facility;
  - (ii) if the currency selected is US dollars, a minimum of USD5,000,000 or, if less, the Available Facility applicable to that Facility; and
  - (iii) if the currency selected is an Optional Currency other than US dollars, the minimum amount specified by the Agent pursuant to paragraph (b)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*) or, if less, the Available Facility applicable to that Facility.
- (d) The amount of any minimum proposed Utilisation in relation to an Incremental Facility shall be agreed between the Company and the Lenders under that Incremental Facility in the Incremental Facility Notice or Incremental Facility Document applicable to that Incremental Facility.

#### **5.4 Lenders' participation**

- (a) Subject to Clause 8 (*Repayment of Initial Facility*), if the conditions set out in this Agreement have been met, each Lender shall make its participation in each Loan available by the Utilisation Date for such Loan through its Facility Office.
- (b) The amount of each Lender's participation in each Loan under a Facility will be equal to the proportion of that Loan borne by its Available Commitment (in respect of such Facility) to the Available Facility (in respect of such Facility) immediately prior to the making of that Loan.
- (c) The Agent shall determine the Base Currency Amount of each Loan which is to be made in an Optional Currency and notify each Lender of the amount, currency and the Base Currency Amount of each Loan, the amount of its participation in that Loan and, if different, the amount of that participation to be made available by 2.00 p.m. on the third Business Day prior to the proposed Utilisation Date.

#### **5.5 Special limit on Utilisations**

Unless and until the Agent has received (or, acting on the instructions of all the Lenders under the Initial Facility, has waived the requirement to receive) evidence in form and substance satisfactory to it that the Existing OpCo Facilities have been fully repaid and/or prepaid and permanently cancelled (save as otherwise specified in the Existing OpCo Facility Continuing Lender Waiver) and no amount in respect of any Existing OpCo Loan remains outstanding (save as otherwise specified in the Existing OpCo Facility Continuing Lender Waiver and provided that a written confirmation from the Existing OpCo Facility Agent to this effect (absent manifest error) shall be conclusive evidence of such repayment, prepayment and/or cancellation), the amount of any proposed Utilisation in respect of the Initial Facility must not be an amount that would result in the aggregate principal amount of outstanding Initial Facility Loans exceeding HKD2,730,000,000 (or its equivalent in other currencies).

#### **5.6 Cancellation of Commitments**

Upon the expiry of the Availability Period relating to a Facility, the Commitment of each Lender in respect of that Facility shall be reduced by the amount of its Available Commitment in respect of that Facility, and then such Available Commitment (in respect of that Facility) shall be immediately reduced to zero.

### **6. Optional Currencies**

#### **6.1 Selection of currency**

- (a) The Company shall select the currency of a Utilisation in a Utilisation Request.
- (b) The Company may agree with the Agent and all of the Original Incremental Facility Lenders under an Incremental Facility any provisions in relation to the selection of currencies in relation to that Incremental Facility in any Incremental Facility Notice or other Incremental Facility Document applicable to that Incremental Facility.

#### **6.2 Unavailability of a currency**

If before 10:00 a.m. on any Quotation Date:

- (a) a Lender notifies the Agent that the Optional Currency requested is not readily available to it in the amount required; or

- (b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent shall give notice to the Company to that effect by 12:00 p.m. on that day. In this event, any Lender that gives notice pursuant to this Clause 6.2 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender's proportion of the Base Currency Amount, or in respect of a Rollover Loan, an amount equal to that Lender's proportion of the Base Currency Amount of the Rollover Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency.

### 6.3 Agent's calculations

Each Lender's participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (*Lenders' participation*).

## 7. Incremental Facilities

### 7.1 Type of Facility

An Incremental Facility may be by way of:

- (a) a term loan facility (each such term loan facility, an "**Incremental Term Loan Facility**");
- (b) a revolving credit facility (each such revolving credit facility, an "**Incremental Revolving Credit Facility**"); or
- (c) an increase in the Commitments under an existing Facility (each such increase, an "**Incremental Facility Increase**").

### 7.2 Availability and establishment of Incremental Facilities

- (a) If the Company and one or more Lenders or other entities (being such other banks, financial institutions, trusts, funds or other entities which are regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets and which are not Lenders, the "**Non-Lenders**") agree, except as otherwise provided in this Agreement, such Lenders and Non-Lenders may make available Commitments in respect of Incremental Facilities in an aggregate amount not exceeding HKD7,750,000,000 (the "**Incremental Facility Limit**").
- (b) The Company may request the establishment of an Incremental Facility by delivering to the Agent a valid and duly completed notice substantially in the form set out in Schedule 8 (*Form of Incremental Facility Notice*) (an "**Incremental Facility Notice**") prior to the Termination Date in respect of the Initial Facility requesting that such Lenders and Non-Lenders make available an Incremental Facility.
- (c) Each Incremental Facility Notice shall not be duly completed unless it (save where not necessary in the case of an Incremental Facility Increase):
  - (i) sets out the termination date and any repayment schedule, amount (the "**Requested Facility Amount**"), availability period, interest rate and (if applicable) margin and commitment fees (if any) of or with respect to the Incremental Facility that is the subject of such Incremental Facility Notice (the "**Relevant Incremental Facility**");
  - (ii) specifies the borrower of the Relevant Incremental Facility, which shall be the Company;



- (iii) specifies whether the Relevant Incremental Facility will be an Incremental Term Loan Facility, Incremental Revolving Credit Facility or Incremental Facility Increase;
  - (iv) specifies the currency in which the Commitments for the Relevant Incremental Facility will be denominated (which shall be limited to the Base Currency) and the currency or currencies in which the Relevant Incremental Facility may be utilised (which shall be limited to the Base Currency and any Optional Currency);
  - (v) specifies the purpose for which the proceeds of the Relevant Incremental Facility may be used (which shall not conflict with paragraph (c) of Clause 3.1 (*Purpose*));
  - (vi) specifies the maximum number of Loans that may be outstanding under the Relevant Incremental Facility at any time;
  - (vii) specifies any other relevant terms relating to the Relevant Incremental Facility;
  - (viii) (if the Company so chooses, at its discretion, to invite any Lender to participate in the Relevant Incremental Facility) invites each Lender to participate in the Relevant Incremental Facility in an amount up to that Lender's Pro Rata Share (for such purposes, "**Pro Rata Share**" means, in relation to a Lender, the percentage of the aggregate amount of the Relevant Incremental Facility that such Lender's existing Commitments (in aggregate across the Facilities) bear to the existing Total Commitments on the date of the Incremental Facility Notice);
  - (ix) confirms that the Repeating Representations are true and accurate in all material (or, to the extent that the Repeating Representation is subject to any materiality qualifier, all) respects as at the date of the Incremental Facility Notice;
  - (x) confirms that no Event of Default is continuing at the time of, or would arise as a result of, the establishment and utilisation of the Relevant Incremental Facility; and
  - (xi) is signed by the Company.
- (d) Upon receipt of an Incremental Facility Notice, the Agent shall promptly and in any case within three (3) Business Days forward that Incremental Facility Notice to all Lenders and each Lender (if applicable) shall have ten (10) Business Days (or such longer time as the Agent and the Company may agree) from the date of the Incremental Facility Notice to accept any invitation made by the Company as contemplated by paragraph (c)(viii) above (the "**Lender Invitation Period**"). Following the expiry of the Lender Invitation Period, any Lender that has not responded to the Company in relation to the Incremental Facility Notice (or has declined the invitation to participate) shall not participate in the Relevant Incremental Facility (other than as a result of an assignment or transfer in accordance with Clause 26 (*Changes to the Lenders*)).
- (e) No Lender shall be obliged to participate in any Incremental Facility.
- (f) The Company shall be permitted to invite Non-Lenders to provide commitments for and to become Lenders under the Relevant Incremental Facility (and each such entity that agrees to provide a commitment in relation to a Relevant Incremental Facility will be an "**Additional Lender**") subject to paragraphs (g) and (h) below, *provided* that if the Company has invited Lenders to provide any commitments in the Relevant Incremental Facility, its invitation to Non-Lenders shall not prejudice the right of Lenders to participate in an amount up to its Pro Rata Share.

- (g) If sufficient Lenders and Additional Lenders have provided acceptances to the Company to make available commitments (of an aggregate amount not less than the Requested Facility Amount, or, subject to paragraph (a) above, such other amount agreed between the Company, the Lenders and the Additional Lenders) in respect of the Relevant Incremental Facility, the Company shall notify the Agent and each Subsidiary Guarantor of:
- (i) the aggregate amount of the commitments that have been agreed to be made available by the Lenders and/or Additional Lenders in respect of the Relevant Incremental Facility (such commitments in relation to an Incremental Term Loan Facility being “**Incremental Term Loan Facility Commitments**”, such commitments in relation to an Incremental Revolving Credit Facility being “**Incremental Revolving Credit Facility Commitments**” and such commitments in relation to an Incremental Facility Increase being “**Incremental Facility Increase Commitments**”); and
  - (ii) the identity and notice details of the Lenders and Additional Lenders (the “**Original Incremental Facility Lenders**”) that have agreed to provide the Relevant Incremental Facility,
- and the Agent shall promptly notify all of the Lenders and such Additional Lenders of the same.
- (h) Each Additional Lender which has been selected by the Company to be an Original Incremental Facility Lender may accede to this Agreement as a Lender by duly completing and signing an Incremental Lender Accession Deed prior to making available its Incremental Facility Commitments and the Agent shall only be obliged to execute the relevant Incremental Lender Accession Deed delivered to it by an Additional Lender once it is satisfied that it has complied with all necessary “know-your-customer” checks or other similar checks under all applicable laws and regulations in relation to such Additional Lender and at any time thereafter such Additional Lender shall be treated as a Lender for the purposes of this Agreement. Each Party irrevocably authorises and instructs the Agent to execute any Incremental Lender Accession Deed on its behalf. By executing an Incremental Lender Accession Deed, the Additional Lender agrees to become a Lender and a Party to this Agreement. On the date that the Agent executes an Incremental Lender Accession Deed, the relevant Additional Lender, each Finance Party and the Company shall assume obligations towards one another and acquire rights against one another as that Additional Lender, the Finance Parties and the Company would have acquired and assumed had that Additional Lender been an Original Lender with the rights and obligations acquired or assumed by it as a result of its accession and the relevant Additional Lender shall become a Party as a Lender. Clause 26.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 7 in relation to an Additional Lender as if references in that Clause to:
- (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
  - (ii) the “**New Lender**” were references to that Additional Lender; and
  - (iii) a “**re-transfer**” and “**re-assignment**” were references to, respectively, a “**transfer**” and “**assignment**”.

- (i) The making available of any Incremental Facility will not require the consent of any Lender other than the Original Incremental Facility Lenders that are participating in such Incremental Facility.
- (j) An Incremental Facility shall not be established under this Clause 7 and made available unless:
  - (i) the Agent and each Subsidiary Guarantor has received a notice in respect of that Incremental Facility from the Company pursuant to paragraph (g) above;
  - (ii) the Agent has executed an Incremental Lender Accession Deed respect of each Additional Lender in respect of that Incremental Facility;
  - (iii) the terms of that Incremental Facility do not conflict with Clause 7.3 (*Terms of Incremental Facilities*);
  - (iv) the aggregate of (I) the principal amount of such Incremental Facility and (II) the principal amounts of such other Incremental Facilities established from time to time (and without regard to any cancellations of any Incremental Facility Commitments) under this Clause 7.2 does not exceed the Incremental Facility Limit;
  - (v) the Agent has received:
    - (A) a certificate from the Company confirming that:
      - (1) (to the satisfaction of the Majority Lenders, acting reasonably) Senior Leverage, Total Leverage and Interest Cover for the Most Recent Relevant Period (in respect of the anticipated Incremental Facility Establishment Date), in each case determined on a *pro forma* basis giving effect to the incurrence and utilisation of the Initial Facility and such Incremental Facility in full, would not exceed (or in the case of Interest Cover, would not be less than) the applicable ratio set forth opposite the Test Date for that Most Recent Relevant Period in Clause 23 (*Financial covenants*), setting out (in reasonable detail) computations of such compliance and signed by and Authorised Representative; and
      - (2) all fees (including without limitation any upfront or arrangement fees), costs and expenses due to the Original Incremental Facility Lenders in connection with the relevant Incremental Facility have been or will be paid;
    - (B) written authorisation from each Original Incremental Facility Lender confirming (x) the Commitments it agrees to provide under the Incremental Facility on the terms of the applicable Incremental Facility Notice and this Agreement, (y) that it is not a member of the Group or a Sponsor Affiliate and (z) that the Agent may establish the relevant Incremental Facility and its Commitments under that Incremental Facility on its behalf;
    - (C) such customary legal opinions (at the cost of the Company) in form and substance satisfactory to the Agent (acting reasonably on the instructions of the Majority Lenders) and any documents required in connection therewith;

- (D) (at the cost of the Company) all agreements, deeds, acknowledgements, confirmations, amendments or other instruments required for the maintenance of the guarantees provided by Melco Resorts Macau, in each case in connection with the relevant Incremental Facility and in form and substance satisfactory to the Agent (acting reasonably);
  - (E) (x) evidence in form and substance satisfactory to the Agent (acting reasonably) that any Authorisation required from a Governmental Authority (including of the government of Macau SAR) for the purposes of incurring Financial Indebtedness under an Incremental Facility or the extension of any Subsidiary Guarantee in connection with such Financial Indebtedness has been obtained or (y) advice from Macanese counsel that no such Authorisations are required from any Governmental Authority;
  - (vi) the specified maximum number of Loans that may be outstanding under the Relevant Incremental Facility at any time is acceptable to the Agent (acting reasonably); and
  - (vii) no Event of Default is continuing at the time of, or would arise as a result of, the establishment and utilisation of the Relevant Incremental Facility.
- (k) Subject to the conditions of this Clause 7.2 being met in respect of an Incremental Facility, the Agent shall (at the cost of the Company) establish that Incremental Facility and the Commitments of each Original Incremental Facility Lender in respect of that Incremental Facility by way of written notice to the Company, which Incremental Facility and Commitments shall commence on the Agent's receipt of the Company's written countersignature to such notice (the date of such receipt by the Agent, the "**Incremental Facility Establishment Date**" in respect of that Incremental Facility). Each Original Incremental Facility Lender in respect of an Incremental Facility shall make available its Commitments under the Incremental Facility on and from the Incremental Facility Establishment Date for that Incremental Facility on the terms of this Agreement and any Incremental Facility Document relating to that Incremental Facility. The Commitments of the other Lenders shall continue in full force and effect.

### 7.3 Terms of Incremental Facilities

- (a) Except as provided below, the terms of any Incremental Facility will be those agreed by the Original Incremental Facility Lenders and the Company.
- (b) Any Incremental Term Loan Facility:
  - (i) shall have Incremental Term Loan Facility Commitments of a minimum Base Currency Amount of HKD1,000,000 and an integral multiple of HKD1,000,000;
  - (ii) may not have a Termination Date that is earlier than the Termination Date in relation to the Initial Facility;
  - (iii) if amortising, the weighted average life of such Incremental Term Loan Facility may not be shorter than the remaining period to the Termination Date in relation to the Initial Facility;
  - (iv) shall rank *pari passu* in right and priority of payment with the Initial Facility;
  - (v) shall not have the benefit of any guarantee or Security which is not extended rateably and equally to the Lenders under the Initial Facility;

- (vi) shall not contain more onerous financial or other undertakings, representations, events of default and terms of mandatory prepayment than those applicable to the Initial Facility, *provided* that this shall not restrict any additional availability conditions being imposed under the relevant Incremental Facility; and
- (vii) (in case of any Incremental Term Loan Facility established on or before the date falling 12 Months after the date of this Agreement) shall not have a Yield higher than the Yield then applicable to the Initial Facility, unless the Margin applicable to the Initial Facility (at each ratchet level) is adjusted (or the Company agrees to pay such other amounts and at such other times agreeable to all of the Initial Facility Lenders, acting reasonably) by an amount to remove any difference between such Yields (a “**Margin Increase**”),

except (A) with the consent of all the Lenders under the Initial Facility (B) (in the case of paragraphs (v) to (vii) above) where the additional benefit of such term is also extended to the Initial Facility Lenders and the Agent is hereby authorised by the Lenders to execute such documents the Agent reasonably considers necessary or appropriate to effect such amendments to extend the benefit of such terms to such Lenders.

(c) Any Incremental Revolving Credit Facility:

- (i) shall have Incremental Revolving Credit Facility Commitments of a minimum Base Currency Amount of HKD1,000,000 and an integral multiple of HKD1,000,000;
- (ii) may not have a Termination Date that is earlier than the Termination Date in relation to the Initial Facility;
- (iii) shall rank *pari passu* in right and priority of payment with the Initial Facility;
- (iv) shall not have the benefit of any guarantee or Security which is not extended rateably and equally to the Lenders under the Initial Facility;
- (v) shall not contain more onerous financial or other undertakings, representations, events of default and terms of mandatory prepayment than those applicable to the Initial Facility, *provided* that this shall not restrict any additional availability conditions being imposed under the relevant Incremental Facility;
- (vi) (in case of any Incremental Revolving Credit Facility established on or before the date falling 12 Months after the date of this Agreement) shall not have a Yield higher than the Yield then applicable to the Initial Facility, unless the Margin applicable to the Initial Facility (at each ratchet level) is adjusted (or the Company agrees to pay such other amounts and at such other times agreeable to all of the Initial Facility Lenders, acting reasonably) by an amount to remove any difference between such Yields (a “**Margin Increase**”); and
- (vii) may provide for fees applicable to such Incremental Revolving Credit Facility as agreed by the Company and the relevant Lenders thereunder, *provided* that if the percentage that such fees represent as a proportion of the relevant Incremental Revolving Credit Facility exceeds the percentage used to calculate the corresponding fees payable to the Lenders in respect of the Initial Facility (such excess being the “**Applicable Rate**”), the Company shall prior to the establishment of such Incremental Revolving Credit Facility agree to pay to the Agent for the account of the Lenders under the Initial Facility on a *pro rata* basis, amounts from time to time (as applicable) equal to the Applicable Rate of the Initial Facility Commitments (provided that such fees shall exclude arrangement fees, structuring fees or underwriting or similar fees paid to arrangers for such Incremental Revolving Credit Facility Commitments that are not generally shared with the relevant Lenders and any customary consent fees paid generally to consenting Original Incremental Facility Lenders),

except (A) with the consent of all the Lenders under the Initial Facility or (B) (in the case of paragraph (iii) to (vii) above), where the additional benefit of such term is also extended to the Lenders under the Initial Facility and the Agent is hereby authorised by the Lenders and to execute such documents the Agent reasonably considers necessary to effect such amendments to extend the benefit of such terms to such Lenders.

#### 7.4 General

- (a) The Agent may but is not obliged to, for and on behalf of the Finance Parties, together with the Guarantors' Agent, effect such amendments to this Agreement and the other Finance Documents as may be necessary or appropriate, in the reasonable opinion of the Agent, to give effect to the provisions of this Clause 7. Without prejudice to the foregoing, the Agent shall promptly upon the request of the Company enter into any amendment to any Finance Document to give effect to any Margin Increase (without any need for any further consent or instruction from any Finance Party).
- (b) Each Finance Party agrees and empowers the Agent to (and the Company shall promptly upon request by the Agent (acting reasonably)) execute (and procure that each Subsidiary Guarantor executes) any amendments to the Finance Documents as may be required or appropriate in order to ensure that any Incremental Facility Loans rank *pari passu* with the Initial Facility and that each Subsidiary Guarantee extends to the Incremental Facilities.
- (c) The Agent is authorised by the Group to disclose the terms of any Incremental Facility Notice to any of the other Finance Parties and, upon request by the other Finance Parties, will promptly disclose such terms to the other Finance Parties.
- (d) The provisions of this Agreement will apply to each Incremental Facility and the Incremental Facility Commitments.
- (e) Any Incremental Facility Notice containing conditions precedent or conditions subsequent in relation to the relevant Incremental Facility or any covenants relating to the purpose of such relevant Incremental Facility shall not, solely by virtue of such terms and conditions, be treated as not being substantially in the form set out in Schedule 8 (*Form of Incremental Facility Notice*) and any amendment or waiver of such terms shall require the consent of the requisite Lenders as specified in the relevant Incremental Facility Notice only.
- (a) For the purposes of this Clause 7, "**Yield**" means, in relation to any Incremental Facility, the yield thereof, whether in the form of margin (including at each level in any margin ratchet grid), interest rate (excluding any component of an interest rate based on an interbank offer rate or, but, in the case of any Incremental Facility the rate of interest of which is not based on an interbank offer rate plus a margin, such rate of interest as reduced by an equivalent measure for an interbank offer rate as if one had applied (such reduction to be determined by the Company, acting reasonably), but in each case treating any interbank offer rate floor (or equivalent) as margin), original issue discount, upfront fees or otherwise, provided that (A) for the purposes of the calculation of Yield, any original issue discount or upfront fees shall be equated to interest rate on an assumed three year average life to maturity (with no present value discount), and (B) "Yield" shall not include arrangement fees, structuring fees or underwriting or similar fees paid to arrangers for such Incremental Facility Commitments that are not generally shared with the relevant Lenders and shall not include customary consent fees paid generally to consenting Original Incremental Facility Lenders.

**7.5 Repayment of Incremental Facility**

If an Incremental Facility expires in accordance with its terms the Incremental Facility Commitments of the Lenders in respect of that Incremental Facility shall be reduced to zero.

**7.6 Amendments and waivers – Incremental Facilities**

No amendment or waiver of a term of any Incremental Facility (other than an Incremental Facility Increase) shall require the consent of any Finance Party other than the Lenders in respect of that Incremental Facility, *provided* that:

- (a) any amendment or waiver of this Clause 7; or
- (b) any amendment or waiver of a term of any Incremental Facility which would (had such relevant term after giving effect to such amendment or waiver constituted a term of such Incremental Facility at the time it was made available pursuant to this Clause 7) be a breach of or conflict with this Clause 7,

shall be subject to paragraph (a)(xii) of Clause 38.2 (*Exceptions*).

**Section 4**  
**Repayment, prepayment and cancellation**

**8. Repayment**

**8.1 Initial Facility**

- (a) Subject to paragraph (c) below, the Company shall repay each Initial Facility Loan in full on the last day of its Interest Period.
- (b) Without prejudice to the Company's obligations under paragraph (a) above, if:
  - (i) one or more Initial Facility Loans are to be made available to the Company (each a "New Loan"):
    - (A) on the same day that a maturing Initial Facility Loan is due to be repaid by the Company;
    - (B) in the same currency as the maturing Initial Facility Loan (unless it arose as a result of the operation of Clause 6.2 (*Unavailability of a currency*)); and
    - (C) in whole or in part for the purpose of refinancing that maturing Initial Facility Loan (as specified in the Utilisation Request for such New Loan); and
  - (ii) the proportion borne by each Lender's participation in that maturing Initial Facility Loan to the aggregate amount of that maturing Initial Facility Loan is the same as the proportion borne by the Lender's aggregate participation in such New Loans to the aggregate amount of those New Loans,

the aggregate amount of such New Loans shall, unless the Company notifies the Agent to the contrary in the Utilisation Request(s) for such New Loans, be treated as if applied in or towards repayment of that maturing Initial Facility Loan so that:

- (1) if the amount of the maturing Initial Facility Loan exceeds the aggregate amount of such New Loans:
  - (I) the Company will only be required to make a payment under Clause 32.1 (*Payments to the Agent*) in respect of the repayment of that maturing Initial Facility Loan in an amount equal to that excess; and
  - (II) each Lender's participation (if any) in such New Loans shall be treated as having been made available and applied by the Company in or towards repayment of that Lender's participation (if any) in the maturing Initial Facility Loan and that Lender will not be required to make a payment under Clause 32.1 (*Payments to the Agent*) in respect of its participation in such New Loans; and
- (2) if the amount of the maturing Initial Facility Loan is equal to or less than the aggregate amount of such New Loans:
  - (I) the Company will not be required to make a payment under Clause 32.1 (*Payments to the Agent*) in respect of the repayment of that maturing Initial Facility Loan; and



- (II) each Lender will be required to make a payment under Clause 32.1 (*Payments to the Agent*) in respect of its participation in such New Loans only to the extent that its participation (if any) in such New Loans exceeds that Lender's participation (if any) in the maturing Initial Facility Loan and the remainder of that Lender's participation in the New Loans shall be treated as having been made available and applied by the Company in or towards repayment of that Lender's participation in the maturing Initial Facility Loan.
- (c) At any time when a Lender becomes a Defaulting Lender, the maturity date of each of the participations of that Lender in each Initial Facility Loan then outstanding will be automatically extended to the Termination Date applicable to the Initial Facility and will be treated as a separate Initial Facility Loan (each a "**Separate Loan**") and denominated in the currency in which such participations are outstanding.
- (d) If the Company makes a prepayment of an Initial Facility Loan pursuant to Clause 9.3 (*Voluntary prepayment*), the Company may prepay any Separate Loan(s) by giving not less than three (3) Business Days' prior written notice (or such shorter period as the applicable Majority Facility Lenders may agree) to the Agent. The Agent will forward a copy of a prepayment notice received in accordance with this paragraph (d) to the Defaulting Lender concerned as soon as practicable on receipt.
- (e) Interest in respect of a Separate Loan will accrue for successive Interest Periods selected by the Company by the time and date specified by the Agent (acting reasonably) and will be payable by the Company to the Agent (for the account of that Defaulting Lender) on the last day of each Interest Period of that Separate Loan.
- (f) The terms of this Agreement relating to Initial Facility Loans generally shall continue to apply to Separate Loans other than to the extent inconsistent with paragraphs (c) to (e) above, in which case those paragraphs shall prevail in respect of any Separate Loan. For the avoidance of doubt, each Separate Loan shall be subject to the provisions of Clause 25.15 (*Acceleration*).

## **8.2 Repayment of Incremental Facilities**

- (a) The Company shall repay each Incremental Facility Loan in respect of an Incremental Facility in accordance with the terms of the Incremental Facility Notice relating to such Incremental Facility.
- (b) Notwithstanding the terms of the Incremental Facility Notice relating to an Incremental Facility, the Company shall repay the aggregate Incremental Facility Loans in respect of an Incremental Facility then outstanding in full on the Termination Date relating to that Incremental Facility.

## **9. Illegality, voluntary prepayment and cancellation**

### **9.1 Illegality**

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event and the Agent shall thereafter notify the Company as soon as reasonably practicable;
- (b) upon the Agent notifying the Company, the Available Commitments of that Lender will be immediately cancelled and reduced to zero (and the Commitment of that Lender in respect of each Facility shall be reduced by the amount of such reduction in that Lender's Available Commitment in respect of that Facility accordingly); and
- (c) the Company shall repay that Lender's participation in the Utilisations on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) (which may not be reborrowed).

## 9.2 Voluntary cancellation

The Company may, if it gives the Agent not less than three (3) Business Days' (or such shorter period as the applicable Majority Facility Lenders may agree) prior written notice, cancel the whole or any part (if in part, being a minimum Base Currency Amount of HKD10,000,000 and an integral multiple of HKD10,000,000) of an Available Facility. Any cancellation under this Clause 9.2 shall reduce the Commitments of the Lenders rateably under that Facility.

## 9.3 Voluntary prepayment

The Company may, if it gives the Agent not less than three (3) Business Days' (or such shorter period as the applicable Majority Facility Lenders may agree) prior written notice, prepay the whole or any part of a Loan outstanding thereunder (but, if in part, being an amount that reduces the Base Currency Amount of such Loans by a minimum amount of (i) in case of a Loan denominated in HK dollars, HKD10,000,000 and an integral multiple of HKD10,000,000, (ii) in case of a Loan denominated in US dollars, USD2,000,000 and an integral multiple of USD1,000,000, and (iii) in any other case, the equivalent of the amounts in (ii) in such other currency, rounded up to the nearest appropriate million, ten million, hundred million, etc., as determined by the Agent (acting reasonably)).

## 9.4 Right of cancellation and repayment in relation to a single Lender

- (a) If:
  - (i) any sum payable to any Lender by the Company is required to be increased under paragraph (c) of Clause 16.2 (*Tax gross-up*); or
  - (ii) any Lender claims indemnification from the Company under Clause 16.3 (*Tax indemnity*) or Clause 17.1 (*Increased Costs*), (any such Lender, an "**Affected Lender**") the Company may whilst the circumstance giving rise to the requirement for indemnification continues, give the Agent written notice of cancellation of the Commitment of that Lender and its intention to repay that Lender's participation in the Utilisations.
- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Available Commitments of that Lender will be immediately cancelled and reduced to zero (and the Commitment of that Lender in respect of each Facility shall be reduced by the amount of such reduction in that Lender's Available Commitment in respect of that Facility accordingly).
- (c) On the last day of each Interest Period which ends after the Company has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Company in that notice), the Company shall repay that Lender's participation in the Utilisation to which that Interest Period relates (together with all interest and other amounts accrued under the Finance Documents) (which may not be reborrowed), *provided* that, if an Event of Default has occurred and is occurring on such day, such repayment must be funded from the proceeds of New Shareholder Injections received by the Company since the last day of the Most Recent Relevant Period.

**9.5 Right of cancellation in relation to a Defaulting Lender**

- (a) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent five (5) Business Days' prior written notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

**10. Mandatory prepayment**

**10.1 Definitions**

For the purposes of this Clause 10 (*Mandatory prepayment*):

“**Change of Control**” means the occurrence of any of the following:

- (a) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Bondco and its Subsidiaries (taken as a whole) to any “person” (as that term is used in Section 13(d) of the Securities Exchange Act of 1934 of the United States of America) (other than a Sponsor or a Related Party of a Sponsor);
- (b) the adoption of a plan relating to the liquidation or dissolution of Bondco;
- (c) Melco ceases to beneficially own, directly or indirectly, 100 per cent. of the outstanding Equity Interests of Bondco;
- (d) Melco International ceases to beneficially own and control, directly or indirectly, at least 30 per cent. of the outstanding Capital Stock of Melco (including any and all agreements, warrants, rights or options to acquire any Capital Stock) (measured in each case, by both voting power and size of equity interests);
- (e) Melco ceases to beneficially own and control, directly or indirectly, the entire outstanding Capital Stock of the Company; or
- (f) the Company ceases to beneficially own and control, directly or indirectly, the entire outstanding Capital Stock of Melco Resorts Macau (including any and all agreements, warrants, rights or options to acquire any Capital Stock) (measured in each case, by both voting power and size of equity interests), **provided that** in determining whether a Change of Control has occurred under this subparagraph (f), any class of shares of Melco Resorts Macau with only a nominal economic interest which have been created for the purposes of complying with Macanese ownership requirements shall not be deemed to form part of the outstanding Capital Stock of Melco Resorts Macau;

“**Concession Expiry**” means termination, revocation, rescission or modification of the Concession (including by way of expiry on its terms) which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole;

“**Equity Interests**” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock);

“**Land Concession Termination**” means the termination, revocation or rescission of any Land Concession (including by way of expiry on its terms) unless a new land concession with respect to the relevant Property is granted to a Group Member or Group Members in replacement of the Land Concession which is the subject of such termination, revocation or rescission;

“**Mandatory Prepayment Event**” means the occurrence of:

- (a) a Change of Control;
- (b) a Concession Expiry; or
- (c) a Land Concession Termination; and

“**Related Party**” means:

- (a) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Sponsor; or
- (b) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or persons beneficially holding an 80% or more controlling interest of which consist of any one or more Sponsors and/or such other persons referred to in the immediately preceding paragraph (a).

## 10.2 Mandatory Prepayment Event

If a Mandatory Prepayment Event occurs:

- (a) the Company shall promptly notify the Agent upon becoming aware of that event;
- (b) the Available Commitment of each Lender in respect of each Facility shall be deemed to be immediately reduced to zero (but not cancelled) and, subject to Clause 10.3 (*Prepayment elections*), no Lender shall be required to comply with Clause 5.4 (*Lenders’ participation*) in relation to any Utilisation under a Facility requested by the Company after the occurrence of that Mandatory Prepayment Event; and
- (c) subject to Clause 10.3 (*Prepayment elections*), on the date falling fifteen (15) Business Days after the Agent’s receipt of the notice referred to in paragraph (a) above, the Available Commitment of each Lender in respect of each Facility shall be immediately cancelled and reduced to zero and all outstanding Utilisations, together with accrued but unpaid interest, and all other accrued amounts under the Finance Documents, shall become immediately due and payable (and may not be reborrowed).

## 10.3 Prepayment elections

- (a) Each Lender may (with the prior consent of the Company but otherwise in its sole discretion) elect to waive the reduction and cancellation of its Available Commitments and the prepayment of its share of the Utilisations to be made in accordance with Clause 10.2 (*Mandatory Prepayment Event*) by notifying the Agent in writing within ten (10) Business Days of the Company’s notification to the Agent under Clause 10.2 (*Mandatory Prepayment Event*) that a Mandatory Prepayment Event has occurred of its election, in which case with effect from the Agent’s receipt of such notice from the Lender that Lender’s Available Commitments that were deemed to have been reduced in accordance with paragraph (b) of Clause 10.2 (*Mandatory Prepayment Event*) shall be immediately reinstated, that Lender shall be required to comply with Clause 5.4 (*Lenders’ participation*) accordingly and paragraph (c) of Clause 10.2 (*Mandatory Prepayment Event*) shall not apply with respect to that Lender.

(b) The Agent shall promptly notify the Company of each notice received by a Lender in accordance with paragraph (a) above.

## **11. Restrictions**

### **11.1 Notices of cancellation or prepayment**

Any notice of cancellation or prepayment, authorisation or other election given by any Party under Clause 9 (*Illegality, voluntary prepayment and cancellation*) or Clause 10 (*Mandatory Prepayment elections*) shall be irrevocable and, unless a contrary indication appears in this Agreement, any such notice shall specify the date or dates upon which the relevant cancellation or prepayment is to be made, the affected Facility (or Facilities) and Utilisations and the amount of that cancellation or prepayment.

### **11.2 Interest and other amounts**

Any prepayment under this Agreement shall be made together with accrued (but unpaid) interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

### **11.3 Reborrowing of Facilities**

The Company may not reborrow any part of any Incremental Term Loan Facility which is prepaid. Unless a contrary indication appears in this Agreement, any part of the Initial Facility or an Incremental Revolving Credit Facility which is repaid or voluntarily prepaid may be reborrowed in accordance with the terms of this Agreement.

### **11.4 Prepayment in accordance with Agreement**

The Company shall not repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

### **11.5 No reinstatement of Commitments**

No amount of any Commitments cancelled under this Agreement may be subsequently reinstated.

### **11.6 Agent's receipt of Notices**

If the Agent receives a notice or election under Clause 9 (*Illegality, voluntary prepayment and cancellation*) or Clause 10 (*Mandatory prepayment*), it shall promptly forward a copy of that notice or election to either the Company or the affected Lender(s), as appropriate.

### **11.7 Effect of repayment and prepayment**

If all or part of a Loan under a Facility is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of the Commitments (equal to the amount of the Base Currency Amount of the Loan which is repaid or prepaid) in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this Clause 11.7 (save in connection with any repayment or, as the case may be, prepayment under paragraph (c) of Clause 9.1 (*Illegality*) or paragraph (c) of Clause 9.4 (*Right of cancellation and prepayment in relation to a single Lender*)) shall reduce the Commitments of the Lenders rateably under that Facility.

**Section 5**  
**Costs of utilisation**

**12. Interest**

**12.1 Calculation of interest**

- (a) The rate of interest on each Initial Facility Loan for each Interest Period relating thereto is the percentage rate per annum which is the aggregate of the applicable:
  - (i) Margin; and
  - (ii) (A) in relation to any Initial Facility Loan in the Base Currency, HIBOR;
    - (B) in relation to any Initial Facility Loan in US dollars:
      - (1) Reference Rate; and
      - (2) the applicable Credit Adjustment Spread; or
    - (C) in relation to any Initial Facility Loan in any other currency, the Benchmark Rate for that currency,in each case for such Initial Facility Loan and such Interest Period.
- (b) The rate of interest on each Loan under an Incremental Facility for an Interest Period shall be determined in accordance with the terms of the Incremental Facility Notice in respect of such Incremental Facility.

**12.2 Payment of interest**

- (a) The Company shall pay accrued interest on each Initial Facility Loan on the last day of each Interest Period relating to that Loan (and, if that Interest Period is longer than three (3) Months, on the dates falling at three-monthly intervals after the first day of that Interest Period).
- (b) Interest on each Incremental Facility Loan under any Incremental Facility shall be paid in accordance with the terms of the Incremental Facility Notice relating to such Incremental Facility.
- (c) If the annual audited financial statements of the Group and related Compliance Certificate received by the Agent show that a higher Margin should have applied to a Loan during a certain period, then the Company shall promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period.

**12.3 Default interest**

- (a) If the Company fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2.00 per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan made under this Agreement (under the Facility to which such overdue amount relates or, if such overdue amount does not specifically relate to any Facility, under the Initial Facility) in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 12.3 shall be immediately payable by the Company on demand by the Agent.

- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
  - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
  - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be 2.00 per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

#### **12.4 Notification of rates of interest**

- (a) The Agent shall promptly notify the Lenders and the Company of the determination of a rate of interest under this Agreement.
- (b) The Agent shall promptly notify the Company of each Funding Rate relating to a Loan.
- (c) In respect of any Fallback Interest Payment, the Agent shall promptly upon a Fallback Interest Payment being determinable notify:
  - (i) the Company of that Fallback Interest Payment; and
  - (ii) each relevant Lender of the proportion of that Fallback Interest Payment which relates to that Lender's participation in the relevant Term SOFR Loan.
- (d) This Clause 12.4 shall not require the Agent to make any notification to any Party on a day which is not a Business Day.

### **13. Interest Periods**

#### **13.1 Selection of Interest Periods**

- (a) The Company may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan is an Incremental Facility Loan under an Incremental Term Loan Facility (a "**Term Loan**") and has already been borrowed) in a Selection Notice.
- (b) Each Selection Notice for a Term Loan is irrevocable and must be delivered to the Agent by the Company not later than 11.00 a.m. on the third Business Day prior to the last day of the then applicable Interest Period for that Term Loan.
- (c) If the Company fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will be one Month.
- (d) Subject to this Clause 13, the Company may select an Interest Period for a Loan of one, two, three or six Months or any other period agreed between the Company and the Agent (acting on the instructions of all the Lenders in relation to the relevant Loan).
- (e) An Interest Period for a Loan under a Facility shall not extend beyond the Termination Date applicable to that Facility.
- (f) Each Interest Period for a Term Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (g) Each Loan that is not a Term Loan has only one Interest Period.

### 13.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

### 13.3 Consolidation and division of Term Loans

- (a) Subject to paragraph (b) below, if two or more Interest Periods:
- (i) relate to Incremental Facility Loans made under the same Incremental Facility; and
  - (ii) end on the same date,
- those Incremental Facility Loans will, unless the Company specifies to the contrary in the Selection Notice for the next Interest Period, be consolidated into, and treated as, a single Incremental Facility Loan on the last day of the Interest Period.
- (b) Subject to Clause 4.4 (*Maximum number of Utilisations*) and Clause 5.3 (*Currency and amount*) if the Company requests in a Selection Notice that an Incremental Facility Loan be divided into two or more Incremental Facility Loans, that Loan will, on the last day of its Interest Period, be so divided with Base Currency Amounts specified in that Selection Notice, having an aggregate Base Currency Amount equal to the Base Currency Amount of the Loan immediately before its division.

## 14. Changes to the calculation of interest

### 14.1 Absence of quotations

Subject to Clause 14.2 (*Market disruption*) and Clause 38.6 (*Changes to reference rates*), if HIBOR or, if applicable, a Benchmark Rate, is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by (in relation to HIBOR) 11:00 a.m. (Hong Kong SAR time) on the Quotation Date for HK dollars or (in relation to a Benchmark Rate) 5:00 p.m. (Hong Kong SAR time) one Business Day after the Quotation Date for Optional Currencies, HIBOR, or, if applicable, that Benchmark Rate shall be determined on the basis of the quotations of the remaining Reference Banks.

### 14.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then Clause 14.6 shall apply to that Loan for the relevant Interest Period.
- (b) In this Agreement “**Market Disruption Event**” means:
- (i) in relation to a Loan (other than a Term SOFR Loan):
    - (A) at or about noon on the Quotation Date for the relevant Interest Period for the relevant Loan the Screen Rate is not available or the Screen Rate is zero or negative and none or only one of the Reference Banks supplies a rate to the Agent to determine HIBOR or, if applicable, a Benchmark Rate for the relevant currency and Interest Period; or
    - (B) before close of business on the Business Day immediately following the Quotation Date for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed thirty-five per cent. (35%) of that Loan) that the cost to it of obtaining matching deposits in the Relevant Interbank Market would be in excess of HIBOR or, if applicable, the Benchmark Rate; and



- (ii) in relation to a Term SOFR Loan, before close of business on the Business Day immediately following the Quotation Date for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in that Loan exceed thirty-five per cent. (35%) of that Term SOFR Loan) that the cost to it of funding its participation in that Term SOFR Loan from whatever source it may reasonably select would be in excess of the applicable Market Disruption Rate.
- (c) If a Market Disruption Event shall occur, the Agent shall promptly notify the Lenders and the Company thereof.

#### **14.3 Alternative basis of interest or funding**

- (a) If a Market Disruption Event occurs or Clause 14.6 (*Cost of Funds*) applies and the Agent or the Company so requires, the Agent and the Company shall enter into negotiations (for a period of not more than thirty (30) days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Company, be binding on all Parties.
- (c) For the avoidance of doubt, in the event that no substitute basis is agreed at the end of the thirty (30) day period, the rate of interest shall continue to be determined in accordance with the terms of this Agreement.

#### **14.4 Break Costs**

- (a) The Company shall, within three (3) Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by the Company on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

#### **14.5 Unavailability of Term SOFR**

- (a) *Interpolated Term SOFR*: If Term SOFR is not available for the Interest Period of a Term SOFR Loan, the Reference Rate for such Interest Period shall be Interpolated Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.
- (b) *Historic Term SOFR*: If paragraph (a) above applies but Interpolated Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Reference Rate for such Interest Period shall be Historic Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.
- (c) *Interpolated Historic Term SOFR*: If paragraph (b) above applies but Historic Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, the Reference Rate for such Interest Period shall be Interpolated Historic Term SOFR for a period equal in length to the Interest Period of that Term SOFR Loan.
- (d) *Cost of funds*: If paragraph (c) above applies but the Interpolated Historic Term SOFR is not available for the Interest Period of the relevant Term SOFR Loan, there shall be no Reference Rate for that Term SOFR Loan and Clause 14.6 (*Cost of Funds*) shall apply to that Term SOFR Loan for that Interest Period.

**14.6 Cost of Funds**

- (a) If this Clause 14.6 applies, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
  - (i) the Margin; and
  - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event not less than the date falling two (2) Business Days after the Quotation Date (or, if earlier, on the date falling two (2) Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) If a Lender has not notified the Agent of a percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above, the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be the average of the percentage rate(s) per annum notified to the Agent by each of the other Lenders which has notified the Agent of a percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above.

**15. Fees**

**15.1 Commitment fee**

- (a) The Company shall pay to the Agent (for the account of each Lender with an Initial Facility Commitment) a commitment fee in the Base Currency that is computed on a daily basis at a rate of 35 per cent. of the then applicable Margin on that Lender's Available Commitment in respect of the Initial Facility for each day during the Availability Period for the Initial Facility.
- (b) Any accrued commitment fee under paragraph (a) above is payable in arrears on the last day of each successive period of three Months which ends during the Availability Period for the Initial Facility, on the last day of the Availability Period for the Initial Facility and, if cancelled in full, on the cancelled amount of the relevant Lender's Commitment in respect of the Initial Facility at the time such cancellation is effective.
- (c) The Company shall pay to the Agent (for the account of each Lender with a Commitment in respect of an Incremental Facility) the fee (if any) specified as the commitment fee in the Incremental Facility Notice relating to that Incremental Facility at the times and in the amounts specified in the applicable Incremental Facility Notice.
- (d) No commitment fee is payable to the Agent (for the account of a Lender), or shall accrue by reference to any Available Commitment of any Lender, for any day on which that Lender is a Defaulting Lender.

**15.2 Upfront fee**

The Company shall pay to the Arrangers the upfront fee(s) in the amount(s) and at the times agreed in any Fee Letter.

**15.3 Agency fee**

The Company shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in any Fee Letter.

**Section 6**  
**Additional payment obligations**

**16. Tax gross-up and indemnities**

**16.1 Definitions**

(a) In this Agreement:

“**Protected Party**” means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of, any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means an increased payment made by the Company to a Finance Party under Clause 16.2 (*Tax gross-up*) or a payment under Clause 16.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 16 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

**16.2 Tax gross-up**

- (a) The Company shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Company shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Company.
- (c) If a Tax Deduction is required by law to be made by the Company, the amount of the payment due from the Company shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) If the Company is required to make a Tax Deduction, the Company shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Company shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

**16.3 Tax indemnity**

- (a) Without prejudice to Clause 16.2 (*Tax gross-up*), the Company shall (within five (5) Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document or the transactions occurring under such Finance Document.

- (b) Paragraph (a) above shall not apply:
  - (i) with respect to any Tax assessed on a Finance Party:
    - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
    - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,  
if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party;
  - (ii) to the extent a loss, liability or cost is compensated for by an increased payment under Clause 16.2 (*Tax gross-up*); or
  - (iii) to the extent a loss, liability or cost relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Company.
- (d) A Protected Party shall, on receiving a payment from the Company under this Clause 16.3, notify the Agent.

#### **16.4 Tax Credit**

If the Company makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Company which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Company.

#### **16.5 Stamp Taxes**

The Company shall pay and, within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability that Finance Party incurs in relation to all stamp duty, registration, excise and other similar Taxes payable in respect of any Finance Document or the transactions occurring under any of them.

#### **16.6 Indirect Tax**

- (a) All amounts set out or expressed in a Finance Document to be payable by any Party to a Finance Party shall be deemed to be exclusive of any Indirect Tax. If any Indirect Tax is chargeable on any supply made by any Finance Party to any Party in connection with a Finance Document, that Party shall pay to the Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the Indirect Tax.

- (b) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any costs or expenses, that Party shall also at the same time pay and indemnify the Finance Party against all Indirect Tax incurred by that Finance Party in respect of the costs or expenses to the extent that the Finance Party reasonably determines that it is not entitled to credit or repayment in respect of the Indirect Tax.

#### **16.7 Survival of obligations**

Without prejudice to the survival of any other section of this Agreement, the agreements and obligations of the Company and each Finance Party contained in this Clause 16 shall survive the payment in full by the Company of all obligations under this Agreement and the termination of this Agreement.

#### **16.8 FATCA information**

- (a) Subject to paragraph (c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:
  - (i) confirm to that other Party whether it is:
    - (A) a FATCA Exempt Party; or
    - (B) not a FATCA Exempt Party;
  - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
  - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.
- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything, and paragraph (a)(iii) above shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:
  - (i) any law or regulation;
  - (ii) any fiduciary duty; or
  - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with paragraph (a)(i) or (ii) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

## 16.9 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Company and the Agent and the Agent shall notify the other Finance Parties.

## 17. Increased Costs

### 17.1 Increased Costs

- (a) Subject to Clause 17.3 (*Exceptions*) the Company shall, within five (5) Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
  - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Agreement;
  - (ii) compliance with any law or regulation made after the date of this Agreement;
  - (iii) the implementation or application of, or compliance with, Basel III or any law or regulation that implements or applies Basel III; or
  - (iv) the implementation or application of, or compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act or any law or regulation that implements or applies the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The terms “law” and “regulation” in this paragraph (a) shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity, reserve assets or Tax.

- (b) In this Agreement:

- (i) “**Increased Costs**” means:
  - (A) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital (including, without limitation, as a result of any reduction in the rate of return on capital brought about by more capital being required to be allocated by such Finance Party);
  - (B) an additional or increased cost; or
  - (C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document; and

- (ii) “**Basel III**” means the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision on 16 December 2010, each as amended, supplemented or restated.

## 17.2 Increased Cost claims

- (a) A Finance Party (other than the Agent) intending to make a claim pursuant to Clause 17.1 (*Increased Costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.
- (b) Each Finance Party (other than the Agent) shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

## 17.3 Exceptions

- (a) Clause 17.1 (*Increased Costs*) does not apply to the extent any Increased Cost is:
  - (i) attributable to a Tax Deduction required by law to be made by the Company;
  - (ii) compensated for by Clause 16.3 (*Tax indemnity*) (or would have been compensated for under Clause 16.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 16.3 (*Tax indemnity*) applied);
  - (iii) attributable to a FATCA Deduction required to be made by a Party;
  - (iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
  - (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 17.3, a reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 16.1 (*Definitions*).

## 18. Other indemnities

### 18.1 Currency indemnity

- (a) If any sum due from the Company under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
  - (i) making or filing a claim or proof against the Company; or
  - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,the Company shall as an independent obligation, within five (5) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) The Company waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

## **18.2 Other indemnities**

The Company shall (or shall procure that a member of the Group will), within five (5) Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by it as a result of:

- (a) the occurrence of any Event of Default;
- (b) any information produced or approved by it being or being alleged to be misleading and/or deceptive in any respect;
- (c) any enquiry, investigation, subpoena (or similar order) or litigation with respect to the Company, any Subsidiary Guarantor, or the transactions contemplated or financed under this Agreement;
- (d) a failure by the Company or a Subsidiary Guarantor to pay any amount due under a Finance Document on its due date or in the relevant currency, including without limitation, any cost, loss or liability arising as a result of Clause 31 (*Sharing among the Finance Parties*);
- (e) funding, or making arrangements to fund, its participation in a Loan requested by the Company in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or
- (f) a Loan (or part of a Loan) not being prepaid in accordance with a notice of prepayment given by the Company.

## **18.3 Indemnity to the Agent**

The Company shall promptly indemnify the Agent against any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

- (a) investigating any event which it reasonably believes is a Default;
- (b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
- (c) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement.

## **19. Mitigation by the Lenders**

### **19.1 Mitigation**

- (a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 9.1 (*Illegality*), Clause 16 (*Tax gross-up and indemnities*) or Clause 17 (*Increased Costs*), including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.



- (b) Paragraph (a) above does not in any way limit the obligations of the Company under the Finance Documents.

## **19.2 Limitation of liability**

- (a) The Company shall indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 19.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 19.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

## **20. Costs and expenses**

### **20.1 Transaction expenses**

The Company shall within five (5) Business Days (other than in respect of costs and expenses required to be paid as a condition to Utilisation, which shall be payable in accordance with such condition) on demand pay the Agent and the Arrangers the amount of all costs and expenses (including legal fees, subject to caps (if any) that may be agreed with the applicable legal counsel) reasonably incurred by any of them in connection with the negotiation, preparation, printing, execution, syndication of:

- (a) the Facility;
- (b) this Agreement and any other documents referred to in this Agreement; and
- (c) any other Finance Documents executed after the date of this Agreement and any other documents referred to therein.

### **20.2 Amendment costs**

If (a) the Company or a Subsidiary Guarantor requests an amendment, waiver or consent or (b) an amendment or is required pursuant to Clause 7 (*Incremental Facilities*), Clause 32.10 (*Change of currency*), Clause 38.3 (*Extension of Commitments*), Clause 38.6 (*Changes to reference rates*) or any other provision of this Agreement, the Company shall, within five (5) Business Days of demand, reimburse the Agent for the amount of all costs and expenses (including legal fees, disbursements and other out of pocket expenses) reasonably incurred or made by the Agent and/or the Arrangers in responding to, evaluating, negotiating or complying with that request or requirement.

### **20.3 Enforcement and preservation costs**

The Company shall, within five (5) Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees, disbursements and other out of pocket expenses) incurred by that Finance Party in connection with the protection or enforcement of or the preservation of any rights under any Finance Document and any proceedings instituted by or against any Finance Party as a consequence of enforcing such rights.

**Section 8**  
**Representations, undertakings and Events of Default**

**21. Representations**

**21.1 General**

The Company makes the representations and warranties set out in this Clause 21 (*Representations*) to each Finance Party at the times set out herein.

**21.2 Times when representations made**

- (a) All the representations and warranties in Clause 21 (*Representations*) are made by the Company on the date of this Agreement.
- (b) The Repeating Representations are deemed to be made by the Company on:
  - (i) the date of each Utilisation Request;
  - (ii) each Utilisation Date; and
  - (iii) the first day of each Interest Period.
- (c) The representations and warranties in Clause 21.14 (*Financial statements*) are deemed to be made by the Company in respect of each set of financial statements supplied to the Agent on the date such financial statements are delivered and shall only be made once in respect of each set of financial statements.
- (d) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

**21.3 Status**

- (a) It is a corporation duly incorporated or organised, as the case may be, and validly existing under the law of its jurisdiction of incorporation or organisation, as the case may be.
- (b) Each Group Member has the power to own its assets and carry on its business as it is being conducted.

**21.4 Binding obligations**

Subject to the Legal Reservations, the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

**21.5 Pari passu**

Its payment obligations under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

**21.6 Non-conflict with other obligations**

Its entry into and performance of, and the transactions contemplated by, the Transaction Documents do not and will not conflict with:

- (a) any law or regulation applicable to it;

- (b) the constitutional documents of any Group Member; or
- (c) any agreement or instrument binding upon it or any of its Subsidiaries or any of the Group's assets or constitute a default or termination event (however described) under any such agreement or instrument, except where a Material Adverse Effect does not or would not be reasonably expected to occur.

**21.7 Power and authority**

It has the power to enter into, perform and deliver, and has taken all necessary corporate action to authorise its entry into, performance and delivery of, the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.

**21.8 Validity and admissibility in evidence**

- (a) All Authorisations required:
  - (i) to enable it to lawfully enter into, exercise its rights and comply with its obligations under the Transaction Documents to which it is a party; and
  - (ii) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions, have been obtained or effected and are in full force and effect.
- (b) All Authorisations necessary for the Group to carry out its business relating to the Projects, where the failure of obtaining such Authorisations has or would reasonably be expected to have a Material Adverse Effect, have been obtained or effected and are in full force and effect.

**21.9 Governing law and enforcement**

Subject to the Legal Reservations:

- (a) the choice of governing law of the Finance Documents will be recognised and enforced in its Relevant Jurisdictions; and
- (b) any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Relevant Jurisdictions.

**21.10 Deduction of Tax**

It is not required under the laws of its Relevant Jurisdiction or at its address specified in this Agreement to make any deduction for or on account of Tax from any payment it may make under any Finance Document.

**21.11 No default**

- (a) No Event of Default is continuing or would reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any Group Member or to which any assets of the Group are subject which has or would reasonably be expected to have a Material Adverse Effect.

**21.12 Taxation**

No Group Member is materially overdue in the filing of any Tax returns nor is any Group Member overdue in the payment of any amount in respect of Tax, (a) where the failure to file or pay the Tax has or would reasonably be expected to have a Material Adverse Effect or (b) unless such payment is being contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets have been retained in accordance with GAAP in respect of such payment.

**21.13 No misleading information**

Save as disclosed in writing to the Agent and the Arrangers prior to the date of this Agreement:

- (a) Any factual information provided by the Company or on its behalf for the preparation of the Financial Model was true and accurate in all material respects as at the date of the relevant report or document containing the information or (as the case may be) as at the date the information is expressed to be given.
- (b) The financial projections contained in the Financial Model were arrived at after careful consideration and prepared in good faith and with due care on the basis of recent historical information at the time and on the basis of assumptions which were reasonable at the time at which they were prepared and supplied.
- (c) The expressions of opinion or intention provided by the Company or on its behalf for the purposes of any Financial Model were made after careful consideration and (as at the date of the relevant report or document containing the expression of opinion or intention) based on reasonable grounds.
- (d) All other written factual information provided by the Company or on its behalf to a Finance Party was true, complete and accurate in all material respects as at the date it was provided and was not misleading in any material respect.

**21.14 Financial statements**

- (a) The financial statements most recently supplied to the Agent (which, at the date of this Agreement, are the Original Financial Statements) were prepared in accordance with GAAP consistently applied save to the extent expressly disclosed in such financial statements.
- (b) The financial statements most recently supplied to the Agent (which, at the date of this Agreement, are the Original Financial Statements) present fairly, in all material respects (if audited) or fairly represent (if unaudited) the financial condition and operations (consolidated in the case of the Company) of the person and for the period to which they relate, save to the extent expressly disclosed in such financial statements.

**21.15 No proceedings pending or threatened**

Save for any frivolous or vexatious claims (which, in the case of any such proceedings commenced in any jurisdiction other than Macau SAR, have been vacated, discharged, stayed or bonded pending appeal within 60 days of commencement) or save as otherwise disclosed to and accepted by the Agent, to the best of its knowledge and belief and having made due and careful enquiry, no litigation, arbitration, administrative proceedings or investigations of, or before, any court, arbitral body or other Governmental Authority which has or would reasonably be expected to have an Excluded Project Material Adverse Effect have been started or threatened against any Group Member.

**21.16 No breach of laws**

No Group Member has breached any law or regulation which breach has or would reasonably be expected to have a Material Adverse Effect.

**21.17 Environmental laws**

Each Group Member is in compliance with Clause 24.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or would reasonably be expected to have a Material Adverse Effect.

**21.18 Good title to assets**

Each Group Member has good, valid and marketable title to, or valid leases or licences of or is otherwise permitted to use the assets necessary to carry on its business as currently conducted.

**21.19 Security and Financial Indebtedness**

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any Group Member other than Permitted Security.
- (b) No Group Member has any Financial Indebtedness outstanding other than Permitted Group Financial Indebtedness.

**21.20 Anti-corruption**

Neither it nor any of its Subsidiaries nor (to its knowledge) any director, officer, or employee thereof has taken any illegal action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any person to improperly influence official action by that person for the benefit of it or its Subsidiaries or to otherwise secure an improper business advantage for it or its Subsidiaries which would breach the US Foreign and Corrupt Practices Act 1977, as amended; the UK Bribery Act 2010, as amended or any other applicable anti-bribery or corruption law or regulation (together “**the Anti-Bribery and Corruption Laws**”); and it and its Subsidiaries have conducted their business in compliance with all applicable Anti-Bribery and Corruption Laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

**21.21 Anti-money laundering**

The operations of it and its Subsidiaries are and have been conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements and the applicable anti-money laundering statutes of jurisdictions where it and its Subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving it or any of its Subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best of its knowledge, threatened.

**21.22 Sanctions**

- (a) Neither it nor any of its Subsidiaries, nor (to its knowledge) any director, officer, or employee thereof is a Sanctioned Person, or is owned or controlled by a Sanctioned Person.
- (b) For the past five (5) years, it and its Subsidiaries have not knowingly engaged in, and are not now knowingly engaged in any dealings or transactions with any Sanctioned Person, or in any country or territory that at the time of the dealing or transaction is or was a Sanctioned Country.

## 22. Information undertakings

The covenants in this Clause 22 (*Information undertakings*) remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

### 22.1 Definitions

In this Agreement:

“**Annual Financial Statements**” means the financial statements for a Financial Year delivered pursuant to paragraph (a) of Clause 22.2 (*Financial statements*).

“**Quarterly Financial Statements**” means the financial statements delivered pursuant to paragraph (b) of Clause 22.2 (*Financial statements*).

“**Relevant Financial Statements**” means Annual Financial Statements or Quarterly Financial Statements, as the context requires.

### 22.2 Financial statements

The Company shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 120 days after the end of each of its Financial Years:
  - (i) its audited consolidated financial statements for that Financial Year reported on without any “going concern” or like qualification or exception, or any other qualification arising out of the scope of each audit, by the Auditors; and
  - (ii) the unaudited consolidated financial statements for the Group (upon which the Auditors will perform certain agreed upon procedures to verify their correctness); and
- (b) as soon as they are available, but in any event within 60 days after the end of each Financial Quarter of each of its Financial Years, its unaudited consolidated financial statements for that Financial Quarter (together with consolidating financial statements), prepared without taking into account any contribution from any Excluded Project Revenues, any Excluded Project, Excluded Subsidiary or any other entity outside the Group.

### 22.3 Provision and contents of Compliance Certificate

- (a) The Company shall supply a Compliance Certificate to the Agent with each set of Relevant Financial Statements of the Company.
- (b) Each Compliance Certificate shall, among other things, set out (in reasonable detail) computations of Senior Leverage, Total Leverage and Interest Cover for each Relevant Period, computations as to compliance with Clause 23.2 (*Financial condition*) and the Margin computations set out in the definition of “Margin” as at the date as at which the corresponding Relevant Financial Statements were drawn up.
- (c) Each Compliance Certificate shall be signed by an Authorised Representative.

## 22.4 Requirements as to financial statements

- (a) The Company shall procure that:
- (i) each set of Relevant Financial Statements includes a balance sheet, profit and loss account and cashflow statement;
  - (ii) each set of Annual Financial Statements shall be audited by the Auditors; and
  - (iii) each set of Quarterly Financial Statements includes equivalent figures for the Financial Year to date and each set of Relevant Financial Statements sets forth in comparative form figures for the previous year.
- (b) The Company shall procure that each set of Relevant Financial Statements:
- (i) shall be certified by an Authorised Representative as presenting fairly, in all material respects, (in the case of Annual Financial Statements for any Financial Year), or fairly representing (in other cases), its financial condition and operations as at the date as at which those financial statements were drawn up, and in the case of its audited Original Financial Statements, fairly representing (as at the time such financial statements are delivered) its consolidated financial condition and results of operations and present fairly, in all material respects, its consolidated financial condition and results of operations; and
  - (ii) shall be prepared using GAAP, accounting practices and financial reference periods substantially consistent with those applied in the preparation of the Financial Model and the Original Financial Statements unless the Company notifies the Agent that there has been a change in GAAP, or the accounting practices and its Auditors (or, if appropriate, the Auditors of the relevant Group Member), in which case, it shall deliver to the Agent:
    - (A) a description of any change necessary for those financial statements to reflect GAAP, or accounting practices upon which the Financial Model or, as the case may be, any Original Financial Statements or subsequent financial statements were prepared; and
    - (B) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Lenders to determine whether comparable computations to those referred to in Clause 22.3 (*Provision and contents of Compliance Certificate*) have been made, to determine whether Clause 23 (*Financial covenants*) has been complied with, to determine the Margin as set out in the definition of “Margin” and to make an accurate comparison between the financial position indicated in those financial statements and the Financial Model, the Original Financial Statements or, as the case may be, any subsequent financial statements.
- (c) If the Company notifies the Agent of any change in accordance with paragraph (b)(ii) above, the Company and Agent shall enter into negotiations in good faith with a view to agreeing:
- (i) whether or not the change might result in any material alteration in the commercial effect of any of the terms of this Agreement; and

- (ii) if so, any amendments to this Agreement which may be necessary to ensure that the change does not result in any material alteration in the commercial effect of those terms, and, if any amendments are agreed they shall take effect and be binding on each of the Parties in accordance with their terms. If no such agreement is reached within thirty (30) days of that notification of change, the Agent shall (if so requested by the Majority Lenders) instruct the Auditors or independent accountants (approved by the Company or, in the absence of such approval within five (5) days of request by the Agent of such approval, a firm with recognised expertise) to determine any amendments to Clause 23 (*Financial covenants*), the Margin computations set out in the definition of “Margin” and any other terms of this Agreement which the Auditors or, as the case may be, accountants (acting as experts and not arbitrators) consider appropriate to ensure the change does not result in any material alteration in the commercial effect of the terms of this Agreement. Those amendments shall take effect when so determined by the Auditors, or as the case may be, accountants. The cost and expense of the Auditors or accountants shall be for the account of the Company.

## 22.5 Year-end

The Company shall not change its Financial Year-end or Financial Quarter-end dates and shall procure that each Financial Year-end of each other member of the Group falls on 31 December and each Financial Quarter-end of each other member of the Group falls on the relevant Quarter Date.

## 22.6 Concession and Land Concessions

The Company shall:

- (a) notify the Agent promptly upon receiving:
  - (i) notice of any consultations with the Macau SAR in relation to any termination of the Concession;
  - (ii) notice of any consultations with the Macau SAR in relation to any termination or rescission of the Land Concession;
  - (iii) notice of any negotiations with the Macau SAR pursuant to article 88 of the Concession;
  - (iv) any notice from the Macau SAR pursuant to clause 3 of article 85 of the Concession; or
  - (v) any notice from the Macau SAR pursuant to clause 4 of article 85 of the Concession,and keep the Agent fully apprised thereof; and
- (b) promptly upon receipt of a request from the Agent (acting on the instructions of the Majority Lenders), supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests), a copy of each written notice which is delivered under or in connection with the Concession or any Land Concession (and which is relevant and material to the interests of the Finance Parties (taken as a whole)).

## 22.7 Information: miscellaneous

The Company shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents dispatched by the Company or a Subsidiary Guarantor to its shareholders generally (or any class of them) or dispatched by the Company or a Subsidiary Guarantor to its creditors generally (or any class of them);



- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or investigation by a Governmental Authority or other administrative proceedings which are current, threatened or pending against any member of the Group which would involve a loss, liability, or a potential or alleged loss or liability, exceeding USD50,000,000 (or its equivalent) or which has or would reasonably be expected to have an Excluded Project Material Adverse Effect, or any material development in any such proceedings, in each case together with such other information concerning such proceedings as the Agent may reasonably require;
- (c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;
- (d) (at the same time, and to the extent permitted by any applicable law, regulation or any other restriction imposed by a stock exchange or regulatory authority and provided such notification is not prohibited by any confidentiality obligations owed by any member of the Group to any Sponsor or any other person in connection with the acquisition of a member of the Group or Bondco or any of its Subsidiaries) details of an issue, allocation or transfer of the legal or beneficial ownership of or change of control of any share of any member of the Group, Bondco or any Subsidiary of any of the foregoing;
- (e) a copy of any filing made with any stock exchange or regulatory authority in respect of circumstances that could give rise to a change of control of any share of any member of the Group at the same time as that filing is made;
- (f) promptly on request, such further information regarding the financial condition, assets and operations of any member of the Group or an updated group structure chart as any Finance Party through the Agent may reasonably request;
- (g) promptly on request (acting reasonably and to the extent being prepared), the most recent quarterly unaudited consolidated financial statements and/or audited annual financial statements (as the case may be) of Melco (and, in the case of such annual financial statements, audited by the Auditors) in each case to the extent that such financial statements are not publicly available; and
- (a) promptly upon any incurrence of such Financial Indebtedness or the establishment of a facility for the incurrence of such Financial Indebtedness, subject to any confidentiality requirements of a Governmental Authority of the Macau SAR, details of any Financial Indebtedness incurred or any facility established in respect of Financial Indebtedness that may be incurred under paragraph (h) of the definition of “Permitted Group Financial Indebtedness”.

## **22.8 Notification of default**

- (a) The Company shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.
- (b) Promptly upon a request by the Agent, the Company shall supply to the Agent a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).
- (c) The Company shall notify the Agent of the occurrence promptly upon becoming aware thereof of an event of default (however described) under or in respect of any Bondco Indebtedness.

## 22.9 “Know your customer” checks

- (a) If:
- (i) any existing law or regulation or the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
  - (ii) any change in the status of a member of the Group or the composition of the shareholders of a member of the Group after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement or any other Finance Document to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied with the results of all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

## 23. Financial covenants

### 23.1 Financial definitions

In this Agreement:

“**Acceptable Government Securities**” means:

- (a) securities issued, or directly and fully guaranteed or insured, by the United States government or any agency or instrumentality of the United States government (as long as the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than nine Months from the date of acquisition; and
- (b) securities issued, or directly and fully guaranteed or insured, by the government of the Hong Kong SAR or any agency or instrumentality of the government of the Hong Kong SAR (as long as the full faith and credit of the Hong Kong SAR is pledged in support of those securities) having maturities of not more than nine Months from the date of acquisition.

“**Applicable Test Date**” means each Test Date falling on or after the First Test Date.

“**Borrowings**” means, at any time, the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) any Capitalised Lease Obligations (and for the avoidance of doubt, any deposit paid to and retained by a member of the Group in connection with any lease of real property shall not fall within this paragraph (d));
- (e) receivables sold or discounted (other than any receivables to the extent they are sold or discounted on a non-recourse basis (or where recourse is limited to customary warranties and indemnities));
- (f) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not a member of the Group which liability would fall within one of the other paragraphs of this definition, **excluding** (i) any given in respect of (A) trade credit arising in the ordinary course of business or (B) any performance or similar bond guaranteeing performance by a member of the Group under any contract entered into in the ordinary course of trade; (ii) any documentary credit which is or is to the extent of being, cash collateralised and (iii) any contingent liability of a member of the Group under a Concession Guarantee Facility or any other bank guarantee or performance bond in each case that is required to be posted under the terms of the Land Concession or the Concession;
- (g) any amount raised by the issue of redeemable shares which are redeemable (other than solely at the option of the issuer) on or before the Final Termination Date;
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind the entry into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days after the date of supply;
- (i) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (j) (without double counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above,

excluding in each case (but only to the extent otherwise included) (I) any current trade receivables and payables arising between (x) on the one hand, members of the Group and (y) on the other, members of the Melco Group or Sponsor Group Shareholders, arising in the ordinary course of trading and (II) any Financial Indebtedness referred to in paragraph (h) of the definition of “Permitted Group Financial Indebtedness”.

“**Capitalised Lease Obligations**” means, with respect to any person, any obligation arising from leases or hire purchase contracts which, under GAAP would be required to be treated as a Finance Lease or otherwise capitalised in the (where applicable, audited) financial statements of that person, but only to the extent of that treatment and excluding (a) any obligation arising from an Excluded Lease, and (b) any guarantee given by a Group Member in the ordinary course of business solely in connection with, or in respect of, any obligations of any other Group Member referred to in (a).

“**Cash**” means, at any time, cash at bank credited to an account in the name of a member of the Group with an Acceptable Bank and to which a member of the Group is alone beneficially entitled and for so long as:

- (a) that cash is repayable within 30 days of demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group or of any other person whatsoever or on the satisfaction of any other condition;
- (c) there is no Security over that cash, except Permitted Security falling under any of paragraph (a), (c) or (d) of the definition of “Permitted Security”; and
- (d) subject to paragraph (a) above, such cash is otherwise freely and immediately available to be applied in repayment or prepayment of the Facilities.

“**Cash Equivalent Investments**” means at any time:

- (a) deposits maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of any country or by an instrumentality or agency of any of them having an equivalent credit rating of either A-1 or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or P-1 or higher by Moody’s Investor Services Limited, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America;
  - (iii) which matures within one year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-2 or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or P-2 or higher by Moody’s Investor Services Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) any investment accessible within 30 days in money market funds which have a credit rating of either A-2 or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or P-2 or higher by Moody’s Investor Services Limited and which invest substantially all their assets in securities of the types described in paragraphs (a) to (c) above;
- (e) interest-bearing demand or time deposits (which may be represented by certificates of deposit) issued by Acceptable Banks or, if not issued by Acceptable Banks, secured at all times, in the manner and to the extent provided by law, by collateral security in Acceptable Government Securities, of a market value of no less than the amount of monies so invested;

- (f) repurchase obligations with a term of not more than seven (7) days for underlying Acceptable Government Securities entered into with any financial institution meeting the qualifications specified in paragraph (e) above; or
- (g) any other debt security approved by the Majority Lenders for this purpose,

in each case, to which any member of the Group is beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Permitted Security falling under any of paragraph (a), (c) or (d) of the definition of “Permitted Security”).

“**Consolidated EBITDA**” means, for any Relevant Period, the consolidated profits of the Group from ordinary activities before taxation for that Relevant Period:

- (a) **before deducting** any income Tax expense (whether or not paid during that period) other than Tax on gross gaming revenue;
- (b) **before deducting** any Consolidated Net Finance Charges (which, for the purposes of this paragraph (b) only, shall include the aggregate amount of any accrued interest or any other finance charges payable under any Sponsor Group Loan or Subordinated Debt);
- (c) **before taking into account** any accrued interest owing to any member of the Group;
- (d) **before taking into account** any gains, losses or charges associated with hedges, options or other derivative instruments;
- (e) **before deducting** any amount attributable to the amortisation of goodwill or other intangible assets or debt issuance costs or the depreciation of tangible assets;
- (f) **before taking into account** any items treated as Exceptional Items or extraordinary items (including the amount of any gain or loss arising from the disposal of any interest in an Excluded Subsidiary);
- (g) **after deducting** the amount of any profit (or adding back the amount of any loss) of any member of the Group which is attributable to minority interests;
- (h) **after deducting** the amount of any profit of any investment or entity (which is not itself a member of the Group) in which any member of the Group has an ownership interest to the extent that the amount of such profit included in the financial statements of the Group exceeds the amount (net of applicable withholding tax) received in cash by members of the Group through distributions by such investment or entity;
- (i) **before taking into account** any realised and unrealised exchange gains and losses including those arising on translation of currency debt; and
- (j) **before taking into account** any gain or loss arising from an upward or downward revaluation of any asset,

in each case, (A) without double counting to the extent added, deducted or taken into account, as the case may be, for the purposes of determining profits of the Group from ordinary activities before taxation and (B) without taking into account the amount of any profit or loss (but only, in each case, to the extent otherwise taken into account) of any member of the Group which is attributable to any Excluded Project, any Excluded Project Revenues or its interest in any Excluded Subsidiary.

“**Consolidated Net Finance Charges**” means, for any Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings whether paid, payable or capitalised by any member of the Group in respect of that Relevant Period:

- (a) **excluding** any such obligations owed to any other member of the Group;
- (b) **including** the interest element of leasing and hire purchase payments in respect of Finance Leases (but, for the avoidance of doubt, **excluding** any rental payments in respect of any operating lease or leases which, in accordance with GAAP, are treated as an operating lease or in respect of any Excluded Leases);
- (c) **including** any accrued commission, fees, discounts and other finance payments payable by any member of the Group to counterparties under any interest rate or other hedging arrangement;
- (d) **deducting** any accrued commission, fees, discounts and other finance payments owing to any member of the Group under any interest rate or other hedging arrangement;
- (e) **deducting** any accrued interest owing to any member of the Group on any Cash or Cash Equivalent Investments;
- (f) **excluding** any interest or other finance payments (capitalised or otherwise) in respect of any Sponsor Group Loans or Subordinated Debt; and
- (g) **excluding** any accrued commission and fees payable by the Company under any Fee Letters or amortisation of debt issuance costs.

“**Consolidated Senior Debt**” means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings but:

- (a) **excluding** any such obligations to any other member of the Group and any Sponsor Group Loans or Subordinated Debt;
- (b) **including** any obligations under or in respect of any Bond Guarantee, (i) excluding any Bond Guarantees to the extent they are subordinated on substantially the same terms as the Subordination Deed or otherwise on terms acceptable to the Agent (acting on the instructions of the Majority Lenders, acting reasonably) and (ii) in the case of Bond Guarantees provided by a Group Member other than the Company, only to the extent such Bond Guarantees are provided in accordance with paragraph (g)(ii)(A) of the definition of “Permitted Group Guarantee”; and
- (c) **including**, in the case of finance leases, only the capitalised value therefor,

and so that no amount shall be included or excluded more than once.

“**Consolidated Total Debt**” means, at any time, the aggregate amount of all obligations of the Group for or in respect of Borrowings but:

- (a) **excluding** any such obligations to any other member of the Group and any Sponsor Group Loans or Subordinated Debt;
- (b) **including** any obligations under or in respect of any Bond Guarantee (but excluding them to the extent they are subordinated on substantially the same terms as the Subordination Deed or otherwise on terms acceptable to the Agent (acting on the instructions of the Majority Lenders, acting reasonably)); and
- (c) **including**, in the case of finance leases, only the capitalised value therefor,

and so that no amount shall be included or excluded more than once.

“**Excluded Lease**” means any lease or hire purchase contract, or a liability under which, which would, in accordance with GAAP be treated as an operating lease liability on the balance sheet of the relevant entity.

“**Exceptional Items**” means any material items of an unusual or non-recurring nature which represent gains or losses including those arising in connection with:

- (a) the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring;
- (b) disposals, revaluations or impairment of non-current assets;
- (c) disposals of assets associated with discontinued operations;
- (d) issuance or repayment of indebtedness, refinancing transactions or amendment or modifications; or
- (e) expenses related to costs incurred in connection with any acquisition, investment or recapitalization.

“**Finance Lease**” means any lease or hire purchase contract, or a liability under which, which would, in accordance with GAAP, be treated as a balance sheet liability (other than an Excluded Lease).

“**Financial Quarter**” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“**Financial Year**” means the annual accounting period of the Group ending on or about 31 December in each year.

“**First Test Date**” means 30 September 2020.

“**Interest Cover**” means the ratio of Consolidated EBITDA to Consolidated Net Finance Charges in respect of any Relevant Period.

“**Quarter Date**” means each of 31 March, 30 June, 30 September and 31 December.

“**Relevant Period**” means each period of twelve months ending on the last day of each Financial Quarter of the Company’s financial year.

“**Senior Leverage**” means the ratio of Consolidated Senior Debt on a specified date to Consolidated EBITDA in respect of any Relevant Period ending on such date.

“**Test Date**” means each Quarter Date.

“**Total Leverage**” means the ratio of Consolidated Total Debt on a specified date to Consolidated EBITDA in respect of any Relevant Period ending on such date.

## 23.2 **Financial condition**

The Company shall ensure that:

(a) **Interest Cover**

Interest Cover in respect of each Relevant Period ending on an Applicable Test Date shall not be less than 2.50:1.

(b) **Senior Leverage**

Senior Leverage in respect of each Relevant Period ending on an Applicable Test Date shall not exceed 3.50:1.

(c) **Total Leverage**

Total Leverage in respect of each Relevant Period ending on an Applicable Test Date shall not exceed 4.50:1.

**23.3 Financial testing**

- (a) The financial covenants set out in Clause 23.2 (*Financial condition*) shall be calculated and tested by reference to each of the Relevant Financial Statements and/or each Compliance Certificate delivered pursuant to Clause 22.3 (*Provision and contents of Compliance Certificate*).
- (b) To the extent any financial covenant, Senior Leverage, Total Leverage or Interest Cover ratio is used as the basis (in whole or part) for determining whether any transaction or activity is permitted or making any determination under any Finance Document (including on a *pro forma* basis) at any time after a Test Date (but not for the purposes of compliance with this Clause 23), Consolidated Senior Debt and Consolidated Total Debt as at such Test Date shall (for the purposes of such determination only) be deemed to have been reduced to take into account any repayment of Financial Indebtedness of any Group Member made after such Test Date but on or before the date of such determination (as if such repayment were made on such Test Date) and shall be deemed to have been increased to take into account any incurrence or assumption of Financial Indebtedness by any Group Member after such Test Date but on or before the date of such determination (as if such incurrence or assumption were made on such Test Date), and such financial covenant, Senior Leverage, Total Leverage or Interest Cover ratio as at such Test Date or for the Relevant Period ending on such Test Date shall, for the purposes of such determination, be determined accordingly.
- (c) For the purpose of this Clause 23, no item shall be included or excluded or otherwise taken into account more than once in any calculation.

**24. General undertakings**

**24.1 Permits**

The Company shall (and shall procure that each applicable member of the Group will) promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) upon request by the Agent supply certified copies to the Agent of,

any Authorisation (including any amendments, supplements or other modifications thereto) required under any law or regulation of a Relevant Jurisdiction to:

- (i) enable the Company and the Subsidiary Guarantors to perform their respective obligations under the Transaction Documents;
- (ii) ensure the legality, validity, enforceability or admissibility in evidence of any Transaction Document; and
- (iii) enable each Group Member to own its assets and carry on its business which are part of the Projects,

where failure to do so has or would be reasonably expected to have a Material Adverse Effect.



#### **24.2 Compliance with laws**

The Company shall (and shall ensure that each member of the Group will) comply with all Legal Requirements and its Constitutional Documents (in each case, where non-compliance has or would be reasonably expected to have a Material Adverse Effect).

#### **24.3 Environmental compliance**

The Company shall (and shall ensure that each member of the Group will):

- (a) comply with all Environmental Laws applicable to it;
- (b) obtain, maintain and ensure compliance in all respects with all requisite Environmental Permits;
- (c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or would reasonably be expected to have a Material Adverse Effect.

#### **24.4 Environmental claims**

The Company shall inform the Agent as soon as reasonably practicable upon becoming aware of:

- (a) any Environmental Claim which has commenced or (to the best of its knowledge and belief) is threatened against any member of the Group; or
- (b) any facts or circumstances which results in or would reasonably be expected to result in any Environmental Claim being commenced or threatened against any member of the Group,

in each case where such Environmental Claim has or would reasonably be expected, if determined against that member of the Group, to have a Material Adverse Effect.

#### **24.5 Taxation**

- (a) The Company shall (and shall ensure that each member of the Group will) duly and punctually pay and discharge all Taxes required to be paid by it when due within the time period allowed without incurring penalties unless and only to the extent that:
  - (i) such payment is being contested in good faith;
  - (ii) adequate reserves are being maintained for those Taxes or other obligations and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Agent under Clause 22.2 (*Financial statements*); and
  - (iii) such payment can be lawfully withheld and failure to pay those Taxes or other obligations does not have and would not reasonably be expected to have a Material Adverse Effect.
- (b) The Company shall not (and shall ensure that Melco Resorts Macau does not) change its residence for Tax purposes.
- (c) The Company shall inform the Agent as soon as practicable upon becoming aware of any claims or investigations made or conducted against members of the Group with respect to Taxes where a liability of, or a claim against, such members of the Group of US\$50,000,000 (or its equivalent in any other currency) or more would reasonably be expected to arise, other than any claims or investigations that are being contested in good faith by appropriate measures and sufficient reserves in cash or other liquid assets have been retained in accordance with GAAP in respect of such claims or investigations.

#### **24.6 Anti-corruption**

The Company shall not (and shall ensure that each member of the Group and each of its Subsidiaries shall not) take any illegal action in furtherance of an offer, payment, promise to pay, or authorization or approval of the payment or giving of money, property, gifts or anything else of value, directly or indirectly, to any person to improperly influence official action by that person for the benefit of it or its Subsidiaries which would breach applicable Anti-Bribery and Corruption Laws, or to otherwise secure an improper business advantage for it or its Subsidiaries; and it and its Subsidiaries will continue to maintain policies and procedures designed to promote and achieve compliance with applicable Anti-Bribery and Corruption Laws. The Company shall not (and shall ensure that each member of the Group and each of its Subsidiaries does not) use the proceeds for any purpose that would violate applicable Anti-Bribery and Corruption Laws.

#### **24.7 Anti-money laundering**

- (a) The Company shall use its commercially reasonable efforts to ensure that no funds used to pay the obligations under the Finance Documents are derived from any unlawful activity.
- (b) The Company shall (and shall ensure that each member of the Group will) ensure the operations of it and its subsidiaries will be conducted at all times in material compliance with all applicable financial recordkeeping and reporting requirements and the applicable anti-money laundering statutes of jurisdictions where it and its subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency.

#### **24.8 Sanctions**

- (a) The Company shall not (and shall ensure that no member of the Group will), directly or indirectly, use the proceeds of the Facilities, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or Sanctioned Person:
  - (i) to fund or facilitate any activities or business of or with any Sanctioned Person or in any country or territory that, at the time of such funding or facilitation, is a Sanctioned Country; or
  - (ii) in any other manner that will result in a violation of Sanctions by any director, officer, employee, agent, Affiliate or representative of it or any of its Subsidiaries.
- (b) The Company shall not (and shall ensure that no member of the Group will) engage in any dealings or transactions with any Sanctioned Person, or in any country or territory that at the time of the dealing or transaction is a Sanctioned Country.

#### **24.9 Merger**

The Company shall not (and shall ensure that no member of the Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than a Permitted Transaction or a Permitted Reorganisation.

**24.10 Conduct of business and maintenance of status**

The Company shall procure that no substantial change is made to the general nature of the business of the Group (taken as a whole) from that carried on as at 31 December 2019.

**24.11 Holding company activities**

The Company shall not (and shall ensure that MCO Investments does not) trade, carry on any business, own any assets or incur any liabilities except for Permitted Holding Company Activities.

**24.12 Pari passu ranking**

The Company shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

**24.13 Negative pledge**

In this Clause 24.13, “**Quasi-Security**” means a transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

- (a) The Company shall not (and shall ensure that no member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) The Company shall not (and shall ensure that no member of the Group will):
  - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by any member of the Group;
  - (ii) sell, transfer factor or otherwise dispose of any of its receivables on recourse terms;
  - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
  - (iv) enter into any other preferential arrangement having a similar effect,  
in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
  - (i) Permitted Security; or
  - (ii) a Permitted Transaction or otherwise granted in connection with a Permitted Transaction.

**24.14 Disposals**

- (a) Except as permitted under paragraph (b) below, the Company shall not (and shall ensure that no member of the Group will) enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of all (or substantially all) of any Key Asset.
- (b) Paragraph (a) above does not apply to any sale, lease, transfer or other disposal which is:

- (i) a Permitted Disposal; or
- (ii) a Permitted Transaction.

#### 24.15 Insurance

- (a) The Company shall (and shall ensure that each member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) All such insurances and reinsurances must be with reputable independent insurance companies or underwriters.

#### 24.16 Access

The Company shall (and shall ensure that each member of the Group will), subject to prior reasonable request and notice (but notice only where a Default is continuing), procure that the Agent, accountants or other professional advisers or contractors of the Agent be allowed reasonable rights of inspection and access during normal business hours to any premises or assets of any member of the Group, to the Auditors and other senior officers of any member of the Group and to the books, accounts and records, and any other documents relating to any member of the Group as they may reasonably require, and so as not unreasonably to interfere with their operations, and to take copies of any documents inspected.

#### 24.17 Existing OpCo Facilities

- (a) The Company shall ensure that, within one Business Day of the Initial Utilisation Date, the Existing OpCo Facilities have been fully repaid and/or prepaid and permanently cancelled and no amount in respect of any Existing OpCo Loan remains outstanding, save only that (i) an Existing OpCo Term Loan not exceeding HK\$1,000,000 in principal amount may remain outstanding on and after such time but may not increase and (ii) commitments under the Existing OpCo RCF not exceeding HK\$1,000,000 may remain in force on and after such time but may not increase.
- (b) The Company shall ensure that neither Melco Resorts Macau nor any other Group Member submits any utilisation request to the Existing OpCo Facility Agent for a utilisation of any Existing OpCo Facility on or after the date of this Agreement, **provided** that Melco Resorts Macau may submit a utilisation request to the Existing OpCo Facility Agent from time to time for a new Existing OpCo RCF Loan so long as the aggregate principal amount outstanding under the Existing OpCo RCF Loans would not, as a result of such Existing OpCo RCF Loan being made, exceed HKD1,000,000.
- (c) The Company shall ensure that no Group Member amends, varies, novates, supplements, supersedes or waives the Existing OpCo Facilities Agreement, any other finance document relating to the Existing OpCo Facilities or the terms and conditions of the Existing OpCo Facilities (or enters into any new finance document relating to an Existing OpCo Facility having a similar effect) in any respect (including, without limitation, to introduce any additional facilities or commitments or to make any representation, undertaking or event of default more onerous on the Group) other than (i) as contemplated by the conditions precedent set out in Schedule 2 (*Conditions precedent*), (ii) to extend the final maturity of one or more Existing OpCo Facilities, (iii) with the prior written consent of the Majority Lenders, or (iv) *provided* that the Company has given not less than 5 Business Days' prior written notice to the Agent of, and (if requested by a Finance Party) used its commercially reasonable endeavours to consult with that Finance Party during such period in connection with, the proposed amendment, variation, novation, supplement, waiver or superseding document, any amendment, variation, novation, supplement, waiver or superseding document that would not and would not reasonably be expected to be prejudicial to the interests of the Lenders (taken as a whole).

- (d) The Company shall ensure that each Group Member complies with all terms and conditions of the Existing OpCo Facility Continuing Lender Waiver in all respects and does not take any action that would entitle the Existing OpCo Facility Continuing Lender to revoke the Existing OpCo Facility Continuing Lender Waiver in whole or in part after the expiry of any applicable remedy period.

#### 24.18 Financial Indebtedness and guarantees

- (a) The Company shall not (and shall ensure that no Group Member will) incur or allow to remain outstanding any Financial Indebtedness owed to any Sponsor Affiliate other than Sponsor Group Loans and Subordinated Debts or as otherwise permitted pursuant to paragraph (g) of the definition of “Permitted Group Financial Indebtedness”.
- (b) The Company shall not incur or allow to remain outstanding any Bond Guarantee given by it that is or purports to be subordinated to the Facility Liabilities unless (at the cost of the Company):
- (i) the Company, Bondco and the notes trustee and any other applicable administrative parties in respect of the relevant Bondco Indebtedness have (A) entered into a subordination agreement with the Agent on substantially the same terms as the Subordination Deed (or otherwise in form and substance satisfactory to the Majority Lenders (acting reasonably)), which agreement has been designated as a Third Party Creditor Document and (B) provided to the Agent any other documentation and other evidence required by the Agent (acting reasonably) in connection therewith (in form and substance satisfactory to the Agent); and
  - (ii) the Agent has received:
    - (A) a certificate from the Company confirming that (to the satisfaction of the Majority Lenders, acting reasonably) Total Leverage for the Most Recent Relevant Period ending prior to the first incurrence of such Financial Indebtedness, in each case determined on a *pro forma* basis giving effect to the incurrence of such Bond Guarantee (when taken together with all other Bond Guarantees), would not exceed the applicable ratio set forth opposite the Test Date for that Most Recent Relevant Period in Clause 23 (*Financial covenants*), setting out (in reasonable detail) computations of such compliance and signed by an Authorised Representative;
    - (B) such customary legal opinions in form and substance satisfactory to the Agent (acting on the instructions of the Majority Lenders, acting reasonably) and any documents required in connection therewith; and
    - (C) (x) evidence in form and substance satisfactory to the Agent (acting reasonably) that any Authorisation required from a Governmental Authority (including of the government of Macau SAR) for the purposes of guaranteeing such other Financial Indebtedness has been obtained or (y) advice from Macanese counsel that no such Authorisations are required from any Governmental Authority.
- (c) The Company shall ensure that each of its Subsidiaries that is a Group Member does not incur or allow to remain outstanding any Financial Indebtedness other than Permitted Group Financial Indebtedness or in circumstances constituting a Permitted Transaction.

- (d) The Company shall ensure that each of its Subsidiaries that is a Group Member does not incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than Permitted Group Guarantees or in circumstances constituting a Permitted Transaction.

## **25. Events of Default**

Each of the events or circumstances set out in this Clause 25 (*Events of Default*) (excluding Clause 25.15 (*Acceleration*)) is an Event of Default.

### **25.1 Non-payment**

The Company or a Subsidiary Guarantor does not pay on the due date any amount payable pursuant to a Finance Document to which it is a party at the place at and in the currency in which it is expressed to be payable unless:

- (a) in the case of interest, payment is made within 10 days of its due date;
- (b) in the case of costs, fees and expenses, payment is made within 5 days of its due date; or
- (c) without prejudice to paragraphs (a) and (b) above, its failure to pay is caused by administrative or technical error or a Disruption Event and payment is made within three (3) Business Days of its due date.

### **25.2 Financial covenants and certain other obligations**

Any requirement of Clause 23 (*Financial covenants*), Clause 24.17 (*Existing OpCo Loan*) or Clause 24.18 (*Financial Indebtedness and guarantees*) is not satisfied or the Company does not comply with the provisions of Clause 22.8 (*Notification of default*), **provided that** no Event of Default under this paragraph will occur in relation to any non-compliance with Clause 22.8 (*Notification of default*) if failure to comply is capable of remedy and is remedied within seven (7) days.

### **25.3 Other obligations**

- (a) The Company or a Subsidiary Guarantor does not comply with any provision of the Finance Documents (other than those referred to in Clause 25.1 (*Non-payment*) and Clause 25.2 (*Financial covenants and certain other obligations*) above).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within thirty (30) days of the Agent giving notice to the Company or the relevant Subsidiary Guarantor (as applicable) or the Company or the relevant Subsidiary Guarantor (as applicable) becoming aware of the failure to comply.

### **25.4 Misrepresentation**

- (a) Any representation or statement made or deemed to be made by the Company or a Subsidiary Guarantor in the Finance Documents to which it is a party or any other document delivered by or on behalf of the Company or a Subsidiary Guarantor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.
- (b) No Event of Default under paragraph (a) above will occur if the misrepresentation is capable of remedy and is remedied within thirty (30) days of the Agent giving notice to the Company or the relevant Subsidiary Guarantor (as applicable) or the Company or the relevant Subsidiary Guarantor (as applicable) becoming aware of the misrepresentation.

## 25.5 Cross default

- (a) Any Financial Indebtedness of the Company or other member of the Group is not paid when due nor within any applicable grace period.
- (b) Any Financial Indebtedness of the Company or other member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of the Company or other member of the Group is cancelled or suspended by a creditor of the Company or other member of the Group as a result of an event of default (however described).
- (d) Any creditor of the Company or other member of the Group becomes entitled to declare any Financial Indebtedness of the Company or other member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (e) Any event of default (however described) occurs under or in respect of any Bondco Indebtedness.
- (f) (i) Any event of default (however described) in respect of non-payment of amounts due and payable under or in respect of the Existing OpCo Facilities Agreement occurs **provided** that no Event of Default will occur under this paragraph (i) while the relevant event of default (however described) is subject to any waiver (including any conditional, temporary or revocable waiver) by the relevant finance parties under Existing OpCo Facilities Agreement at the time, (ii) any Financial Indebtedness of a Group Member under or in respect of the Existing OpCo Facilities Agreement is declared to be or otherwise becomes due and payable prior to its specified maturity (or, in the case where such date has passed and a relevant finance party under the Existing OpCo Facilities Agreement has waived final payment to a further specified date, prior to that further specified date) as a result of an event of default (however described) under the Existing OpCo Facilities Agreement (and after the expiry of any remedy periods therein), or (iii) any commitment for any Financial Indebtedness of a Group Member under or in respect of the Existing OpCo Facilities Agreement is cancelled or suspended by a relevant finance party under the Existing OpCo Facilities Agreement as a result of an event of default (however described) under the Existing OpCo Facilities Agreement (and after the expiry of any remedy periods therein).
- (g) No Event of Default will occur under this Clause 25.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than USD50,000,000 (or its equivalent).

## 25.6 Insolvency

- (a) The Company or other member of the Group is unable or admits inability to pay its debts as they fall due or is deemed or declared to be unable to pay its debts under applicable law or, by reason of actual or anticipated financial difficulties, suspends or threatens to suspend making payments on any of its debts or commences negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness.
- (b) The value of the assets of the Group (on a consolidated basis) is less than its liabilities (on a consolidated basis).

- (c) A moratorium is declared in respect of any indebtedness of the Company or other member of the Group. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

#### **25.7 Insolvency proceedings**

- (a) Any corporate action, legal proceedings or other procedure or formal step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of the Company or other member of the Group;
  - (ii) a composition, compromise, assignment or arrangement with any creditor of the Company or other member of the Group;
  - (iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Company or other member of the Group or any of its assets (other than assets that are in any way part of an Excluded Project and which do not form part of, and are not otherwise necessary for the operation of, any Project); or
  - (iv) enforcement of any Security over any assets of the Company or other member of the Group (other than assets that are in any way part of an Excluded Project and which do not form part of, and are not otherwise necessary for the operation of, any Project),or any analogous procedure or step is taken in any jurisdiction.
- (b) Paragraph (a) shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within sixty (60) days of commencement or, if earlier, the date on which it is advertised.

#### **25.8 Creditors' process**

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of the Company or other member of the Group (other than assets that are in any way part of an Excluded Project and which do not form part of, and are not otherwise necessary for the operation of, any Project) having an aggregate value of at least USD50,000,000 (or its equivalent) and is not discharged within (in the case of any process in a jurisdiction other than Macau SAR) thirty (30) days and (in the case of any process in Macau SAR) sixty (60) days.

#### **25.9 Unlawfulness and invalidity**

- (a) It is or becomes unlawful for the Company or any other member of the Group or any Subordinated Creditor (or any other person other than a Finance Party or a Group Member) party to any other Third Party Creditor Document) to perform any of its obligations under the Finance Documents or any subordination created under any Third Party Creditor Document is or becomes unlawful.
- (b) Any obligation or obligations of the Company, any other member of the Group or any Subordinated Creditor (or any other person other than a Finance Party or a Group Member) party to any other Third Party Creditor Document) under any of the Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable.



- (c) Any Finance Document ceases to be in full force and effect or any subordination created or expressed to be created under any Third Party Creditor Document (including the subordination of any Sponsor Group Loans and other Subordinated Debt) is not or ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

#### **25.10 Third Party Creditor Documents**

- (a) Any party to a Third Party Creditor Document (other than a Finance Party or an Obligor) fails to comply with the provisions of, or does not perform its obligations under, that Third Party Creditor Deed; or
- (b) a representation or warranty given by that party in that Third Party Creditor Deed is incorrect in any respect and such misrepresentation is materially adverse to the interest of the Lenders (taken as a whole),

and, if the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy, it is not remedied within sixty (60) days of the earlier of the Agent giving notice to that party or that party becoming aware of the non-compliance or misrepresentation.

#### **25.11 Repudiation and rescission of agreements**

- (a) The Company, any Subsidiary Guarantor or any other member of the Group (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or evidences an intention to rescind or repudiate a Finance Document.
- (b) Any party to any of the other Transaction Documents rescinds or purports to rescind or repudiates or purports to repudiate any of those Transaction Documents in whole or in part where (other than in the case of the Concession or any Land Concession) to do so has or would, in the reasonable opinion of the Majority Lenders, have a Material Adverse Effect.

#### **25.12 Expropriation**

The authority or ability of the Company or any other member of the Group to conduct its business, pursue any Project or enjoy the use of all or any material part of its assets (in each case, other than in respect of any business solely related to an Excluded Project or the Mocha Business or assets that relate to or are in any way part of an Excluded Project or the Mocha Business and which do not form part of, and are not otherwise necessary for the operation of, any Project) is wholly or substantially limited or curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action (including as a result of any change in (or in the interpretation, administration or application of), or the introduction of, any Legal Requirement) by or on behalf of any Governmental Authority or other person in relation to any member of the Group or any of its assets.

#### **25.13 Permits**

Any Permit (other than any Land Concession or Concession) required or necessary for the ownership, operation of any Project, or any provision thereof is suspended, revoked, cancelled, terminated or materially and adversely modified or fails to be in full force and effect or any Governmental Authority challenges or seeks to revoke any such Permit if such failure to perform, violation, breach, suspension, revocation, cancellation, termination or modification has or would reasonably be expected to have a Material Adverse Effect.

#### **25.14 Judgment**

The Company or any other member of the Group fails to pay any final non-appealable judgments or orders (not paid or covered by insurance as to which the relevant insurance company has not denied responsibility) rendered against it which (i) in aggregate liability across the Group exceed US\$50,000,000 (or its equivalent in any other currency or currencies) and (ii) are not paid, bonded, discharged or stayed within 60 days of the making of such final non-appealable judgments or orders.

#### **25.15 Acceleration**

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders, by notice to the Company:

- (a) cancel the Total Commitments and Incremental Facility Commitments, whereupon they shall immediately be cancelled;
- (b) declare that all or part of the Initial Facility Loans and Incremental Facility Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or
- (c) declare that all or part of the Initial Facility Loans and Incremental Facility Loans be payable on demand, whereupon they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders.

**Section 9**  
**Changes to Parties**

**26. Changes to the Lenders**

**26.1 Assignments and transfers by the Lenders**

Subject to this Clause 26, a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (in each case, the “**New Lender**”).

**26.2 Conditions of assignment or transfer**

- (a) Any assignment or transfer by an Existing Lender of all or any part of its Commitment must, if the assignment or transfer is only of part, be in a minimum aggregate amount of HKD40,000,000 (or its equivalent) or, if less, the entire amount of the Existing Lender’s Commitment in the relevant Facility.
- (b) Any assignment or transfer in accordance with Clause 26.1 (*Assignments and transfers by the Lenders*) or Voting Participation entered into in respect of any Commitment or amount outstanding under this Agreement shall not be made or entered into without the prior written consent of the Company (such consent not to be unreasonably delayed or withheld), unless:
  - (i) the assignment or transfer is to, or the Voting Participation is with, another Lender or an Affiliate of a Lender;
  - (ii) if the Existing Lender is a fund, the assignment or transfer is to, or the Voting Participation is with, a fund which is a Related Fund of that Existing Lender;
  - (iii) an Event of Default has occurred and is continuing; or
  - (iv) (x) any event or circumstance referred to in paragraphs (d), (e) or (f) of the definition of “Change of Control” as set out in Clause 10.1 (*Definitions*) of this Agreement has occurred or (y) and Concession Expiry or Land Concession termination has occurred,  
  
and provided that the Company shall be deemed to have provided its written consent if it has not responded to the relevant Existing Lender’s request for such assignment, transfer or sub-participation within ten (10) Business Days of such request having been made.
- (c) An assignment will only be effective on:
  - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and
  - (ii) performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

- (d) A transfer will only be effective if the procedure set out in Clause 26.5 (*Procedure for transfer*) is complied with.
- (e) If:
  - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Company would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 16 (*Tax gross-up and indemnities*) or Clause 17 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

### **26.3 Assignment or transfer fee**

Unless the Agent otherwise agrees and excluding an assignment or transfer (i) to an Affiliate of a Lender, (ii) to a Related Fund or (iii) made in connection with primary syndication of the Facilities, the New Lender shall, on the date upon which an assignment, transfer or accession takes effect, pay to the Agent (for its own account) a fee of HKD27,500 in respect of any New Lender.

### **26.4 Limitation of responsibility of Existing Lenders**

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents or any other documents;
  - (ii) the financial condition or other circumstances of the Company, each Subsidiary Guarantor or any other person;
  - (iii) the performance and observance by the Company, any Subsidiary Guarantor or any other person of its obligations under the Transaction Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document,and any representations or warranties implied by law are excluded.
- (b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial and other condition, circumstances and affairs of the Company, each Subsidiary Guarantor and each of their related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of the Company, each Subsidiary Guarantor and each of their related entities and each other person whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or
  - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by the Company, any Subsidiary Guarantor or any Subordinated Creditor of its obligations under the Transaction Documents or otherwise.

## 26.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (d) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar other checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Each Party (other than the relevant Existing Lender and the Agent) irrevocably authorises the Agent to execute any Transfer Certificate on its behalf. For the avoidance of doubt, nothing in this paragraph (c) constitutes a consent by the Company for the purposes of Clause 26.2 (*Conditions of assignment or transfer*).
- (d) On the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, the Company and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the “**Discharged Rights and Obligations**”);
  - (ii) the Company and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Company or other member of the Group and the New Lender have assumed and/or acquired the same in place of the Company and the Existing Lender;
  - (iii) the Agent, each Arranger, the New Lender and the other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, each Arranger and the Existing Lender and the other Lenders shall each be released from further obligations to each other under the Finance Documents; and

- (iv) the New Lender shall become a Party as a “Lender” and entitled to the benefits of any other Finance Document entered into by the Agent as agent for the Lenders.

## 26.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (d) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (e) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender upon its completion of all “know your customer” or other checks relating to any person that it is required to carry out in relation to the assignment to such New Lender.
- (c) Each Party (other than the relevant Existing Lender and the Agent) irrevocably authorises the Agent to execute any Assignment Agreement on its behalf. For the avoidance of doubt, nothing in this paragraph (c) constitutes a consent by the Company for the purposes of Clause 26.2 (*Conditions of assignment or transfer*).
- (d) On the Transfer Date:
  - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement; and
  - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (e) Lenders may utilise procedures other than those set out in this Clause 26.6 to assign their rights under the Finance Documents **provided that** they comply with the conditions set out in Clause 26.2 (*Conditions of assignment or transfer*).
- (f) The procedure set out in this Clause 26.6 shall not apply to any right or obligation under any Finance Document (other than this Agreement) if and to the extent its terms, or any laws or regulations applicable thereto, provide for or require a different means of assignment of such right or release or assumption of such obligation or prohibit or restrict any assignment of such right or release or assumption of such obligation, unless such prohibition or restriction shall not be applicable to the relevant assignment, release or assumption or each condition of any applicable restriction shall have been satisfied.

## 26.7 Copy of Transfer Certificate or Assignment Agreement to Company

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Company a copy of that Transfer Certificate or Assignment Agreement.

## **26.8 Security interests over Lenders' rights**

In addition to the other rights provided to Lenders under this Clause 26, each Lender may without consulting with or obtaining consent from the Company or any Subsidiary Guarantor, at any time create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by the Company or a Subsidiary Guarantor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

## **26.9 Existing consents and waivers**

A New Lender shall be bound by any consent, waiver, election or decision given or made by the relevant Existing Lender under or pursuant to any Finance Document prior to the coming into effect of the relevant assignment or transfer to such New Lender. Each New Lender, by executing the relevant Transfer Certificate, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

## **26.10 Exclusion of Agent's liability**

In relation to any assignment or transfer pursuant to this Clause 26, each Party acknowledges and agrees that the Agent shall not be obliged to enquire as to the accuracy of any representation or warranty made by a New Lender in respect of its eligibility as a Lender.

## **27. Debt Purchase Transactions**

### **27.1 Permitted Debt Purchase Transactions**

- (a) The Company shall not (and shall procure that no other member of the will) (i) enter into any Debt Purchase Transaction other than in accordance with the other provisions of this Clause 27 or (ii) itself be (or beneficially own all or any majority of the share capital of a company that is) a Lender or a party to a Participation.
- (b) The Company may purchase by way of assignment or transfer, pursuant to Clause 26 (*Changes to the Lenders*), a participation in any Incremental Term Facility Loan made to it (and any related Commitment) where:
  - (i) such purchase is made for a consideration of less than par;

- (ii) such purchase is made using one of the processes set out at paragraphs (c) and (d) below;
  - (iii) such purchase is made at a time when no Default is continuing; and
  - (iv) the consideration for such purchase is funded from New Shareholder Injections.
- (c) (i) A Debt Purchase Transaction referred to in paragraph (b) above may be entered into pursuant to a solicitation process (a “**Solicitation Process**”) which is carried out as follows.
- (ii) Prior to 11:00 a.m. on a given Business Day (the “**Solicitation Day**”) the Company or a financial institution acting on its behalf (the “**Purchase Agent**”) will approach at the same time each Lender which participates in the relevant Incremental Term Loan Facility to enable them to offer to sell to the Company an amount of their participation in the relevant Incremental Term Loan Facility. Any Lender wishing to make such an offer shall, by 11:00 a.m. on the fifth Business Day following such Solicitation Day, communicate to the Purchase Agent details of the amount of its participations in the relevant Incremental Term Loan Facility it is offering to sell and the price at which it is offering to sell such participations. Any such offer shall be irrevocable until 11:00 a.m. on the sixth Business Day following such Solicitation Day and shall be capable of acceptance by the Company on or before such time by communicating its acceptance in writing to the Purchase Agent or, if it is the Purchase Agent, the relevant Lenders. The Purchase Agent (if someone other than the Company) will communicate to the relevant Lenders which offers have been accepted by 12:00 noon on the sixth Business Day following such Solicitation Day. In any event by 5:00 p.m. on the seventh Business Day following such Solicitation Day, the Company shall notify the Agent of the amounts of the participations purchased through the relevant Solicitation Process and the average price paid for the purchase of participations in the relevant Incremental Term Loan Facility. The Agent shall promptly disclose such information to the Lenders.
- (iii) Any purchase of participations in an Incremental Term Loan Facility pursuant to a Solicitation Process shall be completed and settled on or before the eighth Business Day after the relevant Solicitation Day.
- (iv) In accepting any offers made pursuant to a Solicitation Process the Company shall be free to select which offers and in which amounts it accepts but on the basis that in relation to a participation in a particular Incremental Term Loan Facility it accepts offers in inverse order of the price offered (with the offer or offers at the lowest price being accepted first) and that if in respect of participations in a particular Incremental Term Loan Facility it receives two or more offers at the same price it shall only accept such offers on a pro rata basis.
- (d) (i) A Debt Purchase Transaction referred to in paragraph (b) above may also be entered into pursuant to an open order process (an “**Open Order Process**”) which is carried out as follows.
- (ii) The Company may by itself or through another Purchase Agent place an open order (an “**Open Order**”) to purchase participations in an Incremental Term Loan Facility up to a set aggregate amount at a set price by notifying at the same time all the Lenders participating in the relevant Incremental Term Loan Facility of the same. Any Lender wishing to sell pursuant to an Open Order will, by 11:00 a.m. on any Business Day following the date on which the Open Order is placed but no earlier than the first Business Day, and no later than the fifth Business Day, following the date on which the Open Order is placed, communicate to the Purchase Agent details of the amount of its participations in the relevant Incremental Term Loan Facility it is offering to sell. Any such offer to sell shall be irrevocable until 11:00 a.m. on the Business Day following the date of such offer from the Lender and shall be capable of acceptance by the Company on or before such time by it communicating such acceptance in writing to the relevant Lender.



- (iii) Any purchase of participations in an Incremental Term Loan Facility pursuant to an Open Order Process shall be completed and settled by the Company on or before the fourth Business Day after the date of the relevant offer by a Lender to sell under the relevant Open Order.
  - (iv) If in respect of participations in an Incremental Term Loan Facility the Purchase Agent receives on the same Business Day two or more offers at the set price such that the maximum amount of such Incremental Term Loan Facility to which an Open Order relates would be exceeded, the Company shall only accept such offers on a pro rata basis.
  - (v) The Company shall, by 5.00 pm on the sixth Business Day following the date on which an Open Order is placed, notify the Agent of the amounts of the participations purchased through such Open Order Process and the identity of the Incremental Term Loan Facility to which they relate. The Agent shall promptly disclose such information to the Lenders.
- (e) For the avoidance of doubt, there is no limit on the number of occasions a Solicitation Process or an Open Order Process may be implemented.
- (f) In relation to any Debt Purchase Transaction entered into pursuant to this Clause 27.1, notwithstanding any other term of this Agreement or the other Finance Documents:
- (i) on completion of the relevant assignment or transfer (constituting such Debt Purchase Transaction) pursuant to Clause 26 (*Changes to the Lenders*), the portions of the Loan(s) to which it relates shall be extinguished and (in the case of any Incremental Term Facility Loan with remaining repayment instalments) such remaining repayment instalments in respect of that Incremental Term Facility Loan will be reduced *pro rata* accordingly;
  - (ii) such Debt Purchase Transaction and the related extinguishment referred to in paragraph (i) above shall not constitute a prepayment of any of the Facilities;
  - (iii) the Company shall be deemed to be an entity which fulfils the requirements of Clause 26.1 (*Assignments and transfers by the Lenders*) to be a New Lender (as defined in such Clause);
  - (iv) none of the Company, any Subsidiary Guarantor or any other member of the Group shall be deemed to be in breach of any provision of Clause 24 (*General undertakings*) or any other provision of any Finance Document solely by reason of such Debt Purchase Transaction;
  - (v) Clause 31 (*Sharing among the Finance Parties*) shall not be applicable to the consideration paid under such Debt Purchase Transaction; and
  - (vi) for the avoidance of doubt, any extinguishment of any part of any Loan shall not affect any amendment or waiver which prior to such extinguishment had been approved by or on behalf of the requisite Lender or Lenders in accordance with the Finance Documents.

## 27.2 Disenfranchisement of Sponsor Affiliates

- (a) For so long as a Sponsor Affiliate (A) beneficially owns a Commitment or (B) has entered into any Participation relating to a Commitment and such Participation has not been terminated:
- (i) in ascertaining the Majority Lenders, the Majority Facility Lenders or whether the agreement of Lender(s) holding any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments or the Commitments has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, such Commitment shall be deemed to be zero; and
  - (ii) for the purposes of Clause 38.2 (*Exceptions*), such Sponsor Affiliate or the person with whom it has entered into such Participation shall be deemed not to be a Lender (unless, in the case of a person not being a Sponsor Affiliate, it is a Lender by virtue otherwise than by beneficially owning such Commitment to which (A) or (B) relates).
- (b) Each Lender shall, promptly notify the Agent in writing if it knowingly enters into a Participation with a Sponsor Affiliate (a “**Notifiable Debt Purchase Transaction**”), such notification to be substantially in the form set out in Part 1 (*Form of Notice of Notifiable Debt Purchase Transaction*) of Schedule 9 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (c) A Lender shall promptly notify the Agent if a Notifiable Debt Purchase Transaction to which it is a party:
- (i) is terminated; or
  - (ii) ceases to be with a Sponsor Affiliate,
- such notification to be substantially in the form set out in Part 2 (*Form of Notice of Termination of Notifiable Debt Purchase Transaction*) of Schedule 9 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (d) Each Sponsor Affiliate that is a Lender agrees that:
- (i) in relation to any meeting or conference call to which all the Lenders are invited to attend or participate, it shall not receive notice of such meeting or conference call or attend or participate in the same or be entitled to receive the agenda or any minutes of the same; and
  - (ii) in its capacity as Lender, it shall not be entitled to receive any report or other document prepared at the behest of, or on the instructions of, the Agent or one or more of the Lenders,
- in each case, unless the Agent otherwise agrees or where all of such Sponsor Affiliate’s Commitments are not deemed to be zero pursuant to paragraph (a)(i) above.

## 27.3 Sponsor Affiliates’ notification to other Lenders of Debt Purchase Transactions

Any Sponsor Affiliate which is or becomes a Lender and which enters into a Debt Purchase Transaction as a purchaser or a participant shall, by 5.00 pm on the Business Day following the day on which it entered into that Debt Purchase Transaction, notify the Agent of the extent of the Commitment(s) or amount outstanding to which that Debt Purchase Transaction relates. The Agent shall promptly disclose such information to the Lenders.

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**28. Changes to the Company**

**28.1 Assignment and transfers by the Company**

The Company may not assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

**The Finance Parties**

**29. Role of the Agent, the Arrangers and others**

**29.1 Appointment of the Agent**

- (a) Each of the Arrangers and the Lenders appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arrangers and the Lenders authorises the Agent to perform the duties, obligations and responsibilities and exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.

**29.2 Duties of the Agent**

- (a) The Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (b) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (c) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (d) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent or the Arrangers) under this Agreement it shall promptly notify the other Finance Parties.
- (e) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature. The Agent shall have no duties save as expressly provided under or in connection with any Finance Document.

**29.3 Role of the Arrangers**

- (a) Except as specifically provided in the Finance Documents, the Arrangers have no obligations of any kind to any other Party under or in connection with any Finance Document.
- (b) References to the Arrangers in this Clause 29 include Morgan Stanley Senior Funding, Inc., Bank of China Limited, Macau Branch and Bank of Communications Co., Ltd. Macau Branch in their capacities as Coordinators.

**29.4 No fiduciary duties**

- (a) Nothing in this Agreement constitutes the Agent or any Arranger as a trustee or fiduciary of any other person.
- (b) None of the Agent or the Arrangers shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

**29.5 Business with the Group**

The Agent and the Arrangers may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

## 29.6 Rights and discretions

- (a) The Agent may rely on:
  - (i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised and shall have no duty to verify any signature on any document; and
  - (ii) any statement made or purportedly made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
  - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 25.1 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised; and
  - (iii) any notice or request made by the Company (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of each other member of the Group.
- (c) The Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.
- (d) The Agent may act in relation to the Finance Documents through its personnel and agents.
- (e) The Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (f) Without prejudice to the generality of paragraph (e) above, the Agent may disclose the identity of a Defaulting Lender to the other Finance Parties and the Company and shall disclose the same upon the written request of the Company or the Majority Lenders.
- (g) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent or the Arrangers is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

## 29.7 Majority Lenders' instructions

- (a) Unless a contrary indication appears in a Finance Document, the Agent shall (i) exercise any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by the Majority Lenders (or, if so instructed by the Majority Lenders, refrain from exercising any right, power, authority or discretion vested in it as Agent) and (ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Majority Lenders. Without prejudice to any other provision hereof, it may also exercise on behalf of the Finance Parties any right, power, authority or discretion in respect of such matters as it determines to be of a minor technical or administrative or of a non-credit related nature without any instruction of the Majority Lenders.
- (b) Unless a contrary indication appears in a Finance Document, any instructions given by the Majority Lenders will be binding on all the Finance Parties.

- (c) The Agent may refrain from acting in accordance with the instructions of the Majority Lenders until it has received such security as it may require for any cost, loss or liability (together with any associated Indirect Tax) which it may incur in complying with the instructions.
- (d) In the absence of instructions from the Majority Lenders, the Agent may act (or refrain from taking action) as it considers to be in the best interest of the Lenders.
- (e) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document.

**29.8 Responsibility for documentation**

None of the Agent or the Arrangers:

- (a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Agent, any Arranger, the Company, a Subsidiary Guarantor or any other person given in or in connection with any Finance Document or the transactions contemplated in the Finance Documents;
- (b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Finance Document; or
- (c) is responsible for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

**29.9 Exclusion of liability**

- (a) Without limiting paragraph (b) below, the Agent will not be liable for any action taken by it under or in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.
- (b) No Party (other than the Agent) may take any proceedings against any officer, employee or agent of the Agent in respect of any claim it might have against the Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Transaction Document and any officer, employee or agent of the Agent may rely on this Clause subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.
- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement or any other Finance Document shall oblige the Agent or any Arranger to carry out any "know your customer" or other checks in relation to any person on behalf of any Lender and each Lender confirms to the Agent and the Arrangers that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arrangers.

## 29.10 Lenders' indemnity to the Agent

- (a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero), indemnify the Agent, within three (3) Business Days of demand (accompanied by reasonable written certification), against any cost, loss or liability incurred by the Agent (other than by reason of the fraud, negligence or wilful misconduct of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by, or indemnified to its satisfaction by, the Company or any of its Affiliates pursuant to a Finance Document or otherwise in writing).
- (b) This Clause 29.10 shall not apply to the extent that the Agent is otherwise actually indemnified or reimbursed by any Party under any other provision of the Finance Documents.
- (c) **Provided that** if the Company or any of its Affiliates is required to reimburse or indemnify any Finance Party for such cost, loss or liability in accordance with the terms of the Finance Documents, the Company shall, within ten (10) Business Days of demand in writing by the relevant Finance Party, indemnify such Finance Party in relation to any payment actually made by such Finance Party pursuant to paragraph (a) of Clause 29.10 above.

## 29.11 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in Hong Kong SAR as successor by giving notice to the Lenders and the Company.
- (b) Alternatively the Agent may resign by giving notice to the Lenders and the Company, in which case the Majority Lenders (after consultation with the Company) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within thirty (30) days after notice of resignation was given, the Agent (after consultation with the Company) may appoint a successor Agent (acting through an office in Hong Kong SAR).
- (d) The retiring Agent shall, at its own cost, make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (e) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (f) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 29. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

- (g) The Agent shall (at the cost of the Company or (as the case may be) such Lender requiring the Agent to resign pursuant to this paragraph (g)) resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (b) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
- (i) the Agent fails to respond to a request under Clause 16.8 (*FATCA Information*) and the Company or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
  - (ii) the information supplied by the Agent pursuant to Clause 16.8 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Agent notifies the Company and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Company or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Company or that Lender, by notice to the Agent, requires it to resign.

#### **29.12 Replacement of the Agent**

- (a) After consultation with the Company, the Majority Lenders may, by giving thirty (30) days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in Hong Kong SAR).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents but shall remain entitled to the benefit of this Clause 29 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).
- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

#### **29.13 Confidentiality**

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent and the Arrangers are obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or a breach of a fiduciary duty.
- (d) The Agent shall not be obliged to disclose to any Finance Party any information supplied to it by the Company or any Affiliates of the Company on a confidential basis and for the purpose of evaluating whether any waiver or amendment is or may be required or desirable in relation to any Finance Document.



#### **29.14 Relationship with the Lenders**

The Agent may treat each Lender as a Lender, entitled to payments under the Finance Documents and acting through its Facility Office unless it has received not less than five (5) Business Days prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

#### **29.15 Credit appraisal by the Lenders**

Without affecting the responsibility of the Company or any of its Affiliates for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Arrangers that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (c) whether that Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (d) the adequacy, accuracy and/or completeness any information provided by the Agent to any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document.

#### **29.16 Reference Banks**

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Agent shall (in consultation with the Company) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

#### **29.17 Agent's management time**

Any amount payable to the Agent under Clause 18.3 (*Indemnity to the Agent*), Clause 20 (*Costs and expenses*) and Clause 29.10 (*Lenders' indemnity to the Agent*) shall include the cost of utilising the Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Agent may notify to the Company and the Lenders, and is in addition to any fee paid or payable to the Agent under Clause 15 (*Fees*).

#### **29.18 Deduction from amounts payable by the Agent**

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

### 29.19 **Reliance and engagement letters**

Each Finance Party confirms that each of the Arrangers and the Agent has authority to accept on its behalf and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arrangers or Agent, the terms of any reliance letter or engagement letters relating to any reports or letters provided by any advisers in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

### 30. **Conduct of business by the Finance Parties**

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim;
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax; or
- (d) oblige any Finance Party to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any applicable anti-money laundering, economic or trade sanctions laws or regulations.

### 31. **Sharing among the Finance Parties**

#### 31.1 **Payments to Finance Parties**

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from the Company or any Subsidiary Guarantor other than in accordance with Clause 32 (*Payment mechanics*) or any corresponding provision of a Finance Document in respect of which that amount relates (in each case, a "**Recovered Amount**") and applies that amount to a payment due under the Finance Documents then:

- (a) the Recovering Finance Party shall, within three (3) Business Days, notify details of the receipt or recovery, to the Agent;
- (b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 32 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
- (c) the Recovering Finance Party shall, within three (3) Business Days of demand by the Agent, pay to the Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 32.6 (*Partial payments*).

#### 31.2 **Redistribution of payments**

The Agent shall treat the Sharing Payment as if it had been paid by the Company or the relevant Subsidiary Guarantor (as applicable) and distribute it between the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 32.6 (*Partial payments*) towards the obligations of the Company or the relevant Subsidiary Guarantor (as applicable) to the Sharing Finance Parties.

### 31.3 Recovering Finance Party's rights

- (a) On a distribution by the Agent under Clause 31.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from the Company or a Subsidiary Guarantor, as between the Company or the relevant Subsidiary Guarantor (as applicable) and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by the Company or the relevant Subsidiary Guarantor (as applicable).
- (b) If and to the extent that the Recovering Finance Party is not able to rely on its rights under paragraph (a) above, the Company or the relevant Subsidiary Guarantor (as applicable) shall be liable to the Recovering Finance Party for a debt equal to the Sharing Payment which is immediately due and payable.

### 31.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and
- (b) as between the Company or the relevant Subsidiary Guarantor (as applicable) and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by the Company or the relevant Subsidiary Guarantor (as applicable).

### 31.5 Exceptions

- (a) This Clause 31 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause 31, have a valid and enforceable claim against the Company or the relevant Subsidiary Guarantor (as applicable).
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
  - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

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**Administration**

**32. Payment mechanics**

**32.1 Payments to the Agent**

- (a) On each date (or such other date) on which the Company or a Lender is required to make a payment under a Finance Document the Company or Lender (as applicable) shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date or such other date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency and with such bank as the Agent, in each case, specifies.

**32.2 Distributions by the Agent**

- (a) Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 32.3 (*Distributions to the Company*) and Clause 32.4 (*Clawback*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five (5) Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency.
- (b) The Agent shall distribute payments received by it in relation to all or any part of a Loan to the Lender indicated in the records of the Agent as being so entitled on that date provided that the Agent is authorised to distribute payments to be made on the date on which any transfer becomes effective pursuant to Clause 26 (*Changes to the Lenders*) to the Lender so entitled immediately before such transfer took place regardless of the period to which such sums relate.

**32.3 Distributions to the Company**

The Agent may (with the consent of the Company or in accordance with Clause 33 (*Set-Off*)) apply any amount received by it for the Company in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Company under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

**32.4 Clawback and pre-funding**

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) If the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (c) If the Agent has notified the Lenders that it is willing to make available amounts for the account of the Company before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Company:
  - (i) the Agent shall notify the Company of that Lender's identity and the Company shall on demand refund it to the Agent; and

- (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Company shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

### 32.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, any other Party which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 32.1 (*Payments to the Agent*) may instead either:
  - (i) pay that amount direct to the required recipient(s); or
  - (ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of “Acceptable Bank” and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Party making the payment (the “**Paying Party**”) and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the “**Recipient Party**” or “**Recipient Parties**”).

In each case such payments must be made on the due date for payment under the Finance Documents.

- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties pro rata to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 32.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 29.12 (*Replacement of the Agent*), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution in accordance with Clause 32.2 (*Distributions by the Agent*).
- (e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:
  - (i) that it has not given an instruction pursuant to paragraph (d) above; and
  - (ii) that it has been provided with the necessary information by that Recipient Party,give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

### **32.6 Partial payments**

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by the Company under those Finance Documents, the Agent shall apply that payment towards the obligations of the Company under those Finance Documents in the following order:
  - (i) *firstly*, in or towards payment *pro rata* of any unpaid fees, costs and expenses or other amounts of the Agent and the Arrangers under those Finance Documents;
  - (ii) *secondly*, in payment *pro rata* of all amounts paid by any Finance Party under Clause 29.10 (*Lenders' indemnity to the Agent*) but which have not been reimbursed by the Company;
  - (iii) *thirdly*, in or towards payment of any accrued interest, costs, fees and expenses due and payable to the Lenders under the Finance Documents; and
  - (iv) *fourthly*, payment *pro rata* of any principal due and payable under the Facilities to the extent due and payable to the Lenders;
  - (v) *fifthly*, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Lenders, vary the order set out in paragraphs (a)(ii) to (v) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by the Company.

### **32.7 No set-off by the Company**

All payments to be made by the Company under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### **32.8 Business Days**

- (a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement, interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### **32.9 Currency of account**

- (a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from the Company under any Finance Document.
- (b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

### **32.10 Change of currency**

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Company); and
  - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

### **32.11 Disruption to payment systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Company that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 38 (*Amendments and waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 32.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

**33. Set-off**

A Finance Party may set off any matured obligation due from the Company under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to the Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

**34. Notices**

**34.1 Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

**34.2 Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Company:

Address: 38/F, The Centrium, 60 Wyndham Street, Central, Hong Kong

Attention: Company Secretary

Telephone: +852 2598 3600

Fax: +852 2537 3618

Email: mco-comsec@melco-resorts.com

(b) in the case of each Lender, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and

(c) in the case of the Agent:

Address: 17/F, Bank of China Building, Avenida Doutor Mario Soares, Macau

Attention: Ms Jennie Chan / Ms Yan Chan / Ms Nora Pang / Ms Tong Huangmei / Ms Christine Chong

Facsimile: (853) 8792 1659

Email: chan\_unteng\_mac@bank-of-china.com / chan\_unteng\_mac@bankofchina.com /  
chan\_chiian\_mac@bank-of-china.com / chan\_chiian\_mac@bankofchina.com /  
pang\_kaian\_mac@bank-of-china.com / pang\_kaian\_mac@bankofchina.com /  
chong\_hongin\_mac@bankofchina.com / chong\_hongin\_mac@bank-of-china.com /  
tong\_huangmei\_mac@bank-of-china.com / tong\_huangmei\_mac@bankofchina.com

or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than ten (10) Business Days' notice.



### **34.3 Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of fax, when received in legible form; or
  - (ii) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 34.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent will be effective only when actually received by the Agent and then only if it is expressly marked for the attention of the department or officer identified in Clause 34.2 (*Addresses*) (or any substitute department or officer as the Agent shall specify for this purpose).
- (c) All notices from or to the Company shall be sent through the Agent.
- (d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5:00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### **34.4 Notification of address and fax number**

Promptly upon changing its own address or fax number, the Agent shall notify the other Parties.

### **34.5 Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

### **34.6 Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:
  - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five (5) Business Days' notice.
- (b) Any such electronic communication as specified in paragraph (a) above to be made between the Company and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.
- (c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Agent only if it is addressed in such a manner as the Agent shall specify for this purpose.

- (d) Notwithstanding the foregoing, each Party hereto agrees that the Agent may make information, documents and other materials that the Company is obligated to furnish to the Agent pursuant to the Finance Documents (together, “**Communications**”) available to any Finance Party by posting the Communications on IntraLinks or another relevant website, if any, to which such Finance Party has access (whether a commercial, third-party website or whether sponsored by the Agent) (the “**Platform**”). Nothing in this Clause 34.6 shall prejudice the right of the Agent to make the Communications available to any Finance Party in any other manner specified in this Agreement or any other Finance Documents.
- (e) Each Finance Party agrees that e-mail notice to it (at the address provided pursuant to the next sentence and deemed delivered as provided in the next paragraph) specifying that Communications have been posted to the Platform shall constitute effective delivery of such Communications to such Finance Party for purposes of this Agreement and the other Finance Documents. Each Finance Party agrees:
- (i) to notify the Agent in writing (including by electronic communication) from time to time to ensure that the Agent has on record an effective e-mail address for such Finance Party to which the foregoing notice may be sent by electronic transmission; and
  - (ii) that the foregoing notice may be sent to such e-mail address.
- (f) Notwithstanding paragraph (g) below, each Party hereto agrees that any electronic communication referred to in this Clause 34.6 shall be deemed delivered upon the posting of a record of such communication (properly addressed to such party at the e-mail address provided to the Agent) as “sent” in the e-mail system of the sending party or, in the case of any such communication to the Agent, upon the posting of a record of such communication as “received” in the e-mail system of the Agent; **provided that** if such communication is not so received by the Agent during the normal business hours of the Agent, such communication shall be deemed delivered at the opening of business on the next Business Day for the Agent.
- (g) Each Party hereto acknowledges that:
- (i) the distribution of material through an electronic medium is not necessarily secure and that there are confidentiality and other risks associated with such distribution;
  - (ii) the Communications and the Platform are provided “as is” and “as available”;
  - (iii) none of the Agent, its affiliates nor any of their respective officers, directors, employees, agents, advisors or representatives (collectively, the “**Agency Parties**”) warrants the adequacy, accuracy or completeness of the Communications or the Platform, and each Agency Party expressly disclaims liability for errors or omissions in any Communications or the Platform; and
  - (iv) no representation or warranty of any kind, express, implied or statutory, including any representation or warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any Agency Party in connection with any Communications or the Platform.

- (h) The Company hereby acknowledges that certain of the Lenders may be “public-side” Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to Melco, any of its Subsidiaries or their respective securities) (each, a “**Public Lender**”). The Company hereby agrees that:
- (i) Communications that are to be made available on the Platform to Public Lenders shall be clearly and conspicuously marked “PUBLIC” which, at a minimum, shall mean that the word “PUBLIC” shall appear prominently on the first page thereof;
  - (ii) by marking Communications “PUBLIC”, the Company shall be deemed to have authorized the Agent and the Lenders to treat such Communications as either publicly available information or not material information (although it may be sensitive and proprietary) with respect to Melco, any of its Subsidiaries or their respective securities for purposes of US federal and state securities laws;
  - (iii) all Communications marked “PUBLIC” are permitted to be made available through a portion of the Platform designated “Public Lender”; and
  - (iv) the Agent shall be entitled to treat any Communications that are not marked “PUBLIC” as being suitable only for posting on a portion of the Platform not designated “Public Lender”.
- (i) Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 34.6.

#### **34.7 English language**

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

### **35. Calculations and certificates**

#### **35.1 Accounts**

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are prima facie evidence of the matters to which they relate.

#### **35.2 Certificates and determinations**

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

#### **35.3 Day count convention and interest calculation**

- (a) Any interest, commission or fee accruing under a Finance Document will accrue from day to day and the amount of any such interest, commission or fee is calculated:
  - (i) on the basis of the actual number of days elapsed and a year of 360 days (where due in an Optional Currency other than GBP) and 365 days (where due in the Base Currency or GBP); and

(ii) subject to paragraph (b) below, without rounding.

- (b) The aggregate amount of any accrued interest, commission or fee which is, or becomes, payable by the Company under a Finance Document shall be rounded to two decimal places.

**36. Partial invalidity**

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

**37. Remedies and waivers**

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

**38. Amendments and waivers**

**38.1 Required consents**

- (a) Subject to Clause 38.2 (*Exceptions*), Clause 38.3 (*Extension of Commitments*), Clause 38.6 (*Changes to reference rates*) and paragraph (b) below, any term of the Finance Documents (other than the Fee Letters, which may be amended or waived only in accordance with their respective terms) may and may only be amended or waived with the consent of the Majority Lenders and the Company and any such amendment or waiver will be binding on all Parties. The Company shall endeavour to notify each Subsidiary Guarantor of each amendment and waiver and the Agent is authorised to do the same.
- (b) The Agent may effect, on behalf of any Finance Party:
- (i) any amendment or waiver or enter into any document or do any other act or thing permitted by this Clause 38; and
  - (ii) pursuant to paragraph (a) of Clause 29.7 (*Majority Lenders' instructions*), any amendment or waiver of, or in respect of, such matters as it determines to be of a minor technical or administrative matters or of a non-credit related nature.
- (c) Without prejudice to the generality of paragraph (c) of Clause 29.6 (*Rights and discretion*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any request for a consent, waiver, release, amendment or other vote under the Finance Documents.

## 38.2 Exceptions

- (a) Subject to Clause 38.3 (*Extension of Commitments*) and Clause 38.6 (*Changes to reference rates*), an amendment, waiver or other exercise of any right, power or discretion that has the effect of changing or which relates to:
- (i) the definition of “**Majority Facility Lenders**” or “**Majority Lenders**” in Clause 1.1 (*Definitions*) or the definition of “**Change of Control**”, “**Concession Expiry**” or “**Land Concession Termination**” in Clause 10 (*Mandatory Prepayment*);
  - (ii) an extension to the date of payment of any amount under the Finance Documents;
  - (iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;
  - (iv) a change in currency of payment of any amount under the Finance Documents (or redenomination of a Commitment into another currency);
  - (v) an increase in any Commitment or the Total Commitments (other than pursuant to Clause 7 (*Incremental Facilities*));
  - (vi) an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the relevant Facility;
  - (vii) a change to the Company or the borrower of any of the Facilities;
  - (viii) any provision which expressly requires the consent of all the Lenders;
  - (ix) Clause 2.3 (*Finance Parties’ rights and obligations*), Clause 5.1 (*Delivery of a Utilisation Request*), Clause 9.1 (*Illegality*), Clause 10 (*Mandatory Prepayment*), Clause 26 (*Changes to the Lenders*), Clause 28 (*Changes to the Company*), Clause 31 (*Sharing among the Finance Parties*), this Clause 38, Clause 46 (*Governing law*) or Clause 47.1 (*Jurisdiction of English courts*);
  - (x) the nature or scope of the guarantee and indemnity granted pursuant to any Subsidiary Guarantee or any release of any Subsidiary Guarantee or the guarantee and indemnity granted under any other Finance Document;
  - (xi) any amendment to the order of priority or subordination under the Subordination Deed; or
  - (xii) any amendment to the provisions of Clause 7 (*Incremental Facilities*), or any amendment or waiver of a term of any Incremental Facility which would (had such relevant term after giving effect to such amendment or waiver constituted a term of such Incremental Facility at the time it was made available pursuant to Clause 7 (*Incremental Facilities*)) be a breach of Clause 7 (*Incremental Facilities*),

shall not be made without the prior consent of all the Lenders.

## 38.3 Extension of Commitments

- (a) Subject to paragraph (d) below, the Company and any Lender may agree that:
- (i) in relation to that Lender’s Commitments in a Facility, the Availability Period and Termination Date applicable to such Commitments be extended; and

- (ii) if any extension as referred to in paragraph (i) above applies, the Margin applicable to the relevant participation and Commitment should be adjusted.
- (b) Following any agreement as referred to in paragraph (a) above, the Company and the relevant Lender(s) may notify the Agent, giving details of the applicable agreement (the “**Extension Agreement**”). Promptly following its receipt of such notice, the Agent shall (at the cost of the Company) agree with the Company on behalf of the Finance Parties such amendments to the Finance Documents as may be necessary or appropriate to give effect to the Extension Agreement (which, for the avoidance of doubt, may include re-designating the affected Commitments and participations as commitments and loans made under a separate facility).
- (c) The Agent shall promptly provide to each of the Finance Parties copies of any amendment agreement entered into pursuant to paragraph (b) above.
- (d) The Agent will only be authorised to enter into an amendment agreement under paragraph (b) above in respect of Commitments and participations relating to a Facility if, prior to entering into such amendment agreement it is satisfied (acting reasonably) that:
  - (i) each Lender in the relevant Facility has been offered the opportunity to participate in such extension in an amount up to that Lender’s Pro Rata Share; and
  - (ii) each Lender in the relevant Facility has been given a period of at least ten (10) Business Days following receipt of the proposed terms of the extension referred to in paragraph (a) above to determine (A) whether or not to participate and (B) if it wishes to participate, the amount of its relevant Commitment (up to its Pro Rata Share) that it is willing to extend on the proposed terms.

For the purposes of this paragraph (d), “**Pro Rata Share**” means, in relation to a Lender with Commitments in a Facility which is proposed to be extended (in whole or in part), the percentage of the aggregate amount of the relevant extended loans that such Lender’s Commitment in that Facility bears to the aggregate Commitments of all Lenders in that Facility.

#### **38.4 Other exceptions**

An amendment or waiver which relates to the rights or obligations of the Agent, the Arrangers or a Reference Bank (each in their capacity as such) may not be effected without the consent of the Agent, the Arrangers or that Reference Bank, as the case may be.

#### **38.5 Excluded Commitments**

If any Lender fails to respond to a request for a consent, waiver or amendment of or in relation to any of the terms of any Finance Document or any other vote of Lenders under the terms of this Agreement within ten (10) Business Days (or, in the case of a consent, waiver or amendment referred to or falling within the scope of Clause 38.2 (*Exceptions*) or otherwise requiring the consent of all Lenders, fifteen (15) Business Days) (in each case, unless the Company agrees to a longer time period in relation to any request) of that request being made:

- (a) its Commitment and/or participation shall not be included for the purpose of calculating the aggregate Total Commitments and Incremental Facility Commitments or participations under the relevant Facility/ies when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments and Incremental Facility Commitments and/or participations has been obtained to approve that request **provided that** the Company has noted in its request for a consent, waiver, amendment or vote that such action is subject to the provisions of this Clause 38.5 and sets out the date that is ten (10) Business Days after the date of such request; and

- (b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

### 38.6 Changes to reference rates

- (a) Subject to Clause 38.4 (*Other exceptions*), if a Published Rate Replacement Event has occurred in relation to any Published Rate for a currency which can be selected for a Loan, any amendment or waiver which relates to:
  - (i) providing for the use of a Replacement Reference Rate in relation to that currency in place of that Published Rate; and
  - (ii)
    - (A) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;
    - (B) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);
    - (C) implementing market conventions applicable to that Replacement Reference Rate;
    - (D) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or
    - (E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Company.

- (b) In this Clause 38.6:

“**Published Rate**” means:

- (i) the Screen Rate for any Quoted Tenor; or
- (ii) Term SOFR for any Quoted Tenor.

“**Published Rate Replacement Event**” means, in relation to a Published Rate:

- (i) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Majority Lenders and the Company, materially changed;
- (ii)

- (A) (1) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent; or  
(2) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent,  
provided that, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;
  - (B) the administrator of that Published Rate publicly announces that it has ceased or will cease to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;
  - (C) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued; or
  - (D) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or
- (iii) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:
- (A) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Company) temporary; or
  - (B) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than one month; or
- (iv) in the opinion of the Majority Lenders and the Company, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

“**Relevant Nominating Body**” means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

“**Replacement Reference Rate**” means a reference rate which is:

- (i) formally designated, nominated or recommended as the replacement for a Published Rate by:
  - (A) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or
  - (B) any Relevant Nominating Body,



and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the “Replacement Reference Rate” will be the replacement under paragraph (B) above;

- (ii) in the opinion of the Majority Lenders and the Company, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Published Rate; or
- (iii) in the opinion of the Majority Lenders and the Company, an appropriate successor to a Published Rate.

### **38.7 Replacement of Lender**

(a) If at any time:

- (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (c) below); or
- (ii) the Company becomes obliged to repay any amount in accordance with Clause 9.1 (Illegality) or to pay additional amounts pursuant to Clause 17.1 (Increased costs), Clause 16.2 (Tax gross-up) or Clause 16.3 (Tax indemnity) to any Lender,

then the Company may (provided that no Default is continuing), on five (5) Business Day’s prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 26 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (a “Replacement Lender”) selected by the Company, which is acceptable to the Agent (acting reasonably), and which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 26 (Changes to the Lenders) (including the assumption of the transferring Lender’s participations on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(b) The replacement of a Lender pursuant to this Clause 38.7 shall be subject to the following conditions:

- (i) the Company shall have no right to replace the Agent;
- (ii) neither the Agent nor the Lender shall have any obligation to the Company to find a Replacement Lender;
- (iii) in the event of a replacement of a Non-Consenting Lender, such replacement must take place no later than ten (10) Business Days after the effective date of the Company’s notice referred to in paragraph (a) above;
- (iv) in no event shall the Lender replaced under this paragraph (b) be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and
- (v) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws, regulations and internal policies in relation to that transfer and provided that such transfer would not give rise to a breach of any applicable law or regulation.

- (c) A Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.
- (d) In the event that:
  - (i) the Company or the Agent (at the request of the Company) has requested the Lenders to give a consent in relation to, or agree to a waiver or amendment of, any provisions of the Finance Documents;
  - (ii) the consent, waiver or amendment in question requires the approval of all the Lenders; and
  - (iii) the Majority Lenders have consented or agreed to such consent, waiver or amendment,then any Lender who does not and continues not to agree to such consent, waiver or amendment shall be deemed a “Non-Consenting Lender”.

### **38.8 Disenfranchisement of Defaulting Lenders**

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining the Majority Lenders, the Majority Facility Lenders or whether any given percentage (including, for the avoidance of doubt, unanimity) of any Total Incremental Facility Commitments (in respect of an Incremental Facility), Total Commitments or Total Initial Facility Commitments or the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents, that Defaulting Lender’s Commitments will be reduced by the amount of its Available Commitments and, to the extent that that reduction results in that Defaulting Lender’s Incremental Facility Commitments (in respect of an Incremental Facility), Total Commitments or Total Initial Facility Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for such purposes.
- (b) For the purposes of this Clause 38.8, the Agent may assume that the following Lenders are Defaulting Lenders:
  - (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
  - (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of “Defaulting Lender” has occurred,unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

### **38.9 Replacement of a Defaulting Lender**

- (a) The Company may, at any time a Lender has become and continues to be a Defaulting Lender, by giving five (5) Business Days’ prior written notice to the Agent and such Lender:
  - (i) replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 26 (Changes to the Lenders) all (and not part only) of its rights and obligations under this Agreement;

- (ii) require such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 26 (Changes to the Lenders) all (and not part only) of the undrawn Initial Facility Commitment and any Incremental Facility Commitment of the Lender; or
  - (iii) require such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 26 (Changes to the Lenders) all (and not part only) of its rights and obligations in respect of the Initial Facility and any Incremental Facility, to a Lender or other bank, financial institution, trust, fund or other entity (a “Replacement Lender”) selected by the Company, and which (unless the Agent is an Impaired Agent) is acceptable to the Agent (acting reasonably), which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender in accordance with Clause 26 (Changes to the Lenders) (including the assumption of the transferring Lender’s participations or unfunded participations (as the case may be) on the same basis as the transferring Lender) for a purchase price in cash payable at the time of transfer equal to the outstanding principal amount of such Lender’s participation in the outstanding Utilisations and all accrued interest and Break Costs and other amounts payable in relation thereto under the Finance Documents.
- (b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause shall be subject to the following conditions:
- (i) the Company shall have no right to replace the Agent;
  - (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Company to find a Replacement Lender;
  - (iii) the transfer must take place no later than ten (10) days after the notice referred to in paragraph (a) above;
  - (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents; and
  - (v) the Defaulting Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer to the Replacement Lender.
- (c) The Defaulting Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.

**39. Disclosure of information**

**39.1 Confidential Information**

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 39.2 (Disclosure of information), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

**39.2 Disclosure of information**

- (a) Any Finance Party may disclose to any of its Affiliates, related corporations, head office, branch and representative offices (each a “Finance Party Related Party”), the Company, any Subsidiary Guarantor, any other member of the Group (or any other person permitted by the Company), any other Finance Party, any of its, any other Finance Party’s or any of its Finance Party Related Party’s officers, directors, employees, any of its or its Finance Party Related Party’s professional advisers, auditors, partners and other persons providing services to it or any of its Finance Party Related Parties (provided such person is under a duty of confidentiality (contractual or otherwise) to the Finance Party disclosing the information or its Finance Party Related Party) such Confidential Information as that Finance Party shall consider appropriate.
- (b) Any Finance Party may disclose to any person:
  - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent and, in each case, to any of that person’s Affiliates, related corporations, head office, branch and representative office, officers, directors, employees and professional advisers;
  - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or the Company and to any of that person’s Affiliates, related corporations, head office, branch and representative office, officers, directors, employees and professional advisers;
  - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;
  - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
  - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
  - (vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
  - (vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 26.8 (Security interests over Lenders’ rights);
  - (viii) who is a Party; or
  - (ix) with the consent of the Company,

in each case, such Confidential Information as that Finance Party shall consider appropriate.

- (c) Any Finance Party may disclose to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c), provided that the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Company and the relevant Finance Party.
- (d) Any Finance Party may disclose to the International Swaps and Derivatives Association, Inc. (“ISDA”) or any Credit Derivatives Determination Committee or sub-committee of ISDA such Confidential Information as that Finance Party shall consider appropriate where such disclosure is required by them in order to determine whether the obligations under the Finance Documents will be, or in order for the obligations under the Finance Documents to become, deliverable under a credit derivative transaction or other credit linked transaction which incorporates the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement or other provisions substantially equivalent thereto.
- (e) Any Finance Party may disclose to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Company, the Subsidiary Guarantor and/or any other member of the Group, provided that the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.
- (f) Any Confidentiality Undertaking signed by a Finance Party pursuant to this Clause 39.1 shall supersede any prior confidentiality undertaking signed by such Finance Party for the benefit of any member of the Group.
- (g) Nothing in this Clause 39.1 shall prohibit the disclosure of any information which is publicly available other than as a result of a breach by a Finance Party of this Clause 39.1.
- (h) Notwithstanding any of the provisions of the Finance Documents, the Company and the Finance Parties hereby agree that each Party and each employee, representative or other agent of each Party may disclose to any and all persons, without limitation of any kind:
  - (i) any information with respect to the US federal and state income tax treatment of the Facilities and any facts that may be relevant to understanding such tax treatment, which facts shall not include for this purpose the names of any Party or any other person named herein, or information that would permit identification of any Party or such other persons, or any pricing terms or other non-public business or financial information that is unrelated to such tax treatment or facts; and
  - (ii) all materials of any kind (including opinions or other tax analysis) that are provided to any of the foregoing relating to such tax treatment, in so far as such disclosure relates to US federal income tax.

- (i) Each Finance Party Related Party shall be permitted to disclose information in accordance with this Clause 39.1 as if it were a Finance Party and may rely on this Clause subject to Clause 1.3 (Third party rights) and the provisions of the Third Parties Act.

**39.3 Disclosure to numbering service providers**

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities, the Company and/or the Subsidiary Guarantors the following information:
  - (i) names of the Company and the Subsidiary Guarantors;
  - (ii) country of domicile of the Company and the Subsidiary Guarantors;
  - (iii) place of incorporation of the Company and the Subsidiary Guarantors;
  - (iv) date of this Agreement;
  - (v) Clause 46 (Governing law);
  - (vi) the names of the Agent and the Arrangers;
  - (vii) date of each amendment and restatement of this Agreement;
  - (viii) amounts of, and names of, the Facilities (and any tranches);
  - (ix) amount of Total Commitments, Total Incremental Facility Commitments, or Total Initial Facility Commitments;
  - (x) currencies of the Facilities;
  - (xi) type of Facilities;
  - (xii) ranking of Facilities;
  - (xiii) Termination Date(s) for the Facilities;
  - (xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and
  - (xv) such other information agreed between such Finance Party and the Company, to enable such numbering service provider to provide its usual syndicated loan numbering identification services.
- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities, the Company and/or a Subsidiary Guarantor by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) The Company represents that none of the information set out in paragraphs (i) to (xv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

- (d) The Agent shall notify the Company and the other Finance Parties of:
  - (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities, the Company and/or a Subsidiary Guarantor; and
  - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities, the Company and/or a Subsidiary Guarantor by such numbering service provider.

#### **40. Confidentiality of Funding Rates and Reference Bank Quotations**

##### **40.1 Confidentiality and disclosure**

- (a) The Agent and the Company agree to keep each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.
- (b) The Agent may disclose:
  - (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Company pursuant to Clause 12.4 (Notification of rates of interest); and
  - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender or Reference Bank, as the case may be.
- (c) The Agent may disclose any Funding Rate or any Reference Bank Quotation, and the Company may disclose any Funding Rate, to:
  - (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
  - (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Company, as the case may be, it is not practicable to do so in the circumstances;

- (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the Company, as the case may be, it is not practicable to do so in the circumstances; and
  - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.
- (d) The Agent's obligations in this Clause 40 relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 12.4 (Notification of rates of interest) provided that (other than pursuant to paragraph (b)(i) above) the Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

#### **40.2 Related obligations**

- (a) The Agent and the Company each acknowledge that each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and the Company each undertake not to use any Funding Rate or, in the case of the Agent, any Reference Bank Quotation for any unlawful purpose.
- (b) The Agent and the Company each agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:
  - (i) of the circumstances of any disclosure made pursuant to paragraph (c)(ii) of Clause 40.1 (Confidentiality and disclosure) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
  - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 40.

#### **40.3 No Event of Default**

No Event of Default will occur under Clause 25.3 (Other obligations) by reason only of the Company's failure to comply with this Clause 40.

#### **41. Bail in**

- (a) Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:
  - (i) any Bail-In Action in relation to any such liability, including (without limitation):
    - (A) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;



- (B) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and
  - (C) a cancellation of any such liability; and
- (ii) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.
- (b) In this Clause 41:

“**Bail-In Action**” means the exercise of any Write-down and Conversion Powers.

“**Bail-In Legislation**” means:

- (i) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (ii) in relation to the United Kingdom, the UK Bail-in Legislation; and
- (iii) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

“**EEA Member Country**” means any member state of the European Union, Iceland, Liechtenstein and Norway.

“**EU Bail-In Legislation Schedule**” means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

“**Resolution Authority**” means any body which has authority to exercise any Write-down and Conversion Powers.

“**UK Bail-In Legislation**” means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

“**Write-down and Conversion Powers**” means:

- (i) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;
- (ii) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and

(iii) in relation to any other applicable Bail-In Legislation:

- (A) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and
- (B) any similar or analogous powers under that Bail-In Legislation.

**42. Counterparts**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

**43. USA Patriot Act**

Each Lender hereby notifies the Company and each Subsidiary Guarantor that pursuant to the requirements of the USA Patriot Act, such Lender is required to obtain, verify and record information that identifies the Company and each Subsidiary Guarantor, which information includes the name and address of Company and each Subsidiary Guarantor and other information that will allow such Lender to identify Company and each Subsidiary Guarantor in accordance with the USA Patriot Act.

**44. Waiver of jury trial**

**EACH OF THE PARTIES TO THIS AGREEMENT AGREES TO WAIVE IRREVOCABLY ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN THIS AGREEMENT.** This waiver is intended to apply to all Disputes. Each Party acknowledges that (a) this waiver is a material inducement to enter into this Agreement, (b) it has already relied on this waiver in entering into this Agreement and (c) it will continue to rely on this waiver in future dealings. Each Party represents that it has reviewed this waiver with its legal advisers and that it knowingly and voluntarily waives its jury trial rights after consultation with its legal advisers. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

45. **Acknowledgement regarding any supported QFCS**

To the extent that the Finance Documents provide support, through a guarantee or otherwise, for any hedging agreement or any other agreement or instrument that is a QFC (such support, “**QFC Credit Support**”, and each such QFC, a “**Supported QFC**”), the Parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the “**U.S. Special Resolution Regimes**”) in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Finance Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(a) In the event a Covered Entity that is party to a Supported QFC (each, a “**Covered Party**”) becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Finance Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Finance Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the Parties with respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(b) As used in this Clause 45, the following terms have the following meanings:

“**BHC Act Affiliate**” of a person means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such person.

“**Covered Entity**” means any of the following: (i) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b); (ii) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or (iii) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“**Default Right**” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“**QFC**” has the meaning assigned to the term “qualified financial contract” in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

**Section 12**  
**Governing law and enforcement**

**46. Governing law**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.

**47. Enforcement**

**47.1 Jurisdiction of English courts**

- (a) The courts of England have non-exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a “Dispute”).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) Notwithstanding paragraphs (a) and (b) above, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

**47.2 Service of process**

- (a) Without prejudice to any other mode of service allowed under any relevant law, the Company:
  - (i) irrevocably appoints Law Debenture Corporate Service Limited as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
  - (ii) agrees that failure by an agent for service of process to notify the Company of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Company must immediately (and in any event within three (3) Business Days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

**47.3 Waiver of immunities**

The Company irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from:

- (a) suit;
- (b) jurisdiction of any court;
- (c) relief by way of injunction or order for specific performance or recovery of property;
- (d) attachment of its assets (whether before or after judgment); and

- 
- (e) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction (and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any immunity in any such proceedings).

**This Agreement has been entered into on the date stated at the beginning of this Agreement.**

**Schedule 1**  
**Original Parties**

**Part 1**  
**The Borrower**

Name of Borrower	Jurisdiction of incorporation	Registration number
MCO Nominee One Limited	Cayman Islands	187717

**Part 2**  
**The Original Lenders**

Name of Original Lender	Commitment (HK)
Banco Nacional Ultramarino, S.A.	550,250,000
Bank of China Limited, Macau Branch	5,425,000,000
Bank of Communications Co., Ltd. Macau Branch	4,650,000,000
Deutsche Bank Aktiengesellschaft a joint stock company with limited liability incorporated in the Federal Republic of Germany, local court of Frankfurt am Main, HRB no. 30,000, acting through its Singapore Branch (previously known as Deutsche Bank AG, Singapore Branch)	562,375,000
Industrial and Commercial Bank of China (Macau) Limited	3,100,000,000
Morgan Stanley Senior Funding, Inc.	562,375,000
<b>Total</b>	<b>14,850,000,000</b>

**Schedule 2**  
**Conditions precedent**

**1. The Company, each Subsidiary Guarantor and each Subordinated Creditor**

- (a) In respect of each of the Company, each Subsidiary Guarantor and each Subordinated Creditor, a copy of its constitutional documents (including its certificate of incorporation, certificate of incorporation on change of name (if any), memorandum and articles of association, register of directors, register of members and register of mortgages and charges).
- (b) A copy of a resolution of the board of directors of the Company, each Subsidiary Guarantor and each Subordinated Creditor:
  - (i) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;
  - (ii) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request and Selection Notice) to be signed and/or despatched by it under or in connection with the Finance Documents to which it is a party.
- (c) A specimen of the signature of each person authorised by each resolution referred to in paragraph (b) above.
- (d) A certificate from each of the Company and each Subsidiary Guarantor (in each case signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
- (e) A certificate of an authorised signatory of the Company, each Subsidiary Guarantor and each Subordinated Creditor certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2. Finance Documents**

- (a) A copy of this Agreement duly entered into by the parties to it.
- (b) A copy of each Fee Letter duly entered into by the parties to it.
- (c) A copy of the Subordination Deed duly entered into by the parties to it and the delivery of any original or copy of ancillary documents to the Subordination Deed as required in accordance with the terms thereof.
- (d) A copy of each Subsidiary Guarantee duly entered into by the parties to it and the delivery of any original or copy of ancillary documents to that Subsidiary Guarantee as required in accordance with the terms thereof.

**3. Legal opinions**

- (a) A legal opinion in relation to English law from White & Case addressed to the Arrangers, the Agent and the Original Lenders, substantially in the form distributed to the Arrangers prior to signing this Agreement.

- (b) A legal opinion as to the laws of the Cayman Islands from Maples and Calder (Hong Kong) LLP, the law firm of the Maples Group addressed to the Arrangers, the Agent and the Original Lenders, substantially in the form distributed to the Arrangers prior to signing this Agreement.
- (c) A legal opinion as to the laws of Macau from A&N – Advogados & Notários addressed to the Arrangers, the Agent and the Original Lenders, substantially in the form distributed to the Arrangers prior to signing this Agreement.

#### 4. Other documents and evidence

- (a) Evidence that any process agent referred to in Clause 47.2 (Service of process) and in respect of each of the Subordination Deed and each Subsidiary Guarantee has accepted its appointment.
- (b) The Original Financial Statements.
- (c) Evidence that the fees, costs and expenses then due from the Company pursuant to Clause 15 (*Fees*) and Clause 20 (*Costs and expenses*) have been paid or will be paid on or before the date falling 5 Business Days after the Initial Utilisation Date.
- (d) The Corporate Structure Chart.
- (e) The Financial Model.
- (f) Each of the following:
  - (i) a copy of a pay-off letter from the Existing OpCo Facility Agent to Melco Resorts Macau confirming the amount required to be paid so as to prepay and cancel the Existing OpCo Facilities in full on the Initial Utilisation Date;
  - (ii) a copy of the draft irrevocable prepayment and cancellation notice or notices from Melco Resorts Macau to the Existing OpCo Facility Agent stating that it will prepay and permanently cancel the Existing OpCo Facilities in full (other than HK\$1,000,000 of commitments in respect of the Existing OpCo RCF which are to remain available, subject to the Existing OpCo Facility Agreement) on or within 1 Business Day of the Initial Utilisation Date; and
  - (iii) evidence satisfactory to the Arrangers that the Existing OpCo Facility Continuing Lender shall be the only lender of record under the Existing OpCo Facilities Agreement after completion of the prepayments and cancellations contemplated by the arrangements referred to above (and taking into account the Existing OpCo Facility Continuing Lender's partial waiver of its prepayment rights as contemplated in the waiver letter referred to in paragraph (g) below).
- (g) A copy of a revocable waiver letter from the Existing OpCo Facility Continuing Lender to Melco Resorts Macau in respect of the Existing OpCo Facilities Agreement, in the agreed form distributed to the Arrangers prior to signing this Agreement (or otherwise in form and substance satisfactory to the Arrangers) and executed by the Existing OpCo Facility Continuing Lender, together with evidence satisfactory to the Arrangers that a copy of such waiver letter has been provided to each of the Existing OpCo Facility Agent and the Existing OpCo Facility Security Agent.
- (h) A written undertaking from the Existing OpCo Facility Continuing Lender to the Agent in the agreed form distributed to the Arrangers prior to signing this Agreement (or otherwise in form and substance satisfactory to the Arrangers).



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(i) Evidence that all “know your customer” requirements of each Finance Party have been satisfactorily completed.

**Schedule 3**  
**Form of Utilisation Request**

[To be placed on Company letterhead]

From: MCO Nominee One Limited

To: [Agent]

Date:

Dear Sirs

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to the Facility Agreement. This is a Utilisation Request. Terms defined in or construed for the purposes of the Facility Agreement have the same meaning and construction in this Utilisation Request unless given a different meaning or construction in this Utilisation Request.
2. We wish to borrow a Loan on the following terms:
  - (a) Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)
  - (b) Facility to be utilised: [Initial Facility]/[insert details of relevant Incremental Facility]
  - (c) Currency of Loan: [●]
  - (d) Amount: [●] or, if less, the applicable Available Facility
  - (e) Interest Period: [●]
3. We confirm that each condition specified in Clause 4.2 (*Further conditions precedent*) is satisfied on the date of this Utilisation Request.
4. [This Loan is a Rollover Loan and is to be made for the purpose of refinancing [*identify maturing Loan*] in whole or in part]/[[Subject to paragraph 5 below,] the proceeds of this Loan will be used in accordance with [*specify relevant paragraph*] of Clause 3.1 (*Purpose*) of the Facility Agreement and should be credited to [*account in the name of the Company*]].
5. [We authorise you to deduct from the proceeds of the Loan [(and pay, to the applicable recipient(s), such amount deducted)] any upfront fee referred to in Clause 15.2 (*Upfront fee*) of the Facility Agreement, any agency fees payable pursuant to Clause 15.3 (*Agency fee*) of the Facility Agreement, and [*insert references to applicable costs and expenses, including legal fees*].]
6. This Utilisation Request is irrevocable.

Yours faithfully

for and on behalf of  
**MCO Nominee One Limited**

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authorised signatory

Name:

**Schedule 4**  
**Form of Transfer Certificate**

To: [●] as Agent

From: [*The Existing Lender*] (the “Existing Lender”) and [*The New Lender*] (the “New Lender”)

Dated:

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to the Facility Agreement, each Subsidiary Guarantee, the Subordination Deed and each other Third Party Creditor Document (each as defined in the Facility Agreement). This is a Transfer Certificate. Terms defined in the Facility Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Agreement.
2. We refer to Clause 26.5 (*Procedure for transfer*) of the Facility Agreement:
  - (a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation, and in accordance with Clause 26.5 (*Procedure for transfer*), all of the Existing Lender’s rights and obligations under the Facility Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment(s) and participations in Utilisations under the Facility Agreement as specified in the Schedule.
  - (b) The proposed Transfer Date is [●].
  - (c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (*Addresses*) are set out in the Schedule.
3. The New Lender expressly acknowledges:
  - (a) the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 26.4 (*Limitation of responsibility of Existing Lenders*); and
  - (b) that it is the responsibility of the New Lender to ascertain whether any document is required or any formality or other condition requires to be satisfied to effect or perfect the transfer contemplated by this Transfer Certificate or otherwise to enable the New Lender to enjoy the full benefit of each Finance Document.
4. In consideration of the New Lender being accepted as a Lender and Finance Party for the purposes of each Subsidiary Guarantee, the Subordination Deed and each other Third Party Creditor Document, the New Lender confirms that, as from the Transfer Date, it intends to be party to each such Finance Document in such capacities and undertakes to perform all the obligations expressed in each such Finance Document to be assumed by a Lender or Finance Party and agrees that it shall be bound by all the provisions of each such Finance Document, as if it had been an original party to each such Finance Document.
5. The New Lender confirms that it is a “New Lender” within the meaning of Clause 26.1 (*Assignment and transfers by the Lenders*).
6. The Existing Lender and the New Lender confirm that the New Lender is not an Affiliate of the Company.

7. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.
8. This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by and construed in accordance with English law.
9. This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

**The Schedule**

**Commitment/rights and obligations to be transferred**

*[insert relevant details]*

*[Facility Office address, fax number and attention details for notices and account details for payments,]*

[Existing Lender]

[New Lender]

By:

By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [●].

[Agent]

By:

**Schedule 5**  
**Form of Assignment Agreement**

To: [●] as Agent

From: [*the Existing Lender*] (the “Existing Lender”) and [*the New Lender*] (the “New Lender”)

Dated:

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated June 29 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to the Facility Agreement, each Subsidiary Guarantee, the Subordination Deed and each other Third Party Creditor Document (each as defined in the Facility Agreement). This is an Assignment Agreement. Terms defined in the Facility Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.
2. We refer to Clause 26.6 (**Procedure for assignment**) of the Facility Agreement:
  - (a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Facility Agreement and the other Finance Documents which relate to that portion of the Existing Lender’s Commitment(s) and participations in Utilisations under the Facility Agreement as specified in the Schedule.
  - (b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender’s Commitment(s) and participations in Utilisations under the Facility Agreement specified in the Schedule.
  - (c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.
3. The proposed Transfer Date is [●].
4. On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender and Finance Party.
5. The New Lender expressly acknowledges the limitations on the Existing Lender’s obligations set out in paragraph (c) of Clause 26.4 (**Limitation of responsibility of Existing Lenders**).
6. The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 34.2 (**Addresses**) are set out in the Schedule.
7. In consideration of the New Lender being accepted as a Lender and Finance Party for the purposes of each Subsidiary Guarantee, the Subordination Deed and each other Third Party Creditor Document, the New Lender confirms that, as from the Transfer Date, it intends to be party to each such Finance Document in such capacities and undertakes to perform all the obligations expressed in each such Finance Document to be assumed by a Lender or Finance Party and agrees that it shall be bound by all the provisions of each such Finance Document, as if it had been an original party to each such Finance Document.
8. This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery to the Company in accordance with Clause 26.7 (**Copy of Transfer Certificate or Assignment Agreement to Company**), to the Company [(for itself and for and on behalf of each Subsidiary Guarantor)] of the assignment referred to in this Assignment Agreement.

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9. This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.
  10. This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.
  11. This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.



**The Schedule**

**Commitment/rights and obligations to be transferred by assignment, release and accession**

*[insert relevant details]*

*[Facility Office address, fax number and attention details for notices and account details for payments,]*

[Existing Lender]

[New Lender]

By:

By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [●].

Signature of this Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

**Schedule 6**  
**Form of Compliance Certificate**

From: MCO Nominee One Limited

To: [●] as Agent

Dated:

Dear Sirs

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to the Facility Agreement. This is a Compliance Certificate. Terms defined in the Facility Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.
2. We confirm that:
  - (a) in respect of the Relevant Period ending on [●], Consolidated EBITDA for such Relevant Period was [●] and Consolidated Net Finance Charges for such Relevant Period were [●]. Therefore Consolidated EBITDA for such Relevant Period was [●] times Consolidated Net Finance Charges for such Relevant Period and the covenant contained in paragraph (a) (*Interest Cover*) Clause 23.2 (*Financial condition*) [has/has not] been complied with;
  - (b) on the last day of the Relevant Period ending on [●], Consolidated Senior Debt was [●] and Consolidated EBITDA for such Relevant Period was [●]. Therefore Consolidated Senior Debt at such time [did/did not] exceed [●] times Consolidated EBITDA for such Applicable Test Date and the covenant contained in paragraph (b) (*Senior Leverage*) of Clause 23.2 (*Financial condition*) [has/has not] been complied with;
  - (c) on the last day of the Relevant Period ending on [●], Consolidated Total Debt was [●] and Consolidated EBITDA for such Relevant Period was [●]. Therefore Consolidated Total Debt at such time [did/did not] exceed [●] times Consolidated EBITDA for such Applicable Test Date and the covenant contained in paragraph (c) (*Total Leverage*) of Clause 23.2 (*Financial condition*) [has/has not] been complied with; and
  - (d) Senior Leverage is [●]:1 and that, therefore, the Margin should be [●]% p.a.
3. [We confirm that no Default is continuing.]\*

Signed

Authorised Representative  
of  
MCO Nominee One Limited

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**NOTES:**

\* If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.

**Schedule 7**

**Form of Incremental Lender Accession Deed**

THIS DEED dated [ ] is supplemental to a facility agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “**Facility Agreement**”) between MCO Nominee One Limited as the Company, the financial institutions named therein as Original Lenders and [●] as agent (as amended, novated, supplemented, extended, replaced or retained from time to time), each Subsidiary Guarantee, the Subordination Deed and each other Third Party Creditor Document (each as defined in the Facility Agreement).

Words and expressions defined in the Facility Agreement have the same meaning when used in this Deed and the principles of construction and rules of interpretation set out therein shall also apply.

[name of new Additional Lender] (the “**Additional Lender**”) of [address]:

- (a) hereby agrees with each other person who is or who becomes a party to the Facility Agreement that with effect on and from the date of this Deed it shall be bound by the Facility Agreement and be entitled to exercise rights and be subject to obligations thereunder as a Lender; and
- (b) in consideration of the Additional Lender being accepted as a Lender and Finance Party for the purposes of each Subsidiary Guarantee, the Subordination Deed and each other Third Party Creditor Document, hereby agrees with each other person who is or who becomes a party to any such Finance Document that with effect on and from the date of this Deed it intends to be party to each such Finance Document in such capacities and undertakes to perform all the obligations expressed in each such Finance Document to be assumed by a Lender or Finance Party and agrees that it shall be bound by all the provisions of each such Finance Document, as if it had been an original party to each such Finance Document.

The Additional Lender expressly acknowledges that it is the responsibility of the Additional Lender to ascertain whether any document is required or any formality or other condition required to be satisfied to effect or perfect this Deed or otherwise to enable the Additional Lender to enjoy the full benefit of each Finance Document.

The Additional Lender confirms that it is not an Affiliate of the Company.

The initial telephone number, fax number, address and person designated by the Additional Lender for the purposes of Clause 34 (Notices) of the Facility Agreement are:

Address: [ ]  
Fax: [ ]  
Telephone: [ ]  
Attention: [ ]  
Email: [ ]

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

Executed as a deed by )  
[insert name of Additional Lender] )  
[include appropriate execution )  
clause] )

Accepted by the Agent:

for and on behalf of  
[*Insert name of Agent*]  
Date:

**Schedule 8**  
**Form of Incremental Facility Notice**

To: [●] as Agent

From: MCO Nominee One Limited (the “Company”)

Dated: [●]

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

We refer to the Facility Agreement. This is an Incremental Facility Notice. Terms defined in the Facility Agreement shall have the same meaning when used in this Incremental Facility Notice.

1. The Company wishes to establish an Incremental Facility on the following terms:

Type of Facility: *[Incremental Term Loan Facility / Incremental Revolving Credit Facility / Incremental Facility Increase in respect of [●] Facility]*

Termination date and repayment schedule: [●]

Requested Facility Amount and currency of commitment: *[insert amount in Hong Kong dollars]*

Availability period: [●]

Interest rate: *[insert details of base rate plus margin or fixed rate]*

[Commitment fee: [●]]

Borrower: The Company

Currency of utilisation: *[Base Currency / Optional Currency]*

Purpose: [●]

Maximum number of Loans that may be outstanding: [●]

[Other relevant terms] [●]

2. [The Company invites each Lender to participate in the Relevant Incremental Facility in its Pro Rata Share.]

3. The Company confirms that the Repeating Representations are true and accurate in all material (or, to the extent that the Repeating Representation is subject to any materiality qualifier, all) respects as at the date of this Incremental Facility Notice.
4. The Company confirms that no Event of Default is continuing at the time of, or would arise as a result of, the establishment and utilisation of the Relevant Incremental Facility

Yours faithfully

for and on behalf of

**MCO Nominee One Limited**

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authorised signatory

Name:

**Schedule 9**  
**Forms of Notifiable Debt Purchase Transaction Notice**

**Part 1**  
**Form of Notice of Notifiable Debt Purchase Transaction**

To: [●] as Agent  
From: [The Lender]  
Dated:

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to paragraph (b) of Clause 27.2 (*Disenfranchisement of Sponsor Affiliates*) of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. We have entered into a Notifiable Debt Purchase Transaction.
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

Commitment	<b>Amount of our Commitment to which Notifiable Debt Purchase Transaction relates (Base Currency)</b>
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[Initial Facility Commitment]	[insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies]
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[Incremental Facility Commitment under the Incremental Facility with an Establishment Date of [●]]*	[insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies]
---	--

[Lender]

By:

\_\_\_\_\_  
\* Delete as applicable



**Part 2**

**Form of Notice on Termination of Notifiable Debt Purchase Transaction**

To: [●] as Agent

From: [The Lender]

Dated:

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to paragraph (c) of Clause 27.2 (Disenfranchisement of Sponsor Affiliates) of the Facility Agreement. Terms defined in the Facility Agreement have the same meaning in this notice unless given a different meaning in this notice.
2. A Notifiable Debt Purchase Transaction which we entered into and which we notified you of in a notice dated [●] has [terminated]/[ceased to be with a Sponsor Affiliate].\*
3. The Notifiable Debt Purchase Transaction referred to in paragraph 2 above relates to the amount of our Commitment(s) as set out below.

Commitment

**Amount of our Commitment to which Notifiable Debt Purchase Transaction relates (Base Currency)**

[Initial Facility Commitment]

*[insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies]*

[Incremental Facility Commitment under the Incremental Facility with an Establishment Date of [●]\*\*

*[insert amount (of that Commitment) to which the relevant Debt Purchase Transaction applies]*

[Lender]

By:

\* Delete as applicable

\*\* Delete as applicable

**Schedule 10**  
**Form of Selection Notice**

To: [●] as Agent  
From: MCO Nominee One Limited  
Dated:

**MCO Nominee One Limited – HKD14,850,000,000 Facility Agreement dated 29 April 2020 (as amended and restated by an amendment and restatement agreement dated 29 June 2023 and as further amended and/or supplemented from time to time, the “Facility Agreement”)**

1. We refer to the Facility Agreement. This is a Selection Notice. Terms defined in the Facility Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.
2. We refer to the following Incremental Facility Loan[s] under the [*insert details of relevant Incremental Term Loan Facility*] with an Interest Period ending on [*insert details of the Loan and the Interest Period end date*].
3. [We request that the above Incremental Facility Loan be divided into [●] Incremental Facility Loans with the following Base Currency Amounts and Interest Periods:] \*  
or  
[We request that the next Interest Period for the above Incremental Facility Loan[s] is [●].]\*\*
4. This Selection Notice is irrevocable.

Signed  
Authorised Representative  
of  
MCO Nominee One Limited

\* Delete as applicable  
\*\* Delete as applicable

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**Signatures**

*Original signature pages removed in amended and restated version*

Signature pages –  
Project Osprey Facility Agreement

**Schedule 2**  
**Conditions Precedent**

**1. Transaction Obligors**

- (a) In respect of each Transaction Obligor (other than Melco Resorts Macau), a copy of its constitutional documents (including its certificate of incorporation, certificate of incorporation on change of name (if any), memorandum and articles of association, register of directors, register of members and register of mortgages and charges).
- (b) A copy of a resolution of the board of directors of each Transaction Obligor (other than Melco Resorts Macau):
  - (i) approving the terms of, and the transactions contemplated by, this Agreement and resolving that it execute this Agreement;
  - (ii) authorising a specified person or persons to execute this Agreement on its behalf; and
  - (iii) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices to be signed and/or despatched by it under or in connection with this Agreement.
- (c) A specimen of the signature of each person authorised by each resolution referred to in paragraph (b) above.
- (d) A certificate from each of each Transaction Obligor (other than Melco Resorts Macau) (in each case signed by a director) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on it to be exceeded.
- (e) A certificate of an authorised signatory of each Transaction Obligor (other than Melco Resorts Macau) certifying that each copy document relating to it specified in this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

**2. Finance Documents**

A copy of this Agreement duly entered into by the parties to it.

**3. Legal opinions**

- (a) A legal opinion in relation to English law from White & Case addressed to the Finance Parties, substantially in the form distributed to the Agent prior to signing this Agreement.
- (b) A legal opinion as to the laws of the Cayman Islands from Maples and Calder (Hong Kong) LLP, the law firm of the Maples Group addressed to the Finance Parties, substantially in the form distributed to the Agent prior to signing this Agreement.

**4. Other documents and evidence**

- (a) Evidence that any process agent referred to in Clause 6.2 (*Service of process*) has accepted its appointment.
- (b) Evidence that the fees, costs and expenses then due from the Company pursuant to Clause 5 (*Costs and expenses*) have been paid or will be paid on or before the date falling 5 Business Days after the Effective Date.

**Signatures**

**SIGNED for and on behalf of  
MCO NOMINEE ONE LIMITED**

as the Company

/s/ Geoffrey Stuart Davis

Name: Geoffrey Stuart Davis

Title: Authorised Signatory

**SIGNED for and on behalf of  
MCO NOMINEE ONE LIMITED**

as the Guarantors' Agent

/s/ Geoffrey Stuart Davis

Name: Geoffrey Stuart Davis

Title: Authorised Signatory

**SIGNED for and on behalf of  
MCO INVESTMENTS LIMITED**

as a Subsidiary Guarantor

/s/ Geoffrey Stuart Davis

Name: Geoffrey Stuart Davis

Title: Authorised Signatory

Project Osprey (2023) –  
Amended and Restated Facility Agreement  
(Signature Page)

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**SIGNED for and on behalf of  
MELCO RESORTS FINANCE LIMITED**

as a Subordinated Creditor

/s/ Geoffrey Stuart Davis

Name: Geoffrey Stuart Davis

Title: Authorised Signatory

**SIGNED for and on behalf of  
MCO INTERNATIONAL LIMITED**

as a Subordinated Creditor

/s/ Geoffrey Stuart Davis

Name: Geoffrey Stuart Davis

Title: Authorised Signatory

Project Osprey (2023) –  
Amended and Restated Facility Agreement  
(Signature Page)

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**SIGNED for and on behalf of**  
**BANK OF CHINA LIMITED, MACAU BRANCH**  
as Agent

/s/ Huang Jia Yu

Name: Huang Jia Yu

Title: Deputy Director, Integrated Resorts Business Division

Project Osprey (2023) –  
Amended and Restated Facility Agreement  
(Signature Page)

**Melco Resorts & Entertainment Limited**  
**List of Significant Subsidiaries**  
**As of December 31, 2023**

1. COD Resorts Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
2. MCO Cotai Investments Limited, incorporated in the Cayman Islands
3. MCO Europe Holdings (NL) B.V., incorporated in the Netherlands
4. MCO Holdings Limited, incorporated in the Cayman Islands
5. MCO International Limited, incorporated in the Cayman Islands
6. MCO Investments Limited, incorporated in the Cayman Islands
7. MCO Nominee One Limited, incorporated in the Cayman Islands
8. Melco Resorts (Macau) Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
9. Melco Resorts and Entertainment (Philippines) Corporation, incorporated in the Philippines
10. Melco Resorts Finance Limited, incorporated in the Cayman Islands
11. Melco Resorts Leisure (PHP) Corporation, incorporated in the Philippines
12. Melco Resorts Services Limited, incorporated in the Hong Kong Special Administrative Region of the People's Republic of China
13. MPHIL Holdings No.1 Corporation, incorporated in the Philippines
14. MPHIL Holdings No.2 Corporation, incorporated in the Philippines
15. MSC Cotai Limited, incorporated in the British Virgin Islands
16. SCP Holdings Limited, incorporated in the British Virgin Islands
17. SCP One Limited, incorporated in the British Virgin Islands
18. SCP Two Limited, incorporated in the British Virgin Islands
19. Studio City Company Limited, incorporated in the British Virgin Islands
20. Studio City Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
21. Studio City Finance Limited, incorporated in the British Virgin Islands
22. Studio City Holdings Limited, incorporated in the British Virgin Islands
23. Studio City Holdings Two Limited, incorporated in the British Virgin Islands
24. Studio City International Holdings Limited, incorporated in the Cayman Islands
25. Studio City Investments Limited, incorporated in the British Virgin Islands



**Certification by the Chief Executive Officer**

I, Lawrence Yau Lung Ho, certify that:

1. I have reviewed this annual report on Form 20-F of Melco Resorts & Entertainment Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 22, 2024

By: /s/ Lawrence Yau Lung Ho

Name: Lawrence Yau Lung Ho

Title: Chairman and Chief Executive Officer

**Certification by the Chief Financial Officer**

I, Geoffrey Stuart Davis, certify that:

1. I have reviewed this annual report on Form 20-F of Melco Resorts & Entertainment Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 22, 2024

By: /s/ Geoffrey Stuart Davis

Name: Geoffrey Stuart Davis

Title: Chief Financial Officer

**Certification by the Chief Executive Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Melco Resorts & Entertainment Limited (the "Company") on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Lawrence Yau Lung Ho, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2024

By: /s/ Lawrence Yau Lung Ho  
Name: Lawrence Yau Lung Ho  
Title: Chairman and Chief Executive Officer

**Certification by the Chief Financial Officer  
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Melco Resorts & Entertainment Limited (the "Company") on Form 20-F for the year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Geoffrey Stuart Davis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 22, 2024

By: /s/ Geoffrey Stuart Davis  
Name: Geoffrey Stuart Davis  
Title: Chief Financial Officer



22 March 2024

Our Ref: JT/WL/M6207-S10414

The Board of Directors  
Melco Resorts & Entertainment Limited  
c/o Intertrust Corporate Services (Cayman) Limited  
One Nexus Way  
Camana Bay  
Grand Cayman KY1-9005  
Cayman Islands

Dear Sirs

**FORM 20-F**

We consent to the reference to our firm under the heading “Board Practices”, the heading “Documents on Display” and the heading “Corporate Governance” in the Annual Report on Form 20-F of Melco Resorts & Entertainment Limited for the year ended 31 December 2023, which will be filed with the U.S. Securities and Exchange Commission (the “Commission”) on 22 March 2024 under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under the Exchange Act, or the Rules and Regulations of the Commission thereunder.

Yours faithfully

/s/ Walkers (Singapore) Limited Liability Partnership

**WALKERS (SINGAPRE) LIMITED LIABILITY PARTNERSHIP**

**Walkers (Singapore) Limited Liability Partnership**

UEN/Reg. No. T09LL0833E

3 Church Street, 16-02 Samsung Hub, Singapore 049483

T +65 6595 4670 F +65 6595 4671 [www.walkersglobal.com](http://www.walkersglobal.com)

Bermuda | British Virgin Islands | Cayman Islands | Dubai | Dublin | Guernsey | Hong Kong | Jersey | London | Singapore

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3 No. 333-255390) of Melco Resorts & Entertainment Limited,
2. Registration Statement (Form S-8 No. 333-185477) pertaining to the 2011 Share Incentive Plan of Melco Resorts & Entertainment Limited, and
3. Registration Statement (Form S-8 No. 333-261554) pertaining to the 2021 Share Incentive Plan of Melco Resorts & Entertainment Limited;

of our report dated March 31, 2022, with respect to the consolidated financial statements of Melco Resorts & Entertainment Limited for the year ended December 31, 2021, included in this Annual Report (Form 20-F) for the year ended December 31, 2023, and the financial statement schedule of Melco Resorts & Entertainment Limited included herein.

/s/ Ernst & Young

Hong Kong, The People's Republic of China  
March 22, 2024

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form F-3 No. 333-255390) of Melco Resorts & Entertainment Limited,
2. Registration Statement (Form S-8 No. 333-185477) pertaining to the 2011 Share Incentive Plan of Melco Resorts & Entertainment Limited, and
3. Registration Statement (Form S-8 No. 333-261554) pertaining to the 2021 Share Incentive Plan of Melco Resorts & Entertainment Limited;

of our reports dated March 22, 2024, with respect to the consolidated financial statements of Melco Resorts & Entertainment Limited and the effectiveness of internal control over financial reporting of Melco Resorts & Entertainment Limited included in this Annual Report (Form 20-F) of Melco Resorts & Entertainment Limited for the year ended December 31, 2023, and the financial statement schedule of Melco Resorts & Entertainment Limited included herein.

/s/ Ernst & Young LLP

Singapore  
March 22, 2024



## COMPENSATION RECOVERY POLICY

### I. Introduction

Melco Resorts & Entertainment Limited (the “*Company*” or “*Melco*”) has adopted this Compensation Recovery Policy (the “*Policy*”), effective as of the effective date of Nasdaq Stock Market Rule 5608 (the “*Effective Date*”). Capitalized terms used in this Policy but not otherwise defined herein are defined in Section II.J.

To the extent that a subsidiary of Melco is separately listed on a stock exchange (a “*Listed Sub*”) and has its own Compensation Recovery Policy in effect as approved by its board of directors, the relevant persons of the Listed Sub and its subsidiaries (who are not otherwise directors (or their associates), officers and employees of Melco) should be subject to the Listed Sub’s policy in addition to this Policy, unless otherwise required by Melco, the Listed Sub or applicable law.

### II. Scope, Application and Administration

#### A. *Persons Subject to Policy*

This Policy shall apply to current and former Officers.

#### B. *Compensation Subject to Policy*

This Policy shall apply to Incentive-Based Compensation received on or after the Effective Date. For purposes of this Policy, the date on which Incentive-Based Compensation is “received” shall be determined under the Applicable Rules, which generally provide that Incentive-Based Compensation is “received” in the Company’s fiscal period during which the relevant Financial Reporting Measure is attained or satisfied, without regard to whether the grant, vesting or payment of the Incentive-Based Compensation occurs after the end of that period.

#### C. *Recovery of Compensation*

In the event that the Company is required to prepare a Restatement, the Company shall recover, reasonably promptly, the portion of any Incentive-Based Compensation that is Erroneously Awarded Compensation, unless the Committee has determined that recovery would be Impracticable. Recovery shall be required in accordance with the preceding sentence regardless of whether the applicable Officer engaged in misconduct or otherwise caused or contributed to the requirement for the Restatement and regardless of whether or when restated financial statements are filed by the Company. For clarity, the recovery of Erroneously Awarded Compensation under this Policy will not give rise to any person’s right to voluntarily terminate employment for “good reason,” or due to a “constructive termination” (or any similar term of like effect) under any plan, program or policy of or agreement with the Company or any of its affiliates.

Melco – Compensation Recovery Policy  
Issue No. 1 Approved on 5 September 2023



*D. Manner of Recovery; Limitation on Duplicative Recovery*

The Committee shall, in its sole discretion, determine the manner of recovery of any Erroneously Awarded Compensation, which may include, without limitation, reduction or cancellation by the Company or an affiliate of the Company of Incentive-Based Compensation, Erroneously Awarded Compensation or time-vesting equity awards, reimbursement or repayment by any person subject to this Policy of the Erroneously Awarded Compensation, and, to the extent permitted by law, an offset of the Erroneously Awarded Compensation against other compensation payable by the Company or an affiliate of the Company to such person. Notwithstanding the foregoing, unless otherwise prohibited by the Applicable Rules, to the extent this Policy provides for recovery of Erroneously Awarded Compensation already recovered by the Company pursuant to Sarbanes-Oxley Act Section 304 or Other Recovery Arrangements, the amount of Erroneously Awarded Compensation already recovered by the Company from the recipient of such Erroneously Awarded Compensation may be credited to the amount of Erroneously Awarded Compensation required to be recovered pursuant to this Policy from such person.

*E. Administration*

This Policy shall be administered, interpreted and construed by the Committee, which is authorized to make all determinations necessary, appropriate or advisable for such purpose. The Board may re-vest in itself the authority to administer, interpret and construe this Policy in accordance with applicable law, and in such event references herein to the "Committee" shall be deemed to be references to the Board. Subject to any permitted review by the applicable national securities exchange or association pursuant to the Applicable Rules, all determinations and decisions made by the Committee pursuant to the provisions of this Policy shall be final, conclusive and binding on all persons, including the Company and its affiliates, shareholders and employees. The Committee may delegate administrative duties with respect to this Policy to one or more directors or employees of the Company, as permitted under applicable law, including any Applicable Rules.

*F. Interpretation*

This Policy shall be interpreted and applied in a manner that is consistent with the requirements of the Applicable Rules, and to the extent this Policy is inconsistent with such Applicable Rules, it shall be deemed amended to the minimum extent necessary to ensure compliance therewith.

*G. No Indemnification; No Liability*

The Company shall not indemnify or insure any person against the loss of any Erroneously Awarded Compensation pursuant to this Policy, nor shall the Company directly or indirectly pay or reimburse any person for any premiums for third-party insurance policies that such person may elect to purchase to fund such person's potential obligations under this Policy. None of the Company, an affiliate of the Company or any member of the Committee or the Board shall have any liability to any person as a result of actions taken under this Policy.

*H. Application; Enforceability*

Except as otherwise determined by the Committee or the Board, the adoption of this Policy does not limit, and is intended to apply in addition to, any other clawback, recoupment, forfeiture or similar policies or provisions of the Company or its affiliates, including any such policies or provisions of such effect contained in any employment agreement, bonus plan, incentive plan, equity-based plan or award agreement thereunder or similar plan, program or agreement of the Company or an affiliate or required under applicable law (the “**Other Recovery Arrangements**”). The remedy specified in this Policy shall not be exclusive and shall be in addition to every other right or remedy at law or in equity that may be available to the Company or an affiliate of the Company.

*I. Severability*

The provisions in this Policy are intended to be applied to the fullest extent of the law; provided, however, to the extent that any provision of this Policy is found to be unenforceable or invalid under any applicable law, such provision will be applied to the maximum extent permitted, and shall automatically be deemed amended in a manner consistent with its objectives to the extent necessary to conform to any limitations required under applicable law.

*J. Definitions*

“**ADS**” means the American depositary shares of the Company, which each representing three ordinary shares of the Company.

“**Applicable Rules**” means Section 10D of the Exchange Act, Rule 10D-1 promulgated thereunder, the listing rules of the national securities exchange or association on which the Company’s ADSs are listed, and any applicable rules, standards or other guidance adopted by the Securities and Exchange Commission or any national securities exchange or association on which the Company’s ADSs are listed.

“**Board**” means the Board of Directors of the Company.

“**Committee**” means the committee of the Board responsive for executive compensation decisions, or a subcommittee of such committee, comprised solely of independent directors (as determined under the Applicable Rules) or, in the absence of such a committee or subcommittee, a majority of the independent directors serving on the Board.

“**Erroneously Awarded Compensation**” means the amount of Incentive-Based Compensation received by a current or former Officer that exceeds the amount of Incentive-Based Compensation that would have been received by such current or former Officer based on a restated Financial Reporting Measure, as determined on a pre-tax basis in accordance with the Applicable Rules.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended.

“**Financial Reporting Measure**” means any measure determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures derived wholly or in part from such measures, including GAAP, IFRS and non-GAAP/IFRS financial measures, as well as ADS or ordinary share price and total shareholder return.

“**GAAP**” means United States generally accepted accounting principles.

“**IFRS**” means international financial reporting standards as adopted by the International Accounting Standards Board.

“**Impracticable**” means (a) the direct costs paid to third parties to assist in enforcing recovery would exceed the Erroneously Awarded Compensation; provided that the Company has (i) made reasonable attempt(s) to recover the Erroneously Awarded Compensation, (ii) documented such attempt(s) and (iii) provided such documentation to the relevant listing exchange or association, (b) to the extent permitted by the Applicable Rules, the recovery would violate the Company’s home country laws pursuant to an opinion of home country counsel; provided that the Company has (i) obtained an opinion of home country counsel, acceptable to the relevant listing exchange or association, that recovery would result in such violation and (ii) provided such opinion to the relevant listing exchange or association, or (c) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and the regulations thereunder.

“**Incentive-Based Compensation**” means, with respect to a Restatement, any compensation that is granted, earned, or vested based wholly or in part upon the attainment of one or more Financial Reporting Measures and received (as determined by the Applicable Rules) by a person: (a) after such person began service as an Officer; (b) who served as an Officer at any time during the performance period for that compensation; (c) while the Company has a class of securities listed on a national securities exchange or association; and (d) during the applicable Three-Year Period.

“**Officer**” means each person who the Company determines serves as a Company officer, as defined in Section 16 of the Securities Exchange Act of 1934, as amended.

“**Restatement**” means an accounting restatement to correct the Company’s material noncompliance with any financial reporting requirement under securities laws, including restatements that correct an error in previously issued financial statements (a) that is material to the previously issued financial statements or (b) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

“**Three-Year Period**” means, with respect to a Restatement, the three completed fiscal years immediately preceding the date that the Board, a committee of the Board, or the officer or officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare such Restatement, or, if earlier, the date on which a court, regulator or other legally authorized body directs the Company to prepare such Restatement. The “Three-Year Period” also includes any transition period (that results from a change in the Company’s fiscal year) within or immediately following the three completed fiscal years identified in the preceding sentence. However, a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year that comprises a period of nine to 12 months shall be deemed a completed fiscal year.

Melco – Compensation Recovery Policy  
Issue No. 1 Approved on 5 September 2023

### III. Policy Review

After the initial approval of this Policy by the Board, Committee has been delegated authority and responsibility from the Board to review and approve amendments to this Policy, when and where appropriate, in order to ensure its effectiveness. Upon any approval of an amendment of this Code, the Committee shall report such approval and amendment to the Board.

This Policy will terminate automatically when the Company does not have a class of securities listed on a national securities exchange or association.

Issue No. 1

Approved by the Board

Approval Date: 5 September 2023

Certified to be a true copy by Senior Vice President, Group Corporate General Counsel

Signature : [Signed by Tim Sung]

#### REVISION HISTORY

ISSUE	DATE APPROVED	APPROVED BY	PAGES REVISED	WORD	PDF
1	5 September 2023	Board	N/A	3440-1995-9844, v.5	3467-5482-5766 v.4

Melco – Compensation Recovery Policy

Issue No. 1 Approved on 5 September 2023