

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



Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website : www.melco-group.com

(Stock Code : 200)

MELCO RESORTS & ENTERTAINMENT LIMITED NEW SHARE REPURCHASE PROGRAM

WAIVER FROM COMPLIANCE WITH RULE 14.67(6)(a)(i) OF THE LISTING RULES

Reference is made to the announcements of the Company dated 8 November 2018, 22 November 2018, 13 December 2018 and 4 February 2019 in relation to Melco Resorts' New Share Repurchase Program, full implementation of which (when aggregated with previous share repurchases by Melco Resorts within the preceding 12-month period, or which are otherwise related) would be a major transaction for the Company under the Listing Rules. Capitalised terms used in this announcement which are not defined herein shall have the respective meanings given to them in the Company's 22 November 2018 announcement.

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, the Company is required to include in the major transaction circular containing further information relating to Melco Resorts' New Share Repurchase Program and other information required by the Listing Rules (the "**Circular**") an accountants' report on Melco Resorts prepared in accordance with Chapter 4 of the Listing Rules. The accountants' report must include the financial information of Melco Resorts for each of the three financial years ended 31 December 2016, 2017 and 2018 and where applicable, for a period ended 6 months or less before the Circular is issued, prepared using accounting policies which should be materially consistent with those adopted by the Company. As disclosed in the Company's 4 February 2019 announcement, the Company intends to despatch the Circular to the Shareholders on a date not later than 25 April 2019.

The ADSs of Melco Resorts are listed on the NASDAQ Global Select Market. In accordance with the rules and regulations of the U.S. Securities and Exchange Commission (the "**SEC**"), Melco Resorts' published audited annual financial statements and its published unaudited quarterly financial information have been prepared in accordance with US Generally Accepted Accounting Principles ("**US GAAP**").

Melco Resorts' financial statements for each of the financial years ended 31 December 2016, 2017 and 2018 have been audited by Melco Resorts' auditors, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("**PCAOB**"). Melco Resorts' financial statements for the financial year ended 31 December 2016 have been audited by Deloitte Touche Tohmatsu, and subsequent to the change of auditor of Melco

Resorts and the Company from Deloitte Touche Tohmatsu to Ernst & Young in July 2017, Melco Resorts' financial statements for each of the financial years ended 31 December 2017 and 2018 have been, or will be audited by Ernst & Young. Each of Deloitte Touche Tohmatsu and Ernst & Young is a firm with international name and reputation and is registered with the PCAOB.

The Company's financial statements are prepared in accordance with Hong Kong Financial Reporting standards ("**HKFRS**"). Complying with the requirements of Rule 14.67(6)(a)(i) of the Listing Rules in having to produce an accountants' report on Melco Resorts in the Circular would be unduly burdensome and would create practical difficulties as this would require the Company to undertake a considerable amount of work to convert Melco Resorts' financial information from US GAAP to HKFRS and prepare financial statements of Melco Resorts in conformity with HKFRS for the financial years ended 31 December 2016, 2017 and 2018 (the "**Melco Resorts HKFRS Financial Information**"). The Company's auditors would then need to carry out audit procedures in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") on the Melco Resorts HKFRS Financial Information and prepare an accountants' report accordingly. The benefits of such work may not justify the additional work and expenses involved and a significant delay in the issue of the Circular.

Accordingly, the Company has applied to the Stock Exchange for waiver from compliance with Rule 14.67(6)(a)(i) of the Listing Rules of the requirement to include in the Circular an accountants' report of Melco Resorts in respect of the three financial years ended 31 December 2016, 2017 and 2018.

In replacement of an accountants' report on Melco Resorts, the following alternative disclosure will be included in the Circular:

- (a) the audited financial information of Melco Resorts for the financial years ended 31 December 2016, 2017 and 2018, prepared in accordance with US GAAP, including the management discussion and analysis, extracted from the SEC filings of Melco Resorts for the relevant years;
- (b) additional information of Melco Resorts required for an accountants' report under the Listing Rules for the financial years ended 31 December 2016, 2017 and 2018 but not disclosed in Melco Resorts' published financial statements, excluding the information required under Rule 4.08(3) of the Listing Rules (which requires the accountants' report to state that it has been prepared in accordance with the Auditing Guideline – Prospectuses and the reporting accountant (Statement 3.340) issued by the HKICPA) ("**Additional Information**");
- (c) a summary of the material differences between the accounting policies adopted by Melco Resorts (under US GAAP) and the accounting policies adopted by the Company (under HKFRS), including a line-by-line reconciliation of the consolidated statements of financial position and the consolidated income statements, addressing the material differences, other than presentational differences, which would have a significant effect on Melco Resorts' financial information referred to in paragraph (a) above had they been prepared in accordance with the accounting policies adopted by the Company under HKFRS (the "**Reconciliation**"), where:

- (i) in respect of each of the financial years ended 31 December 2017 and 2018, the line-by-line Reconciliations will be reported on by Ernst & Young in accordance with Hong Kong Standard on Assurance Engagements (“**HKSAE**”) 3000; and
- (ii) in respect of the financial year ended 31 December 2016, since Melco Resorts’ financial statements for the financial year ended 31 December 2016 were not audited by Ernst & Young (but rather, Deloitte Touche Tohmatsu), Ernst & Young is not able to perform and report on a Reconciliation for the 2016 financial year in accordance with HKSAE 3000. Therefore, Ernst & Young will perform certain agreed upon procedures on the line-by-line Reconciliation in accordance with Hong Kong Standard on Related Services 4400, by agreeing the US GAAP conversion adjustments to accounting records and checking to ensure arithmetical accuracy.

The Directors consider that the published financial information in relation to Melco Resorts to be reproduced in the Circular, when taken together with the related management discussion and analysis, the Additional Information and the Reconciliations, will afford Shareholders with all material information necessary to assess the financial performance of Melco Resorts throughout the periods presented, such information being broadly commensurate in all material respects to the disclosure that would otherwise have been provided if an accountants’ report on Melco Resorts had been produced under Rule 14.67(6)(a)(i) of the Listing Rules.

Based on the above, the Stock Exchange has agreed to grant a waiver from compliance with Rule 14.67(6)(a)(i) of the Listing Rules such that the Company is not required to include an accountants’ report on Melco Resorts in the Circular.

By Order of the Board of
Melco International Development Limited
Leung Hoi Wai, Vincent
Company Secretary

Hong Kong, 12 February 2019

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (President and Managing Director) and Mr. Chung Yuk Man, Clarence; 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, Dr. Tyen Kan Hee, Anthony and Ms. Karuna Evelyne Shinsho.