Melco International Development Limited

(Incorporated in Hong Kong with limited liability)
Website: www.melco-group.com
(Stock Code: 200)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND RETIREMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

The board of directors (the "Board") of Melco International Development Limited (the "Company" or "Melco International") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2017 as follows:

FINANCIAL HIGHLIGHTS

1. For the year ended 31 December 2017,

   (i) net revenue was HK$41.2 billion, increased over 70% by HK$17.3 billion, compared to HK$23.9 billion for the year ended 31 December 2016; and

   (ii) Adjusted EBITDA[1] was HK$9.8 billion, increased over 80% by HK$4.5 billion, compared to HK$5.3 billion for the year ended 31 December 2016.

   The increase was due to stronger results in 2017. Additionally, the prior year results reflected approximately 8 months of consolidated results of Melco Resorts compared to a full year of consolidated results in 2017.

2. Net asset value per share attributable to owners of the Company was HK$12.4 as of 31 December 2017, as compared to HK$14.5 as of 31 December 2016. The decrease was mainly due to deployment of internal resources for acquisition of additional interest of Melco Resorts by the Group in 2017.

3. The Board has recommended the payment of a final dividend of HK4.0 cents per share, totaling approximately HK$61.5 million, for the year ended 31 December 2017. The proposed dividend is expected to be paid on 4 July 2018.

[1] *Adjusted EBITDA is the profit for the year before deduction of finance costs, income tax, depreciation and amortization, pre-opening costs, development costs, property charges and other, share options expenses, share award expenses, payments to the Philippine Parties, land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses, gain on disposal of a subsidiary, gain on deemed disposal of partial interest in an associate and gain on deemed disposal of previously held interest in an associate. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. However, Adjusted EBITDA presented in this announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	**2017** ***HK$'000***	2016 *HK$'000*
Revenue	4	**41,180,086**	23,852,811
Other income, gains and losses		**332,564**	129,574
Employee benefits expenses		**(6,572,118)**	(4,427,451)
Depreciation and amortization		**(4,919,602)**	(3,325,477)
Gaming tax and license fees		**(17,303,171)**	(9,501,712)
Gain on deemed disposal of previously held interest in an associate			
– Gain on remeasurement of previously held equity interest		**–**	10,440,376
– Reclassification of previously accumulated exchange reserve upon deemed disposal		**–**	(54,912)
Gain on disposal of a subsidiary	10	**161,228**	–
Other expenses		**(9,059,634)**	(5,576,773)
Finance costs		**(2,688,898)**	(1,786,199)
Share of profits and losses of joint ventures		**–**	(1,966)
Share of profits and losses of associates		**(904)**	180,697
Profit before tax		**1,129,551**	9,928,968
Income tax expense	5	**(67,017)**	(38,189)
Profit for the year		**1,062,534**	9,890,779

	2017	2016
	HK$'000	*HK$'000*
Other comprehensive income/(loss)		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Changes in fair value	**(13,905)**	(5,093)
Reclassification adjustment for losses to profit or loss upon disposal of investments	**10,052**	–
Cash flow hedges:		
Effective portion of changes in fair value of interest rate swap agreements arising during the year	**–**	1,107
Exchange differences:		
Exchange differences on translation of foreign operations	**(6,642)**	(51,958)
Reclassification of exchange reserve upon disposal of interest in a subsidiary	**813**	–
Reclassification of exchange reserve upon deemed disposal of interest in an associate	**–**	54,912
Share of exchange differences of joint ventures	**–**	(9)
Share of exchange differences of associates	**–**	1,052
	(9,682)	11
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Actuarial loss arising from defined benefit obligations	**(502)**	–
Other comprehensive (loss)/income for the year, net of tax	**(10,184)**	11
Total comprehensive income for the year	**1,052,350**	9,890,790

	Note	**2017**	2016
		HK$'000	*HK$'000*
Profit/(loss) for the year attributable to:			
Owners of the Company		**474,136**	10,365,940
Non-controlling interests		**588,398**	(475,161)
		1,062,534	9,890,779
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		**471,433**	10,407,793
Non-controlling interests		**580,917**	(517,003)
		1,052,350	9,890,790
Earnings per share attributable to owners of the Company:	7		
Basic		**HK$0.31**	HK$6.74
Diluted		**HK$0.30**	HK$6.72

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**47,994,966**	47,041,603
Investment properties		**274,000**	190,000
Land use rights		**5,553,924**	5,719,981
Gaming license and subconcession		**4,902,889**	5,991,892
Goodwill		**5,299,451**	5,299,451
Trademarks		**16,992,458**	16,992,458
Other intangible assets		**14,533**	15,864
Investments in joint ventures		**–**	230
Investments in associates		**14,946**	17,988
Trade receivables	8	**28,970**	44,803
Prepayments, deposits and other receivables		**1,440,006**	1,370,141
Other financial assets		**192,512**	138,527
Deferred tax assets		**543**	1,640
Total non-current assets		**82,709,198**	82,824,578
Current assets			
Land use rights		**166,057**	166,057
Inventories		**273,989**	255,724
Trade receivables	8	**1,247,940**	1,757,370
Prepayments, deposits and other receivables		**702,308**	1,397,381
Tax recoverable		**156**	406
Other financial assets		**1,053,586**	359,794
Bank deposits with original maturities over three months		**348,741**	3,161,902
Cash and bank balances		**11,768,251**	13,727,720
Total current assets		**15,561,028**	20,826,354

	Note	2017 HK$'000	2016 HK$'000
Current liabilities			
Trade payables	9	**127,720**	148,328
Other payables, accruals and deposits received		**12,617,523**	10,866,662
Tax payable		**36,848**	74,328
Interest-bearing borrowings		**2,003,109**	398,960
Obligations under finance leases		**259,754**	239,079
Total current liabilities		**15,044,954**	11,727,357
Net current assets		**516,074**	9,098,997
Total assets less current liabilities		**83,225,272**	91,923,575
Non-current liabilities			
Other payables, accruals and deposits received		**384,636**	389,951
Interest-bearing borrowings		**32,463,626**	30,011,421
Obligations under finance leases		**2,068,669**	2,041,140
Deferred tax liabilities		**2,456,295**	2,437,570
Total non-current liabilities		**37,373,226**	34,880,082
Net assets		**45,852,046**	57,043,493
Equity			
Share capital		**5,624,135**	5,437,303
Reserves		**13,364,752**	16,910,443
Equity attributable to owners of the Company		**18,988,887**	22,347,746
Non-controlling interests		**26,863,159**	34,695,747
Total equity		**45,852,046**	57,043,493

NOTES

1. GENERAL

The Company is a public limited company incorporated in Hong Kong as an investment holding company with limited liability. The address of the registered office and principal place of business of the Company is 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange").

The principal activities of the Company and its subsidiaries (the "Group") are divided into two operating and reportable segments, namely (i) Casino and Hospitality segment; and (ii) Others segment.

The consolidated financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company.

2.1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value.

The financial information relating to the years ended 31 December 2017 and 2016 that are included in this preliminary announcement of annual results of 2017 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2017 in due course.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time in the current year:

Amendments to HKAS 7	*Disclosure Initiative*
Amendments to HKAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*
Amendments to HKFRS 12 Included in *Annual Improvements to HKFRSs 2014-2016 Cycle*	*Disclosure of Interests in Other Entities: Clarification of the Scope of HKFRS 12*

None of the above amendments to HKFRSs has had a material impact on the Group's financial performance and positions for the periods presented in the consolidated financial statements. The Group has provided the information for the current year in its annual consolidated financial statements for the year ended 31 December 2017 upon the adoption of amendments to HKAS 7, which require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

3. SEGMENT INFORMATION

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

(a) the "Casino and Hospitality" segment, which comprises operation of casino and provision of hospitality through Melco Resorts & Entertainment Limited ("Melco Resorts") (formerly known as Melco Crown Entertainment Limited); and

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

The Group is principally engaged in the gaming, leisure and entertainment and property investments and upon completion of the deemed acquisition of Melco Resorts, the Casino and Hospitality businesses has become the new operating segment of the Group in the annual consolidated financial statements since the year ended 31 December 2016.

Management monitors the results of the Group's operating and reportable segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on Adjusted EBITDA, which is a non-HKFRS financial measure and the segment results of the Group, is the profit for the year before deduction of finance costs, income tax, depreciation and amortization, pre-opening costs, development costs, property charges and other, share options expenses, share award expenses, payments to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc. ("the Philippine Parties"), land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses, gain on disposal of a subsidiary, gain on deemed disposal of partial interest in an associate and gain on deemed disposal of previously held interest in an associate. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. Not all companies calculate Adjusted EBITDA in the same manner. As a result, Adjusted EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

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

Segment liabilities exclude certain borrowings, which are for corporate use, dividend payable, deferred tax liabilities and other corporate unallocated liabilities as these liabilities are managed on a group basis.

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

Segment revenue and results

Year ended 31 December 2017

	Casino and Hospitality *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment revenue:			
Sales to external customers	**41,071,882**	**108,204**	**41,180,086**
Intersegment sales	**23,699**	**–**	**23,699**
	41,095,581	**108,204**	**41,203,785**
Elimination of intersegment sales			**(23,699)**
Total revenue			**41,180,086**
Adjusted EBITDA	**9,814,492**	**(2,947)**	**9,811,545**
Adjusted items for Adjusted EBITDA:			
Share options expenses			**(203,655)**
Share award expenses			**(188,360)**
Depreciation and amortization			**(4,919,602)**
Pre-opening costs			**(17,692)**
Development costs			**(242,078)**
Property charges and other			**(254,379)**
Payments to the Philippine Parties			**(401,926)**
Land rent to Belle Corporation			**(24,453)**
Gain on disposal of a subsidiary			**161,228**
Interest income			**36,865**
Other income, gains and losses			**211,699**
Finance costs			**(2,688,898)**
Corporate expenses			**(150,743)**
Profit before tax			**1,129,551**

Year ended 31 December 2016

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to external customers	23,637,855	214,956	23,852,811
Intersegment sales	6,532	–	6,532
	23,644,387	214,956	23,859,343
Elimination of intersegment sales			(6,532)
Total revenue			23,852,811
Adjusted EBITDA	5,340,257	(35,676)	5,304,581
Adjusted items for Adjusted EBITDA:			
Share options expenses			(194,021)
Share award expenses			(123,693)
Depreciation and amortization			(3,325,477)
Pre-opening costs			(26,505)
Development costs			(689)
Property charges and other			(37,892)
Payments to the Philippine Parties			(191,535)
Land rent to Belle Corporation			(17,152)
Interest income			61,423
Other income, gains and losses			53,068
Gain on deemed disposal of partial interest in an associate			591
Gain on deemed disposal of previously held interest in an associate			
– Gain on remeasurement of previously held equity interest			10,440,376
– Reclassification of previously accumulated exchange reserve upon deemed disposal			(54,912)
Finance costs			(1,786,199)
Corporate expenses			(172,996)
Profit before tax			9,928,968

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

31 December 2017

	Casino and Hospitality *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Segment assets	**96,042,425**	**2,183,245**	**98,225,670**
Corporate and other unallocated assets			**44,556**
Total assets			**98,270,226**
Segment liabilities	**43,026,470**	**103,736**	**43,130,206**
Corporate and other unallocated liabilities			**9,287,974**
Total liabilities			**52,418,180**

31 December 2016

	Casino and Hospitality *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment assets	101,100,921	2,467,705	103,568,626
Corporate and other unallocated assets			82,306
Total assets			103,650,932
Segment liabilities	42,672,897	85,842	42,758,739
Corporate and other unallocated liabilities			3,848,700
Total liabilities			46,607,439

Information about major customers

During the years ended 31 December 2017 and 2016, no individual customer contributed over 10% of the total revenue of the Group.

4. REVENUE

	2017	2016
	HK$'000	*HK$'000*
Casino revenue	**38,394,161**	21,792,685
Entertainment and resort facilities revenue:		
Entertainment, retail and others	**1,468,233**	1,194,657
Catering service income	**720,014**	562,719
Rooms	**573,295**	167,896
Lottery business:		
Provision of services and solutions for distribution of lottery products	**396**	880
Trading of lottery terminals and parts	**9,586**	59,401
Electronic gaming machines participation	**8,793**	57,766
Manufacture and distribution of gaming chips and plaques	**–**	12,543
Property rental income	**4,450**	4,204
Others	**1,158**	60
	41,180,086	23,852,811

5. INCOME TAX EXPENSE

	2017	2016
	HK$'000	*HK$'000*
Current tax:		
Macau Complementary Tax	**99**	17,183
Lump sum in lieu of Macau Complementary Tax on dividends	**18,350**	14,499
Hong Kong Profits Tax	**19,575**	10,640
People's Republic of China ("PRC") Enterprise Income Tax	**82**	733
PRC Capital Gains Tax	**31,980**	–
Other jurisdictions	**903**	2,199
Sub-total	**70,989**	45,254

	2017	2016
	HK$'000	*HK$'000*
(Over)/underprovision in prior years:		
Macau Complementary Tax	**(20,031)**	(1,748)
Other jurisdictions	**(3,657)**	199
Reversal of capital gains tax on disposal of the PRC subsidiaries provided in prior years	**–**	(17,191)
Sub-total	**(23,688)**	(18,740)
Deferred tax	**19,716**	11,675
Total	**67,017**	38,189

Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

Macau Complementary Tax has been provided at the rate of 12% on the estimated taxable income earned in or derived from Macau during the year, if applicable. Melco Resorts (Macau) Limited ("Melco Resorts Macau") (formerly known as Melco Crown (Macau) Limited), a subsidiary of the Company and the holder of the gaming subconcession in Macau, has been exempted from Macau Complementary Tax on profits generated by gaming operations until 2021 pursuant to the approval notices issued by the Macau Government. One of the Company's subsidiaries in Macau has also been exempted from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau until 2021, to the extent that such income is derived from Studio City gaming operations and has been subject to gaming tax pursuant to a notice issued by the Macau Government. The exemption coincides with Melco Resorts Macau's exemption from Macau Complementary Tax. The non-gaming profits and dividend distributions of such subsidiary to its shareholders continue to be subject to Macau Complementary Tax. Melco Resorts Macau's non-gaming profits also remain subject to the Macau Complementary Tax and Melco Resorts Macau casino revenues remain subject to the Macau special gaming tax and other levies in accordance with its gaming subconcession agreement.

The casino operations of Melco Resorts Leisure (PHP) Corporation ("Melco Resorts Leisure") (formerly known as MCE Leisure (Philippines) Corporation), a subsidiary of the Company and the operator of City of Dreams Manila, were previously subject to Philippine Corporate Income Tax at the rate of 30% on the estimated taxable income earned in or derived from the Philippines during the year, based on Revenue Memorandum Circular No. 33-2013 issued by the Bureau of Internal Revenue ("BIR") in April 2013. On 10 August 2016, the Supreme Court of the Philippines (the "Supreme Court") found in the case of Bloomberry Resorts and Hotels, Inc. vs. the BIR, G. R. No. 212530 that all contractees and licensees of the Philippine Amusement and Gaming Corporation ("PAGCOR"), should be exempt from tax, including Philippine Corporate Income Tax realized from the casino operations, upon payment of the 5% franchise tax. The BIR subsequently filed a

Motion for Reconsideration of the said decision, which was denied by the Supreme Court with finality in its resolution dated 28 November 2016. Based on the Supreme Court decision, management believes that Melco Resorts Leisure's gaming operations should be exempt from Philippine Corporate Income Tax, among other taxes, provided the license fees which are inclusive of the 5% franchise tax under the terms of PAGCOR charter, are paid.

In January 2014, Melco Resorts Macau entered into an agreement with the Macau Government that provides for an annual payment of MOP22,400,000 (equivalent to HK$21,748,000), effective retroactively from 2012 through 2016 coinciding with the 5-year tax holiday mentioned above, as payments in lieu of Macau Complementary Tax otherwise due by the shareholders of Melco Resorts Macau on dividend distributions from gaming profits. In August 2017, Melco Resorts Macau received an extension of the agreement for an additional five years applicable to tax years 2017 through 2021. The extension agreement provides for an annual payment of MOP18,900,000 (equivalent to HK$18,350,000). Such annual payment is required regardless of whether dividends are actually distributed or whether Melco Resorts Macau has distributable profits in the relevant year.

During the year ended 31 December 2017, the Company disposed of a subsidiary and according to the sale and purchase agreement, the Company is responsible to report and settle the taxes in relation to the Public Notice No. 7 issued by the State Administration of Taxation of the PRC. Capital Gains Tax provision of approximately HK$31,980,000 has been made in the current year. Particulars regarding the disposal of the subsidiary are disclosed in Note 10.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries (or jurisdictions) in which the profit have been earned or derived.

6. DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Dividends recognized as distribution during the year:		
2017 Interim – HK2.2 cents (2016: 2016 Interim of HK1.5 cents) per share	**33,724**	23,200
2016 Final – HK2.0 cents (2016: 2015 Final of HK2.0 cents) per share	**30,574**	30,933
	64,298	54,133

Subsequent to the end of the reporting period, the Board has recommended a final dividend of HK4.0 cents (2016: a special final dividend of HK2.0 cents) per share, totaling approximately HK$61,455,000 (2016: HK$30,574,000), for the year ended 31 December 2017, to the shareholders of the Company. The final dividend is subject to shareholders' approval at the forthcoming annual general meeting.

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2017	2016
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**474,136**	10,365,940*
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	**(5,891)**	–
Earnings for the purpose of diluted earnings per share	**468,245**	10,365,940

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,528,058**	1,537,723
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	**15,832**	5,665
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,543,890**	1,543,388

The number of shares adopted in the calculation of the basic and diluted earnings per share has been arrived at after excluding the shares of the Company held under the Company's share award schemes.

During the years ended 31 December 2017 and 2016, the computation of diluted earnings per share does not assume the exercise of certain of the Company's share options and the vesting of certain unvested awarded shares under the Company's long-term incentive schemes because the adjusted exercise prices of those options and unvested awarded shares were higher than the average market price of the Company's shares during the relevant year. In addition, the potential ordinary shares of other subsidiaries of the Company had potential dilutive effect and adjusted the earnings for the purpose of diluted earnings per share.

* Earnings for the year ended 31 December 2016 attributable to owners of the Company included the gain on deemed disposal of previously held interest in an associate amounting to approximately HK$10,385,464,000.

8. TRADE RECEIVABLES

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**1,160,968**	1,666,139
More than 1 month but within 3 months	**176,433**	191,780
More than 3 months but within 6 months	**8,922**	62,690
More than 6 months	**235,394**	100,661
	1,581,717	2,021,270
Provision for impairment	**(304,807)**	(219,097)
	1,276,910	1,802,173
Less: Non-current portion	**(28,970)**	(44,803)
Current portion	**1,247,940**	1,757,370

9. TRADE PAYABLES

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

	2017	2016
	HK$'000	*HK$'000*
Within 1 month	**119,358**	123,092
More than 1 month but within 3 months	**7,073**	15,999
More than 3 months but within 6 months	**1,289**	9,237
	127,720	148,328

10. DISPOSAL OF A SUBSIDIARY

On 29 May 2017, the Company entered into an agreement with an independent third party to dispose of its entire shares of MelcoLot Limited ("MelcoLot"), representing approximately 40.65% of the issued share capital of MelcoLot, at a price of HK$0.252 per MelcoLot share for an aggregate consideration of approximately HK$322,236,000. The transaction was completed on 6 June 2017.

Information regarding the disposal of a subsidiary is as follows:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	198
Structured notes	100,129
Trade receivables	7,133
Prepayments, deposits and other receivables	3,359
Cash and bank balances	318,233
Trade payables	(6,346)
Accruals and other payables	(10,668)
Tax payable	(3,263)
Non-controlling interests	(248,580)
	160,195
Exchange reserve	813
	161,008
Gain on disposal of a subsidiary	161,228
Total consideration	322,236
Satisfied by:	
Cash	322,236

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	HK$'000
Cash consideration	322,236
Cash and bank balances disposed of	(318,233)
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiary	4,003

CHAIRMAN AND CEO'S STATEMENT

Dear Shareholders,

I am pleased to report that the Group has achieved strong performance in 2017. After years of weathering headwinds in our core market of Macau and investing into the development of an international network of integrated resorts, our results this year demonstrate that our opportunities are increasingly global and we are better equipped than ever to seize them.

Over the last 12 months, we have built substantial momentum throughout the business, and I am encouraged for the growth we can achieve on the strength of these foundations. We have entered 2018 as a stronger, more focused and better positioned company.

Nevertheless, challenges remain ahead. There is still much we must do before we can realise our long-term ambition of leading the world in leisure and entertainment. So in this letter, I will review recent milestones and ongoing priorities. I hope to leave you sharing our sense of excitement and energy about the road ahead, and above all, of our unwavering focus on making a reality of our vision for the future of gaming and entertainment.

OPERATING RESULTS

In 2017, our Adjusted EBITDA was HK$9.8 billion, representing a solid increase of over 80%. The increase was due to stronger results in 2017. Additionally, the prior year results reflected approximately 8 months of consolidated results of Melco Resorts compared to a full year of consolidated results in 2017.

The main factors contributing to the increase in our Adjusted EBITDA over 2016 were the first full-year consolidation of Melco Resorts' results and the stronger performance of the Group's core gaming operations in Macau and the Philippines. The entire market rebounded strongly in Macau with patrons returning to the tables across both the VIP and mass market segments. These tailwinds were further reinforced by our sustained attention to operating excellence and attracting Chinese outbound tourism, particularly within the consistently expanding premium-mass segment. In the Philippines, City of Dreams Manila continued to enjoy robust year-on-year growth in all gaming segments, despite new supply within Entertainment City.

STRATEGIC DEVELOPMENTS

Throughout the year, we continued to move City of Dreams steadily closer to the launch of its third phase, when the integrated resort will once again set the reference for luxury, entertainment and innovation in Macau. On track for completion in the first half of 2018, the rollout of City of Dreams Phase III encompasses upgrades to retail, hospitality, leisure and gaming facilities. The launch of the Melco-created hotel brand Nüwa, which was already announced last December and opened at the start of 2018, is the first step in the preparation of the launch of City of Dreams Phase III.

Inspired by the heroine from Chinese mythology, Nüwa crystalizes our focus on discerning luxury and holistic customer experience. Most importantly, the launch of this Melco-original brand also marks the strategic milestone of moving beyond gaming operations and integrated resort development. Building on our first experience managing Studio City Hotel, we are directly managing the brand and operations for one of the anchor pillars of Melco's integrated resort experience: luxury hospitality. Replacing the former Crown Towers at City of Dreams in both Macau and Manila, Nüwa will drive greater consistency throughout our customer-facing activities and develop a critical new competency as we advance our long-term strategy of building a global leisure and entertainment platform.

Another all-new hotel brand opening at City of Dreams, Morpheus, will anchor the property when Phase III completes, and, I expect, become known as its signature component. Construction continued throughout 2017, and the building is on track to open in the first half of 2018. Designed by the late Dame Zaha Hadid, DBE, this new tower will become the world's first free-form exoskeleton building. It will also add considerable new capacity to our luxury hospitality, entertainment and retail operations. Mass luxury tourists and the premium mass segment in particular will be its core demographic.

Morpheus is more than just another building. It is an architectural masterpiece, and will become a tourist attraction in Macau – an icon for quality, taste and vision. It embodies our commitment to supporting Macau's ongoing transformation into a diversified world tourism and leisure destination. Just as critically, it exemplifies our unique ability to imagine and deliver world's first projects that redefine and elevate the landscapes they share.

The reality is, few, if any, other operators are doing this – certainly not on the same scale. This is a fundamental competitive advantage. Our successful execution of large projects like Morpheus goes beyond the operations of a single property. For all the current and future governments and partners with whom we collaborate, they validate our commitment to holistic and original development, made specifically for each location. For our customers, they reaffirm our focus on quality and on creating from their perspective – for the experience they want, not what we can most easily implement. This is why we have been able to build a global integrated resort network, literally from the ground up, within a few years. And it is why we have the opportunity to own the future of our space.

In the Philippines, where we first trialled this vision outside Macau, City of Dreams Manila has been a standout success; in 2017, it again delivered robust year-on-year growth. The consistency of its performance since we identified the opportunity and opened the resort in 2014 is reassuring as we gear up now for our next major phase of international development.

In Cyprus, our first European integrated resort, we recently began our 30-year casino gaming license in June 2017, the first 15 years of which are exclusive. Granting us direct control over this project, we have increased our shareholding in the joint venture company with approval from the Republic of Cyprus in September 2017 by purchasing the entire interest in the project from HR Cyprus Investor, LLC (Hard Rock) and further in December 2017 by completing the corporate restructuring. Melco International now holds a 75% stake, up from 35.37% when we first invested in the joint venture company in January 2017. In 2018, we will commence operating a temporary casino facility while we work towards a 2021 targeted opening for the permanent integrated casino resort.

In Japan, our largest and ongoing business development target, we also completed several critical steps last year to advance our long-term strategy. We established a Japanese subsidiary, opened an office in Tokyo, appointed local leadership and unveiled our design concept for an original integrated resort celebrating the best of Japan and its culture. As a market with the capacity to grow into one of the world's largest gaming destinations and the maturity to sustain a fully diversified gaming-entertainment-tourism model, Japan is an optimal fit for taking the Melco vision to its next chapter.

So strongly do we believe in our capacity to execute on all of these ambitions that, as of February 2017, we have also now assumed majority ownership of our core gaming arm, Melco Resorts & Entertainment Limited, formerly known as Melco Crown Entertainment Limited.

OUTLOOK

2018 promises to be a year of beginnings. Macau has entered a new phase of growth. Our first integrated resort will achieve its third and final phase. We will break ground in Cyprus, and we hope to secure a gaming license in Japan. From Macau, the Philippines and around the Asian region to Cyprus, I am also confident that we will continue to diversify our revenue streams and grow with the premium mass consumer base around the world.

While a number of new infrastructure developments in Macau and the Philippines will support this growth, I am also conscious of our exposure to stricter capital controls in mainland China and ongoing structural changes in the consumption of outbound Chinese tourists in all markets and particularly Macau. We will closely manage against these risks, supported by our strong financials, management team, and laser-sharp focus on building a sustainable advantage for the long term.

In closing, I would like to thank our Board of Directors, shareholders, employees and partners for their unwavering support over the years, without which we would not be able to stand at where we are today. In the coming years, we look forward to further strengthening our global network and continuing to shape the future of international gaming and entertainment.

Thank you for your support.

Ho, Lawrence Yau Lung
Chairman and Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

SIGNIFICANT EVENTS AND DEVELOPMENTS

In 2017, the Group achieved several critical milestones, advancing our mission to lead the world in leisure and entertainment. The business today is stronger, more focused and better positioned than ever to capture the larger and increasingly global opportunities that lie ahead.

Throughout the year, we worked to more closely align our corporate structure in support of our long-term strategy to build an international gaming and entertainment network. In February 2017, the Group assumed majority ownership of our core gaming arm, Melco Resorts. In September 2017, we also obtained approval from the Republic of Cyprus ("Cyprus Government") to purchase the entire interest in a joint venture company ("Cyprus Project Company") from HR Cyprus Investor, LLC (Hard Rock) which was granted the first and only casino resort license from the Cyprus Government in June 2017 and together with the corporate restructuring transactions completed in December 2017, Melco International's interest in the Cyprus Project Company has increased from 35.37% when we first invested in the Cyprus Project Company in January 2017 to 75% as of 31 December 2017. Both developments have increased the Group's exposure to high-growth integrated resort market opportunities.

At the same time, we have deepened our focus on our core markets through two additional transactions. We have divested our 40.65% equity interest in MelcoLot Limited, a company engaged in the provision of lottery-related technologies, systems and solutions in the PRC. Entertainment Gaming Asia Inc. ("EGT"), a formerly NASDAQ-listed company in which we held a 64.84% effective equity interest, has also become our indirect wholly-owned subsidiary in June 2017. Engaged in the leasing of electronic gaming machines on a revenue sharing (participation) basis in the Philippine market, EGT is additionally developing social gaming platforms.

At home in our core gaming market of Macau, the flagship integrated resort City of Dreams continued to progress towards the launch of its third phase. Its new signature hotel, Morpheus, the world's first free-form exoskeleton tower designed by the late Dame Zaha Hadid, DBE, is on track to open in the first half of 2018. Also as part of the ongoing revamp of retail, hotel and gaming facilities throughout the property, Melco Resorts announced the launch of a new luxury hotel brand, Nüwa, in December, which is replacing the former Crown Towers at City of Dreams in both Macau and Manila. Nüwa, the Melco-original hospitality brand, exemplifies the Group's mission to deliver an ever-improving and holistic customer offering that spans the entirety of the gaming, entertainment and hospitality space.

Our other top priority in 2017 was building out a long-term development strategy in Japan – a market with the potential to rank among the largest global gaming destinations, in Asia second only to Macau. To this end, the Group, through Melco Resorts, realised several major outcomes over the year. After unveiling the inspiration in February 2017 for an initial design concept for an original integrated resort celebrating the best of Japan and its culture, Melco Resorts established a Japanese subsidiary, opened an office in Tokyo, and appointed a local leadership team in the last quarter of the year. Reaffirming its commitment to partner with the Japanese government, businesses and communities in creating a Japanese integrated resort, the Group further revealed more detailed schematics on the potential design and proprietary technologies it would deploy to support responsible gaming and diversified tourism in the market. Over the course of 2018, the Japanese integrated resorts opportunity will continue to pass through further legislative and commercial milestones, and it will remain a major focus for business development going forward.

BUSINESS REVIEW

Integrated Gaming and Entertainment Resorts

Melco International operates its gaming business primarily through subsidiary Melco Resorts, a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia, of which Melco International assumed sole majority ownership in February 2017.

Melco Resorts currently operates Altira Macau, a casino hotel located at Taipa, Macau; City of Dreams, an integrated urban casino resort located in Cotai, Macau; and Mocha Clubs, the largest non-casino based operations of electronic gaming machines in Macau. It also majority owns and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, a Philippine subsidiary of Melco Resorts currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila.

In 2017, Melco Resorts delivered strong operating and financial results, buoyed by a rebound throughout the Macau market, which yielded strong growth for the first time after three consecutive years of decline. According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, net revenue increased year-over-year by 17% to US$5.3 billion, while consolidated Adjusted Property EBITDA[(1)] grew 31% to US$1.4 billion.

---

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

City of Dreams

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property targeting high-end customers and rolling chip players from regional markets across Asia. As of 31 December 2017, the property operated approximately 475 gaming tables and 670 gaming machines. It is currently in its final phase of development.

With its grand opening scheduled for the first half of 2018, the arrival of Morpheus, City of Dreams' new hotel tower, will herald the start of a new era of hospitality sophistication in Macau, one with the potential to attract new visitors from around the world and once again set a new benchmark for luxury and entertainment in Cotai. Designed by the late legendary architect, Dame Zaha Hadid, DBE, the hotel will represent a new contemporary, simple yet stunning, and sophisticated kind of luxury like no other. This, taken together with the newly launched Forbes 5-star Nüwa luxury hotel, will create an overall property with approximately 2,170 five-star and luxury hotel rooms, convening a feast of amazing restaurants, new retail space, and a new gaming area.

Building on the synergies created by its spectacular gaming and non-gaming entertainment offerings, including the world's largest water extravaganza – The House of Dancing Water, and a constantly optimized retail preposition and restaurant offering, City of Dreams has consistently strengthened its position as the leading premium-mass market leisure destination in Macau.

Studio City

Studio City, the Hollywood-inspired, cinematically-themed integrated entertainment, retail and gaming resort, is designed to be the most diversified entertainment offering in Macau. Since its grand opening in October 2015, Studio City, Asia's Entertainment Capital, has attracted over 10 million visitors and garnered critical acclaim from around the world. As of 31 December 2017, the property operated approximately 290 gaming tables and 970 gaming machines.

In 2017, Studio City posted strong year-on-year improvement in Adjusted Property EBITDA due to the continued increase in its mass table games revenues as well as the commencement of rolling chip operations in November 2016. Throughout the year, Studio City also initiated a series of property upgrades to refine its entertainment offerings and improve accessibility to the resort, developments set to facilitate the continuing ramp-up of its operations and performance into 2018.

Altira Macau

Altira Macau is designed to provide a casino and hotel experience that caters to Asian rolling chip customers sourced primarily through gaming promoters. Located in the heart of Taipa, it is an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. By consistently delivering impeccable service tailored to each guest, both Altira Macau and Altira Spa have attained the highest Five-Star award ratings for nine consecutive years in the 2018 Forbes Travel Guide. As of 31 December 2017, Altira Macau operated approximately 100 gaming tables and 119 gaming machines operated as a Mocha Club at Altira Macau.

Mocha Clubs

Mocha Clubs comprises the largest non-casino based operations of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has brought a series of innovative and top quality electronic gaming machines from around the world to offer a contemporary entertainment mix to the broadest spectrum of patrons and visitors. As of 31 December 2017, Mocha Clubs operated eight clubs with a total of 1,319 gaming machines (including 119 gaming machines at Altira Macau).

City of Dreams Manila

Beyond Macau, City of Dreams Manila, strategically located at the gateway of Entertainment City, Manila, has continued to deliver consistently strong performance across all gaming segments, despite new supply coming online over the year within Entertainment City. Providing an unparalleled entertainment and hospitality experience for the Philippine market, the integrated resort, the Group's first major foray outside of Macau, continues to set the reference for Melco Resorts' robust capacity to execute on its international vision. The dynamic property boasts the ultimate in entertainment, hotel, retail, dining and lifestyle experiences with aggregated gaming space, including VIP and mass-market gaming facilities with approximately 293 gaming tables, 1,635 slot machines and 172 electronic gaming tables as of 31 December 2017.

OUTLOOK

2017 was a turnaround year in our core market of Macau. Rebounding to register consecutive monthly growth throughout 2017, Macanese gaming improved in both the VIP and mass market segments, and we expect another year of robust growth in 2018. Buttressing the geography's increasingly favorable visitation patterns will be the deployment of new infrastructure developments making tourism more accessible and convenient, particularly for travelers from mainland China and overnight visitors throughout the surrounding region. These developments include the opening of the new Pac On Ferry Terminal, the ongoing development of Hengqin Island, the completion of the Hong Kong-Zhuhai-Macau Bridge, the build-out of the Cotai Strip and the rollout of a light rail transit system throughout Macau.

Downside risks to this sustained recovery remain, namely the impact of stricter capital controls in mainland China and, locally, uncertainty introduced by operational changes required upon implementation of Macau's recently passed casino smoking ban.

While VIP gaming registered strong performance over the year, we maintain our long-term thesis that future growth in Macau will be driven by the premium-mass and mass segments. Accordingly, we will continue to invest in balancing our exposure to both VIP and mass revenue, as well as to entertainment and leisure sales from the ever-expanding non-gaming revenues pie as Macau evolves into a diversified global tourism destination.

Our priority in Macau for 2018 is City of Dreams Phase III, which will roll out in the first half of the year. This extensive upgrade to our flagship property will solidify our leadership in the premium-mass segment, positioning us to offer customers Macau's most fully integrated and modern gaming and entertainment experience. Despite multiple new resorts having recently opened in Cotai, we believe that City of Dreams, with its recently launched Forbes 5-star Nüwa and soon-to-be-opened Morpheus, will become a landmark in the market. Almost 770 new luxury rooms, suites, and villas will also be added at Morpheus, on top of new restaurant, retail and entertainment concepts, all designed to capture greater non-gaming spend from both gamers and tourists. Meanwhile at Studio City, we will continue to upgrade entertainment offerings and resort accessibility throughout the year, including by exploring plans for the Phase II expansion of the resort.

Outside Macau, we remain bullish on our exposure to an expanding network of global operations and business development opportunities.

City of Dreams Manila is on track to continue delivering healthy revenue and stable earnings growth despite new supply coming online in the surrounding Manila Bay Entertainment City. As Philippine infrastructure and the overall consumer economy continue to improve, we anticipate sustained tailwinds in this market. At the same time, the ongoing phased opening of the Ninoy Aquino International Expressway leading from the airport to Entertainment City will further support overnight visitation, tourist arrivals and gaming activity at our resort.

In Cyprus, where we have begun our 30-year casino gaming license, the first 15 years of which are exclusive, we are eager to begin the development in 2018 of our first European integrated resort. Upon completion, the property will have approximately 500 luxury hotel rooms, 1,000 gaming machines, and 100 gaming tables.

Japan remains as our core business development focus in the year ahead. Following the recent passage of the integrated resorts implementation bill, we are focused on successfully securing a license to become an integrated resort operator in the market. We will continue to invest in the strength of our team, our entertainment and tourism offerings, social safeguards and a compliance culture, and our partnership with local governments and communities. We believe we are strongly positioned to partner with Japan in realizing a distinct and sustainable integrated resort proposition.

Looking ahead, we believe that our diversified revenue streams across market segments and geographies will yield increasingly attractive returns as demographics evolve in each of our core markets. We are also confident that, leveraging the growing demand worldwide for premium, imaginative and integrated gaming entertainment experiences, and with our strong financials and management team, we are uniquely placed to lead the future of these trends.

ACHIEVEMENTS AND AWARDS

Melco International strives to operate with high standards in corporate governance and corporate social responsibility, both of which are integral to our commitment to strengthen the Group's industry presence as a global market-leading operator. In 2017, our efforts have continued to be widely acknowledged.

Corporate Governance

In 2017, the strong management team has garnered prestigious leadership awards from the business and investor community. Mr. Lawrence Ho, Group Chairman and Chief Executive Officer, was honored as "Asia's Best CEO" and "Asian Corporate Director of the Year" by Corporate Governance Asia Magazine for the sixth time. The Group was awarded "Corporate Governance Asia Recognition award – Icon on Corporate Governance" for the twelfth time and was named, for the fifth, "Best Investor Relations Company" by the same publication. These accolades serve as a testament to the Group's continued dedication to ensuring accountability, fairness and transparency in our relationships with all stakeholders.

Corporate Social Responsibility

Melco International is equally committed to leading the world in gaming and entertainment as it is to growing in partnership with the communities it shares. In recognition of the Group's efforts on social responsibility, it has received BDO ESG Awards across three categories, including Best in ESG Award, Best in Reporting Award and ESG Report of the Year Award, for Middle Market Capitalisation companies.

Melco International is also a champion of sustainability and has been selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index Series since 2013. Its continued contribution towards the community was recognized by Hong Kong Council of Social Service as a "10 Years Plus Caring Company" for the third consecutive year.

A key pillar of the Group's sustainability policy is the environment. In this area, Melco International has garnered additional recognition, receiving since 2009 the Wastewi$e Label – Class of Excellence, the highest recognition in the category of waste reduction. It is awarded by the Hong Kong Awards for Environmental Excellence.

The Group is pleased that its efforts are acknowledged. Going forward, it will continue to identify and manage sustainability related business impacts and engage its stakeholders.

Business Operations

Melco International has persistently provided its customers with an outstanding offer of hospitality, leisure, culinary and entertainment experiences.

Altira Macau and Altira Spa have been honored with Forbes Five-Star Awards for nine consecutive years from 2010 to 2018, while Nüwa and Nüwa Spa at City of Dreams (then branded as Crown Towers and Crown Spa) has also garnered the Forbes Five-Star Awards for the sixth consecutive year.

Studio City has garnered numerous awards since its opening in 2015, and was further recognized by the International Hotel Awards 2017-18 across an impressive five categories, including "International Five Star Standard", "Best Large Hotel Macau", "Best City Hotel Macau", "Best Resort Hotel Macau" and "Best Convention Hotel Macau". Studio City's Star Tower and Zensa Spa achieved the Forbes 5-Star and 4-star rating, respectively, in the 2018 Forbes Travel Guide on their first attempt. In addition, it was the Global Winner in the "Luxury Casino Hotel" category and the Regional Winner (East Asia) in the "Luxury Family Hotel" category of the 2017 World Luxury Hotel Awards.

City of Dreams Manila was named by Bloomberg to be the "Best Performing Casino Stock in the World," while Town and Country ranked it among the 23 "fanciest casinos in the world". Nüwa at City of Dreams Manila also achieved the only new 5-Star award for hotels in Manila in the 2018 Forbes Travel Guide.

In addition to our integrated resorts, Melco International's world-class restaurants have also continued to garner critical acclaim. The Group is offering more Michelin-starred dining establishment than any operator in Macau with stars awarded to The Tasting Room (two stars), Jade Dragon (two stars), Shinji by Kanesaka (one star), Ying (one star) and Pearl Dragon (one star).

All these accolades demonstrate recognition and appreciation from key stakeholder groups for Melco International's fundamental commitment to excellence in corporate governance, operational performance and customer experience.

FINANCIAL REVIEW

RESULTS

HK$' million	**2017**	2016	YoY%
Revenue	**41,180.1**	23,852.8	72.6%
Adjusted EBITDA	**9,811.5**	5,304.6	85.0%
Profit attributable to owners of the Company	**474.1**	10,365.9	-95.4%
Basic earnings per share (HK$)	**0.31**	6.74	-95.4%

FINANCIAL POSITION

HK$' million	**2017**	2016	YoY%
Total assets	**98,270.2**	103,650.9	-5.2%
Total liabilities	**52,418.2**	46,607.4	12.5%
Shareholders' equity	**18,988.9**	22,347.7	-15.0%
Net assets value per share attributable to equity shareholders (HK$)	**12.4**	14.5	-14.5%
Gearing ratio (%)	**35.1%**	29.3%	N/A

Revenue

Revenue of the Group increased by 72.6% from HK$23,852.8 million for the year ended 31 December 2016 to HK$41,180.1 million for the year ended 31 December 2017. The increase was due to stronger results in 2017. Additionally, the prior year results reflected approximately 8 months of consolidated results of Melco Resorts compared to a full year of consolidated results in 2017. Revenue generated from Melco Resorts' established Casino and Hospitality segment in both Macau and the Philippines was a key revenue stream of the Group.

HK$' million	**2017**	2016	YoY%
Casino revenue	**38,394.2**	21,792.7	76.2%
Entertainment and resort facilities revenue:			
Entertainment, retail and others	**1,468.2**	1,194.6	22.9%
Catering service income	**720.0**	562.7	28.0%
Rooms	**573.3**	167.9	241.5%
Lottery business:			
Provision of services and solutions for distribution of lottery products	**0.4**	0.9	-55.6%
Trading of lottery terminals and parts	**9.6**	59.4	-83.8%
Electronic gaming machines participation	**8.8**	57.8	-84.8%
Manufacture and distribution of gaming chips and plaques	**–**	12.5	-100.0%
Property rental income	**4.5**	4.2	7.1%
Others	**1.1**	0.1	1,000.0%
	41,180.1	23,852.8	72.6%

Adjusted EBITDA [1]

Adjusted EBITDA for the year ended 31 December 2017 increased by 85.0% to HK$9,811.5 million, compared to HK$5,304.6 million for the year ended 31 December 2016. The increase was due to stronger results in 2017. Additionally, the prior year results reflected approximately 8 months of consolidated results of Melco Resorts compared to a full year of consolidated results in 2017.

Profit Attributable to owners of the Company

During the year ended 31 December 2017, the profit attributable to owners of the Company decreased by 95.4% from HK$10,365.9 million in 2016 to HK$474.1 million in 2017. The decrease in profit in 2017 was mainly due to a one-off gain on deemed disposal of previously held interest in an associate of approximately HK$10,385.5 million recognized in 2016, offset in part by the strong performance of the Group's operating results.

Basic Earnings Per Share

Earnings attributable to owners of the Company for the year ended 31 December 2016 included a one-off gain on deemed disposal of previously held interest in an associate amounting to approximately HK$10,385.5 million, this resulted in the decrease of basic earnings per share from HK$6.74 in 2016 to HK$0.31 in 2017.

Financial and Operational Performance

Gaming Business in Asia – Melco Resorts

On 4 May 2016, Melco Resorts, which was formerly a 34.29%-owned associate of the Company, entered into a share repurchase agreement with Crown Asia Investments Pty. Ltd. ("Crown Sub"), a wholly-owned subsidiary of Crown Resorts Limited, pursuant to which Melco Resorts agreed to repurchase 155,000,000 ordinary shares (equivalent to 51,666,666 American depositary shares) from Crown Sub (the "Share Repurchase"). The aggregate purchase price of the Share Repurchase is US$800,838,500 (equivalent to approximately HK$6,206,498,000), representing a per share price of US$5.1667 (equivalent to approximately HK$40.04). Melco Resorts has paid the purchase price using its cash on hand. The repurchased shares were cancelled upon closing of the Share Repurchase on 9 May 2016. The equity interest in Melco Resorts indirectly held by the Company was thereby increased to 37.89% and the Company, through its wholly-owned

---

(1) Adjusted EBITDA is the profit for the year before deduction of finance costs, income tax, depreciation and amortization, pre-opening costs, development costs, property charges and other, share options expenses, share award expenses, payments to the Philippine Parties, land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses, gain on disposal of a subsidiary, gain on deemed disposal of partial interest in an associate and gain on deemed disposal of previously held interest in an associate. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. However, Adjusted EBITDA presented in this announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

subsidiary, became the single largest shareholder of Melco Resorts and consolidated Melco Resorts' results as a subsidiary into the Group's financial statements from 9 May 2016 onwards.

On 14 December 2016, an indirectly wholly-owned subsidiary of the Company entered into an agreement to acquire an additional interest of 13.42% of Melco Resorts for a cash consideration of approximately HK$8,531,206,200. The transaction was completed on 16 February 2017. As a result, the shareholding in Melco Resorts indirectly held by the Company has been increased from 37.89% to 51.31%. As at 31 December 2017, the Company indirectly owns approximately 51.22% of Melco Resorts.

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

According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, it recorded a net revenue of US$5.3 billion for the year ended 31 December 2017, versus US$4.5 billion for the year ended 31 December 2016. The year-on-year increase in net revenue was primarily attributable to better group-wide performance in all gaming segments, especially the performance in the rolling chip segment including the fully-operating rolling chip operations in Studio City in the current year.

Operating income for 2017 was US$607.6 million, compared with operating income of US$363.1 million for 2016, representing an increase of 67%.

The Adjusted Property EBITDA[2] for the year ended 31 December 2017 was US$1,422.8 million, as compared with Adjusted Property EBITDA of US$1,087.5 million in 2016. The 31% year-over-year improvement in Adjusted Property EBITDA was mainly attributable to better group-wide performance in all gaming segments.

Net income attributable to Melco Resorts for the year ended 31 December 2017 was US$347.0 million, compared with a net income attributable to Melco Resorts of US$175.9 million for 2016.

City of Dreams

For the year ended 31 December 2017, net revenue at City of Dreams was US$2,666.3 million versus US$2,590.8 million in 2016. City of Dreams generated Adjusted Property

---

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

EBITDA of US$804.9 million in 2017, representing an increase of 8% compared to US$742.3 million in 2016. The year-over-year improvement in Adjusted Property EBITDA was primarily a result of higher rolling chip revenues and recovery of previously provided doubtful debt, partially offset by lower mass market table games revenues.

Gaming Performance

US$'million	**2017**	2016	YoY%
VIP Gaming			
Rolling chip volume	**47,427.1**	41,474.6	14.4%
Win rate	**3.0%**	2.8%	N/A
Mass Market			
Table drop	**4,504.0**	4,307.6	4.6%
Hold percentage	**32.4%**	35.8%	N/A
Gaming Machine			
Handle	**4,067.5**	4,102.2	-0.8%
Win rate	**3.7%**	3.5%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams in 2017 was US$305.6 million, compared with US$279.6 million in 2016.

Altira Macau

For the year ended 31 December 2017, net revenue at Altira Macau was US$446.1 million compared to US$439.1 million in 2016. Altira Macau generated Adjusted Property EBITDA of US$20.7 million in 2017 compared with Adjusted Property EBITDA of US$5.1 million in 2016. The year-over-year improvement in Adjusted Property EBITDA was primarily a result of higher rolling chip revenues and recovery of previously provided doubtful debt, partially offset by lower mass market table games revenues.

Gaming Performance

US$'million	**2017**	2016	YoY%
VIP Gaming			
Rolling chip volume	**17,216.9**	17,658.1	-2.5%
Win rate	**3.1%**	2.9%	N/A
Mass Market			
Table drop	**429.2**	494.7	-13.3%
Hold percentage	**17.5%**	18.6%	N/A
Gaming Machine			
Handle	**47.6**	32.4	46.8%
Win rate	**6.0%**	6.5%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau in 2017 was US$26.5 million, compared with US$28.1 million in 2016.

Mocha Clubs

Net revenue from Mocha Clubs totaled US$121.3 million in 2017 as compared to US$120.5 million in 2016. Mocha Clubs generated US$26.6 million of Adjusted Property EBITDA in 2017 compared with Adjusted Property EBITDA of US$23.8 million in 2016.

US$'million	**2017**	2016	YoY%
Gaming Machine			
Handle	**2,446.3**	2,554.3	-4.2%
Win rate	**4.8%**	4.6%	N/A

Studio City

For the year ended 31 December 2017, net revenue at Studio City was US$1,363.4 million compared to US$838.2 million in 2016. Studio City generated Adjusted Property EBITDA of US$335.6 million in 2017 compared with Adjusted Property EBITDA of US$156.0 million in 2016. The year-on-year improvement in Adjusted Property EBITDA was primarily a result of the commencement of rolling chip operations in November 2016 and better performance in the mass market table games segment.

Gaming Performance

US$'million	**2017**	2016	YoY%
VIP Gaming			
Rolling chip volume	**19,003.9**	1,343.6	1,314.4%
Win rate	**3.2%**	1.4%	N/A
Mass Market			
Table drop	**2,913.0**	2,480.0	17.5%
Hold percentage	**26.1%**	24.7%	N/A
Gaming Machine			
Handle	**2,120.5**	2,002.3	5.9%
Win rate	**3.7%**	3.8%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City in 2017 was US$203.4 million, compared with US$221.0 million in 2016.

City of Dreams Manila

For the year ended 31 December 2017, net revenue at City of Dreams Manila was US$649.3 million compared to US$491.2 million in 2016. City of Dreams Manila generated Adjusted Property EBITDA of US$235.0 million in 2017 compared with US$160.3 million in 2016. The year-over-year improvement in Adjusted Property EBITDA was primarily a result of increased casino revenues.

Gaming Performance

US$'million	**2017**	2016	YoY%
VIP Gaming			
Rolling chip volume	**11,509.7**	6,833.8	68.4%
Win rate	**3.1%**	3.4%	N/A
Mass Market			
Table drop	**686.9**	550.5	24.8%
Hold percentage	**29.6%**	28.0%	N/A
Gaming Machine			
Handle	**3,039.5**	2,235.0	36.0%
Win rate	**5.8%**	5.9%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila in 2017 was US$116.3 million, compared with US$104.7 million in 2016.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Resources

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

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. As at 31 December 2017, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK$12,117.0 million (2016: HK$16,889.6 million) and investments in mutual funds that mainly invest in bonds and fixed-interest securities amounted to HK$699.2 million (2016: nil).

As at 31 December 2017, certain bank credit facilities amounted to HK$12,683.1 million (2016: HK$10,117.1 million) were available for future drawdown, subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the year ended 31 December 2017 are summarized below:

On 8 February 2017, the Group obtained a banking facility amounting to US$1,000 million (equivalent to HK$7,780 million) and subsequently drew down US$700 million (equivalent to HK$5,446 million) to finance part of the consideration of the acquisition of 13.4% additional interest in Melco Resorts.

On 6 June 2017, the Group issued US$650 million (equivalent to HK$5,057 million) 4.875% senior notes due 2025 ("First 2017 Senior Notes"). On 14 June 2017, together with the net proceeds from the issuance of the First 2017 Senior Notes along with the proceeds in the amount of US$350 million (equivalent to HK$2,723 million) from a partial drawdown of a revolving credit facility under an existing credit facility ("Drawn Revolving Credit Facility") and cash on hand, the Group redeemed all of its outstanding US$1 billion (equivalent to HK$7,780 million) 5% senior notes due 2021.

On 3 July 2017, the Group issued an additional US$350 million (equivalent to HK$2,723 million) 4.875% senior notes due 2025, the net proceeds from which were used to repay in full the Drawn Revolving Credit Facility.

On 9 October 2017, the Group partially redeemed Peso 15 billion 5% senior notes due 2019 in an aggregate principal amount of Peso 7.5 billion (equivalent to HK$1,126.5 million), together with accrued interest.

Gearing Ratio

The gearing ratio, expressed as a percentage of total borrowings divided by total assets, was at 35.1% as at 31 December 2017 (2016: 29.3%).

Pledge of Assets

As at 31 December 2017, borrowings amounting to HK$26,078.4 million (2016: HK$22,249.4 million) are secured by the following assets of the Group:

(i) certain property, plant and equipment;

(ii) issued shares of certain subsidiaries of the Group;

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

(iv) investment properties;

(v) certain bank deposits; and

(vi) chattels, receivables and other assets including certain inter-group loans and promissory note.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 31 December 2017.

FINANCIAL RISK

Foreign exchange risk

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

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

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

Interest rate risk

The Group is primarily exposed to cash flow interest rate risk associated with the indebtedness bearing interest based on floating rates. The Group attempts to manage interest rate risk by managing the mix of long-term fixed rate borrowings and variable rate borrowings and mitigate the effects of fluctuations in cash flows.

HUMAN RESOURCES

Headcount and Employees' Information

The total number of the Group's employees was 19,844 as of 31 December 2017 (2016: 20,548). Among the 19,844 employees, 390 are located in Hong Kong and the rest of 19,454 are located respectively in the Philippines, US, Cambodia, Macau and the PRC. The related staff costs for the year ended 31 December 2017, including directors' emoluments, share options expenses and share award expenses, amounted to HK$6,572.1 million (2016: HK$4,427.5 million).

Human Resources

Melco International believes that the key to success lies in its people. The Group strives to create an environment that makes employees proud to be part of it. All employees are given equal opportunities for advancement and personal growth. The Group believes through growing its business, it will be able to create opportunities and deliver value to its people. Thus, the Group encourages its employees to do their best at work and grow with the Group. Melco International builds employees' loyalty through recognition, involvement and participation. Melco International's people policy, systems and practices are directly aligned with the Group's mission and values which contribute to its success. It is based on three key areas:

1. **Recruitment**

   Melco International is an equal opportunities employer, and it recruits talented people with the necessary professional competencies, desirable personal qualities and commitment to the Group. The Group hires the right people to shape its future. It identifies and validates talent through different recruitment exercises and regularly reviews its recruitment policy and assessment criteria.

2. **Performance and Rewards**

   Melco International demands and appreciates high performance. Its reward principle is primarily performance based, and it rewards its people competitively and based on their job responsibilities, performance and contribution to business results as well as professional and managerial competencies.

3. **Learning & Development**

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Discussion on Environmental Policies and Performance

The Group continues its staunch commitment to minimising and mitigating the environmental impacts that may arise from operations through effective and efficient use of resources in daily operations. To reaffirm this commitment, the Group has formulated environmental policies for both the corporate office and the core gaming arm, Melco Resorts, which outline the overarching dedication to the continual improvement of environmental performance. The policies are communicated to all staff and business partners, as well as the general public. A guideline on resource conservation is also in place to delineate best practices on managing resource consumption and select energy-efficient equipment to save energy costs and reduce carbon footprints. Through the Group's previous and ongoing environmental efforts over the years, a 3% reduction in total greenhouse gas emissions was achieved with the greatest contribution coming from electricity savings at Studio City and Altira Macau in Macau.

The Group also adopts a holistic approach to reducing and managing waste generated from operations, which helps to conserve the earth's scare resources. A comprehensive recycling scheme was established to recycle a variety of items across operations. Food waste recycling initiatives are in place at City of Dreams in Macau and Manila, which will be further enhanced and extended to other properties in 2018. The Group's efforts in waste management have once again been awarded the Class of Excellence in the Wastewi$e Label scheme.

In terms of water conservation, a number of water-saving measures have been adopted at our properties including the SYNERGY® system which saves water; and also reduces chemical use by up to 90%, minimizing water pollution. Rainwater recovery systems and other water conservation measures have been installed to save and reduce water use.

To instil a sense of environmental responsibility amongst employees, the Group actively organises various awareness activities with the objective of encouraging behavioural change. A series of activities and campaigns were organised or co-organised with local NGOs to promote awareness on resources management, including a red packet recycling campaign, the donation of clothes and computers, tree planting, and a green tour. "Green Labels", posters and energy saving statements are shared amongst employees to encourage behaviour change and conserve resources whenever possible.

Account of Key Relationships with Employees, Customers and Suppliers

To maintain relationships with key stakeholders, the Group works closely, and communicates regularly, with employees, customers and suppliers to address their needs and concerns in a timely and effective manner.

Employees

As the Group's operations are customer-oriented, a dedicated group of employees is necessary for the delivery of quality services and guest experiences to customers. Therefore, the Group believes it is crucial to build a stable workforce and cultivate a harmonious workplace. As an equal opportunity employer, the Group ensures equal opportunities in every area, including compensation and benefits, recruitment, promotions and transfers, and training and development. The Group also recognises the importance of enriching the knowledge and skills of our employees for sustainable business development. Thus, the Group has a training and development sponsorship policy in place to support the enhancement of employee skills and competencies. To ensure a healthy and safe working environment, Occupational Safety and Health Committees were established at operating properties to safeguard employees and to regularly communicate safety management issues.

Customers

The Group endeavours to deliver innovative products and services with the ultimate goal of offering outstanding customer experiences in the field of leisure, entertainment, and hospitality. As the hospitality business involves the delivery of excellent services and superior food and beverage options to customers, the Group has a series of stringent internal protocols in place to manage and alleviate customers' health and safety risks. The Group regularly engages with customers via a variety of communication channels, such as the property front office, customer service hotlines and emails, and official social media platforms. All comments collected are valued by senior management and are reviewed and duly considered in decision-making processes.

Suppliers

As a company in the leisure, entertainment and hospitality industry, the Group strives to develop long-term and stable relationships with suppliers to deliver excellent products and services to customers. The Group is committed to developing an environmentally, socially, and ethically responsible supply chain. A procurement policy is in place to guide staff engaged in procurement activities in making sustainable procurement decisions. Relevant standards and requirements are clearly stipulated in tendering documents, and all suppliers are required to comply with applicable laws and regulations. The Group is considering the development of a standalone Supplier Code of Conduct to ensure that suppliers operate in line with the highest ethical standards as well as in full compliance with all applicable laws and regulations.

FINAL DIVIDEND

Pursuant to the dividend policy announced by the Company on 28 March 2014 (the "Dividend Policy"), it is the Company's intention to provide its shareholders with semi-annual dividends in an aggregate amount per year of approximately 20% of the Company's annual consolidated net income attributable to the shareholders. The Dividend Policy also allows the Company to declare special dividends from time to time.

For the year ended 31 December 2017, the Group recorded a profit attributable to shareholders of HK$474.1 million. The Board has recommended the payment of a final dividend of HK4.0 cents per share for the year ended 31 December 2017 to shareholders whose names appear on the register of members of the Company on Friday, 15 June 2018. The proposed final dividend is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The proposed dividend is expected to be paid on Wednesday, 4 July 2018.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Thursday, 7 June 2018. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from Monday, 4 June 2018 to Thursday, 7 June 2018 (both days inclusive), during which period no share transfers will be registered. In order to be eligible to attend and vote at the above annual general meeting, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 1 June 2018.

CLOSURE OF REGISTER OF MEMBERS FOR FINAL DIVIDEND

The proposed final dividend for the year ended 31 December 2017 is subject to the approval of shareholders at the forthcoming annual general meeting. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 13 June 2018 to Friday, 15 June 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. The last day for dealing in the Company's shares cum entitlements to the proposed final dividend will be Friday, 8 June 2018. In order to be eligible for the above proposed final dividend, all transfer forms accompanied by relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 June 2018.

CORPORATE GOVERNANCE CODE

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

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2017, apart from the deviation mentioned below.

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

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

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

Terms of reference of the aforesaid committees have been posted on the Company's website at www.melco-group.com under the "Corporate Governance" section.

SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES

The Company has adopted its own code for dealing in the Company's securities by Directors and relevant employees, who are likely to be in possession of inside information in relation to the securities of the Company (the "Code of Securities Dealings") on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules. We have received confirmation from all Directors that they have complied with the required standards set out in the Code of Securities Dealings throughout the year 2017.

AUDIT COMMITTEE

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

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

The Group's consolidated annual results for the year ended 31 December 2017 have been reviewed by the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Ernst & Young on the preliminary announcement.

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

During the year ended 31 December 2017, the Company repurchased a total of 20,480,000 shares of the Company at an aggregate consideration of HK$370,349,900 (before expenses) on the Hong Kong Stock Exchange. All the repurchased shares were subsequently cancelled.

Particulars of the repurchases during the year are as follows:

Month of share repurchase	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid (before expenses)
		HK$	*HK$*	*HK$*
May	16,325,000	17.50	15.06	281,854,700
September	1,159,000	18.74	18.28	21,503,600
November	2,996,000	22.75	21.95	66,991,600
Total	20,480,000			370,349,900

The repurchases were made with a view to enhancing the net assets and earnings per share of the Company.

In addition, during the year ended 31 December 2017, the trustee of the Share Purchase Scheme has, under the scheme, purchased on the Hong Kong Stock Exchange a total of 5,058,000 shares of the Company. The total amount paid to acquire these shares was approximately HK$91,562,000.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

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

This announcement is published on the Company's website (www.melco-group.com) and the Hong Kong Stock Exchange's website (www.hkexnews.hk). The 2017 annual report will be despatched to the shareholders of the Company and will be made available on the websites of the Company and the Hong Kong Stock Exchange in due course in accordance with the Listing Rules.

RETIREMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

In accordance with the articles of association of the Company, Mr. Sham Sui Leung, Daniel, an Independent Non-executive Director, will retire from office by rotation at the forthcoming annual general meeting. Mr. Sham, due to other engagements which require more of his dedication, will not offer himself for re-election and will retire as an Independent Non-executive Director with effect from the conclusion of the annual general meeting. Mr. Sham has confirmed that he has no disagreement with the Board and there is no matter relating to his retirement that needs to be brought to the attention of the shareholders of the Company and the Hong Kong Stock Exchange. Upon his retirement, Mr. Sham will cease to be the Chairman of the Remuneration Committee and members of the Audit Committee and Corporate Governance Committee. The Company will identify a suitable candidate to fill the vacancies occasioned by the retirement of Mr. Sham in due course.

The Board would like to take this opportunity to thank Mr. Sham for his valuable contributions to the Company throughout the term of his service.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (Managing Director) and Mr. Chung Yuk Man, Clarence; two Non-executive Directors, namely Mr. Tsui Che Yin, Frank and Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely, Mr. Chow Kwong Fai, Edward, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.

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

Hong Kong, 29 March 2018