



2017 Interim Report
中期報告



BEAMING WITH
CONFIDENCE
閃耀自信 締造佳績

Melco International Development Limited
新濠國際發展有限公司

(Incorporated in Hong Kong with limited liability 於香港註冊成立之有限公司)

A Hong Kong Listed Company 香港上市公司

(Stock Code 股票代號: 200)

Contents

	Page
MANAGEMENT DISCUSSION AND ANALYSIS	2
REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION	26
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	28
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	31
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	33
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	35
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION	37
OTHER INFORMATION	65
CORPORATE INFORMATION	93

Management Discussion & Analysis



City of Dreams' Phase 3 includes its new hotel tower, Morpheus, which is expected to open in the first half of 2018.

SIGNIFICANT EVENTS AND DEVELOPMENTS

In the first half of 2017, Melco International Development Limited (“Melco International” or the “Group”) undertook several milestone decisions to position the business long-term to continue capturing future growth – both in Macau and around the world. The Group is now more strongly placed to advance our mission of leading the world in leisure and entertainment.

In February 2017, Melco International completed the purchase of additional interest in, thereby assuming majority ownership of, Melco Resorts & Entertainment Limited (“Melco Resorts”, formerly known as Melco Crown Entertainment Limited). This move was a clear demonstration of our faith in Macau’s long-term growth potential, as well as in driving our core business in integrated resorts. With our formal relationship with Crown Resorts Limited having concluded in May, it also marked the completion of the world’s most successful global gaming partnership.

Melco International has taken major steps in recent months to advance our support of the development of world-class integrated resorts around the world – and especially in Japan. In February, the Group unveiled the inspiration behind the potential concept for a Japanese integrated resort celebrating the best of Japan and its culture. We also reaffirmed that our commitment to Japan is for the long term, pledging to work with the Japanese government, as well as local partners and communities.

In June 2017, the joint venture company (“Cyprus Project Company”) to which Melco International is a 35.37% shareholder was granted the first and only casino resort licence from the government of The Republic of Cyprus (“Cyprus Government”). The Company has also obtained the Cyprus gaming authority’s approval to purchase Seminole HR Holdings, LLC’s entire interest in the project, and thereby to assume a majority stake of a 70.74% shareholding in the Cyprus Project Company. As our first European integrated resort, the uniqueness of this project will further accelerate our integrated resort proposition around the world. We are confident that working together with the Cyprus Government, we are well-positioned to meaningfully contribute to the local economy of and tourism sector in Cyprus.

In line with our strategy to increase focus on our core businesses and improve efficiency across the Group, we additionally completed two transactions in the first half of the year. Entertainment Gaming Asia Inc. (“EGT”), a formerly NASDAQ-listed company in which we held a 64.84% effective equity interest, is now an indirect wholly-owned subsidiary of us. We have also divested our 40.65% equity interest in MelcoLot Limited (“MelcoLot”), a company engaged in the provision of lottery-related technologies, systems and solutions in the People’s Republic of China (“PRC”).



With the world’s largest water extravaganza, The House of Dancing Water, and a constantly optimized retail proposition and restaurant offering, City of Dreams has consistently strengthened its position as the leading premium-mass market leisure destination in Macau.

CORE BUSINESS

Gaming Business in Asia

We operate our gaming business primarily through our 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 on 16 February 2017. Melco International now holds an approximately 51.22% stake in Melco Resorts.

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 Philippines 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.



Studio City's mass table games revenues continue to increase, buffeted by the property's enthralling entertainment offerings.

In the first half of 2017, Melco Resorts managed to achieve a strong set of operating and financial results, despite the ongoing challenges in the Macau gaming market. Net revenue increased year-over-year by more than 18.5% to US\$2.6 billion, while consolidated Adjusted Property EBITDA⁽¹⁾ grew by more than 38.2% to US\$682.8 million. Both improvements were mainly attributable to improved performance in the group-wide rolling chip and mass market table games segments.

City of Dreams

City of Dreams is Melco Resorts' flagship integrated resort, a premium-focused property targeting high-end customers and rolling chip players from regional markets across Asia. In the first half of 2017, the property operates on average 480 gaming tables and 800 gaming machines. It is currently in its final phase of development.

City of Dreams' Phase 3 includes its new hotel tower, Morpheus, which is the very first hotel brand to be created and developed by the Company. With its grand opening scheduled for the first half of 2018, the arrival of Morpheus 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. Designed by the late legendary architect, the "Queen of the Curve" in architecture, Dame Zaha Hadid, the hotel will represent a new contemporary, simple yet stunning, and sophisticated kind of luxury like no other. This, taken together with the redevelopment of The Countdown Hotel, will create an overall property with approximately 2,100 five-star and luxury hotel rooms, convening a feast of amazing restaurants and retail space.

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.

⁽¹⁾ Adjusted Property EBITDA is earnings before interest, taxes, depreciation, amortization, pre-opening costs, development costs, property charges and other, share-based compensation, payments to the Philippine Parties, land rent to Belle Corporation, 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 presented exclusively as supplemental disclosures and may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

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 millions of visitors and received critical acclaims from around the world. In the first half of 2017, the property operates on average 284 gaming tables and 976 gaming machines.

Fully operational since 2016, Studio City's mass table games revenues continue to increase, buffeted by the property's enthralling entertainment offerings. Over the first half of 2017, it has posted healthy year-on-year improvement in Adjusted EBITDA, driven by rolling chip operations active since November 2016 and strengthening performance in the mass market table games segment.

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 eight consecutive years in the 2017 Forbes Travel Guide. In the first half of 2017, Altira Macau operates an average of 111 gaming tables and 56 gaming machines.

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 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 30 June 2017, Mocha Clubs operates seven clubs with a total of 1,208 gaming machines.

City of Dreams Manila

Beyond Macau, City of Dreams Manila, strategically located at the gateway of Entertainment City, Manila, has continued to deliver an unparalleled entertainment and hospitality experience to the Philippines, highlighting the Group's success in its first foray into an entertainment and gaming market outside of Macau. This dynamic integrated resort boasts the ultimate in entertainment, hotel, retail and dining and lifestyle experiences with aggregated gaming space, including VIP and mass-market gaming facilities with an average of 274 gaming tables and 1,775 gaming machines in the first half of 2017.

Gaming Machine Leasing Business in Southeast Asia

EGT, a company formerly listed on the NASDAQ Capital Market, is now an indirect wholly-owned subsidiary of the Group. In June 2017, Melco International initiated an unsolicited indirect cash tender offer of all outstanding shares of common stock of EGT, other than the shares owned by Melco International and its affiliates, followed by a short-term merger. The transaction resulted in Melco International's holding increased from a previous effective equity interest of approximately 64.84% to 100%. EGT was subsequently delisted and removed from the NASDAQ Capital Market on 22 June 2017.

EGT's current operations involve the ownership and leasing of electronic gaming machines placed in gaming locations on a revenue sharing (participation) basis in the Philippines market. As of 30 June 2017, EGT had 406 machine seats in operation at two gaming venues in the Philippines. The company is also developing a social gaming platform, currently in beta testing, called City of Games, which is targeted for usage across Pan-Asian markets.



Entertainment Gaming Asia is now an indirect wholly-owned subsidiary of Melco International.

Lottery Management Business in Asia

Previously, the Group held a 40.65% equity interest in MelcoLot, who is engaged in the provision of lottery-related technologies, systems and solutions in the PRC. On 29 May 2017, as part of the Group's development plan, Melco International entered into a sale and purchase agreement with 500.com Limited ("500.com"), pursuant to which the Group agreed to sell, and 500.com agreed to purchase 40.65% of the issued share capital of MelcoLot held by the Group. The sale was concluded on 6 June 2017, at a price of HK\$0.252 per MelcoLot share for an aggregate consideration of approximately HK\$322 million, and MelcoLot is no longer a subsidiary of the Group.

OUTLOOK

The first six months of 2017 continued to return signs of recovery in our core market of Macau. In both the VIP and the mass market segments, patrons are returning to the tables. With increasing tourist arrivals propelled by expanding Chinese outbound tourism, particularly in the premium-mass and mass segments, we believe Macau is entering a new phase of growth. We also expect the city is well-placed to sustain its position as a key beneficiary of favorable visitation patterns. Several major infrastructure developments, including the opening of the new Pac On Ferry Terminal, the ongoing development of Hengqin Island and the impending completion of the Hong Kong-Zhuhai-Macau Bridge, are substantially widening tourists' ease of access, particularly for overnight visitors around the region.

Nevertheless, we remain conscious of and continue to assess the impact of potential downside risks. The implementation of Macau's recently passed casino smoking ban will introduce some near-term uncertainty into our business and the industry at large, as well as necessitate operational changes. We are also cautiously optimistic about the strong VIP volume registered in the first half and will continue to monitor the ongoing structural changes in this segment over the months ahead.

Long-term, we remain focused in Macau on the mass segment as a sustainable driver for both growth and profit. We will also continue to invest in enhancing our exposure to both VIP and mass gamers, as well as the broader tourism market. We also expect Studio City's overall visitor numbers and foot traffic to improve once the Macau Light Rail project is completed (which is currently expected in 2019) given its strategic location in Cotai as the only property directly adjacent to the Lotus Bridge immigration checkpoint which links Cotai with Hengqin Island in Zhuhai and one of the few dedicated Cotai hotel-casino resort stops planned on the Macau Light Rail Transit Line. City of Dreams, meanwhile, will further reinforce its competitive position in the premium-mass segment upon the launch of Morpheus, which is on track to have its grand opening in the first half of 2018. This final development phase for our flagship resort will add almost 800 luxury rooms, suites and villas to complement a unique array of new restaurant concepts, all designed to capture greater non-gaming spend from the increasingly influential premium-mass consumer.

While a luxury hotel and entertainment concept targeted squarely at the top of the market, the new City of Dreams hotel tower Morpheus will also help defend City of Dream's leading premium-mass market share within the increasingly competitive Cotai landscape. The Zaha Hadid-designed concept building will become a landmark and global tourist attraction upon completion. It will also embody the Group's commitment to support Macau's ongoing transformation into a World Centre of Tourism and Leisure. Over the remainder of this year, we will remain focused on keeping construction on track and securing relevant approvals for its timely launch in 2018.

Outside Macau, we remain bullish on our diversified offer and unique capacity to leverage a portfolio of high-quality assets around the world.

We anticipate City of Dreams Manila in the Philippines will continue to post robust revenue and stable earnings growth, in line with the continuing improvement of Philippine infrastructure and the overall consumer economy. The ongoing phased opening of the Ninoy Aquino International Expressway leading from the airport to Manila Bay Entertainment City will also further support greater tourist visitation and gaming activity at our resort.



City of Dreams Manila continues to deliver record revenue and Adjusted Property EBITDA, resulting in an impressive return on invested capital.

In Cyprus, where we have just begun our 30-year casino gaming license, the first 15 of which are exclusive, we are eager to begin the development of our first European integrated resort. Upon completion, it is expected that the property will have 500 luxury hotel rooms, more than 1,000 gaming machines, and more than 100 gaming tables. We also retain rights to build up to four satellite casino premises. The first phase, which involves the development of the casino gaming areas, a luxury hotel, a conference hall, a wellness centre and an arena, will take approximately 3 years to complete, commencing from the date on which the Cyprus Government approves the development plan. We currently expect the project to become operational in 2020.

The Japan market is one of the Group's major focus areas for international development. The Group plans to continue investing in making a successful bid as a future integrated resort operator in the market. We maintain that our introduction of world-class integrated entertainment resorts and thoughtful responsible gaming protocols will deliver win-win benefits for Japan, diversifying its tourism sector, encouraging business, creating jobs and boosting local economic and social development. For our investors, it would generate substantial long-term value, and we are fully committed to advancing our efforts in the months ahead to secure a gaming license in the country.

While we recognize that various favorable trends have been lifting up Macau gaming, we also believe that our diversified revenue streams across market segments will increasingly yield returns as the market stabilizes and demographics evolve. On the global stage, as we enter the early stages of launching a number of large-scale international projects, we will further remain focused on ensuring that, across all our markets and operations, we are building a sustainable advantage for the long term. We are confident that, leveraging the growing demand 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 and emerge as a global market-leading operator. In the first half of 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 honoured as "Asia's Best CEO" by *Corporate Governance Asia Magazine* for the sixth time and the Group was awarded as the "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 has continued to emerge as a contributing force to Macau's urban development and provide values to other parts of the world with our core business offerings. This is paired with the Group's commitment to the society where its business operates as a corporate citizen.

Our ardent support for sustainable development of the community and environment has continued to be acknowledged. Melco Resorts recently won the "Best Environmental Responsibility" award by *Corporate Governance Asia Magazine*, and was recognized as the champion of the "Green Booth Award" in the 2017 Macao International Environmental Co-operation Forum & Exhibition. In addition, Melco International has been selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index since 2013.

Business Operations

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

Altira Macau and Altira Spa have been honoured with Forbes Five-Star Awards for eight consecutive years from 2010 to 2017, while Crown Towers and Crown Spa at City of Dreams have also garnered the Forbes Five-Star Awards for the sixth and fifth consecutive year, respectively.



Altira Macau and Altira Spa have attained the highest Five-Star award ratings in the 2017 Forbes Travel Guide for eight consecutive years.

City of Dreams was awarded by the PATA Gold Awards in the “Marketing - Hospitality” category, in recognition of its outstanding contributions towards the successful promotion of the travel industry throughout the Asia Pacific region.

Since its opening in October 2015, Studio City has garnered over 40 awards, 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”.

Melco Resorts has been honoured by the Organization Safety Performance Silver Award in the 2016 DSAL Catering Industry Occupational Safety and Health (“OSH”) Scheme operated by the Labour Affairs Bureau of the Macau Special Administrative Region (“DSAL”), a testament to our commitment to excellence in OSH. In addition, Pearl Dragon at Studio City and Jade Dragon at City of Dreams respectively received the Gold and Bronze Awards in the Hotel Restaurants (Group A) category, while The Tasting Room at City of Dreams and Aurora at Altira Macau were granted, respectively, the Bronze and Excellence Awards, in the Hotel Restaurants (Group B) category.

All these accolades demonstrate recognition for and appreciation from the community of our fundamental commitment to excellence in all areas and in particular corporate governance and operational performance.

FINANCIAL REVIEW

RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE

HK\$' million	2017 (Unaudited)	2016 (Unaudited)	YoY %
Revenue	20,109.5	5,548.9*	262.4%
Adjusted EBITDA	4,732.0	1,187.6	298.5%
Profit attributable to equity shareholders	164.6	10,367.4	-98.4%
Basic earnings per share (HK\$)	0.11	6.73**	-98.4%

FINANCIAL POSITION AS AT

HK\$' million	30 June 2017 (Unaudited)	31 December 2016 (Audited)	YoY %
Total assets	96,965.8	103,650.9	-6.4%
Total liabilities	51,991.7	46,607.4	11.6%
Shareholders' equity	18,804.9	22,347.7	-15.9%
Net assets value per share attributable to equity shareholders (HK\$)	12.3	14.5	-15.2%
Gearing ratio (%)	36.9%	29.3%	N/A

* The revenue amount included the revenue of Melco Resorts from the date of the deemed acquisition of Melco Resorts on 9 May 2016.

** Earnings for the six-month period ended 30 June 2016 attributable to owners of the Company included the gain on deemed disposal of previously held interest in an associate amounting to approximately HK\$10,385.5 million.



The fêted French dining destination, The Tasting Room, holds a Forbes Five-Star rating and is one of only two Macau restaurants to feature in the 2017 Asia's 50 Best Restaurants list.

Revenue

Revenue of the Group for the six-month period ended 30 June 2017 increased over 260% following the consolidation of Melco Resorts' results from May 2016 onwards. Revenue generated from Melco Resorts' established Casino and Hospitality segment in both Macau and the Philippines became a key revenue stream of the Group.

HK\$' million	Six-month period ended 30 June		YoY %
	2017 (Unaudited)	2016 (Unaudited)	
Casino revenue	18,711.1	5,004.0	273.9%
Entertainment and resort facilities revenue:			
Entertainment, retail and others	748.8	215.2	248.0%
Catering service income	353.8	147.6	139.7%
Rooms	278.0	85.8	224.0%
Lottery business:			
Provision of services and solutions for distribution of lottery products	0.4	0.4	-
Trading of lottery terminals and parts	9.6	33.6	-71.4%
Electronic gaming machines participation	5.2	47.7	-89.1%
Manufacture and distribution of gaming chips and plaques	-	12.5	-100.0%
Property rental income	1.8	2.1	-14.3%
Others	0.8	-	N/A
	<u>20,109.5</u>	<u>5,548.9</u>	<u>262.4%</u>

Adjusted EBITDA ⁽²⁾

Adjusted EBITDA for the six-month period ended 30 June 2017 increased over 290% to HK\$4,732.0 million, compared to HK\$1,187.6 million for the same period in 2016. The increase was primarily driven by the consolidation of Melco Resorts since May 2016.

Profit Attributable to Equity Shareholders

During the six-month period ended 30 June 2017, the profit attributable to equity shareholders decreased by 98% from HK\$10,367.4 million in 2016 to HK\$164.6 million in 2017. The decrease in profit in 2017 was mainly due to a recognition of gain on deemed disposal of previously held interest in an associate of HK\$10,385.5 million in 2016.

⁽²⁾ Adjusted EBITDA is the profit for the period 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, other 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 report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.



The “Summer Love” Pool Party series hosted at Pacha Macau, the world-famous super-club at Studio City, has become a popular event for electrifying party-goers.

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 depository 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 the closing of the Share Repurchase on 9 May 2016. The equity interest in Melco Resorts held by the Company was thereby increased to 37.89% and the Company became the single largest shareholder of Melco Resorts and consolidates Melco Resorts' results as a subsidiary into the Group's financial statements from 9 May 2016 onwards.

On 14 December 2016, the Group 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 Group's shareholding in Melco Resorts has increased from 37.89% to 51.31%. As at 30 June 2017, the Group owns approximately 51.22% of Melco Resorts.

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

According to the unaudited financial results of Melco Resorts prepared in accordance with the U.S. generally accepted accounting principles, it recorded a net revenue of US\$2.6 billion for the six-month period ended 30 June 2017, versus US\$2.2 billion for the same period in 2016. The increase in net revenue was primarily attributable to improved group-wide rolling chip and mass market table games revenues.

Operating income for the six-month period ended 30 June 2017 was US\$285.9 million, compared with operating income of US\$138.2 million for the same period in 2016.

The Adjusted Property EBITDA for the six-month period ended 30 June 2017 was US\$682.8 million, as compared with Adjusted Property EBITDA of US\$494.1 million for the same period in 2016. The improvement in Adjusted Property EBITDA was mainly attributable to better performance in group-wide rolling chip and mass market table games segments.

Net income attributable to Melco Resorts for the six-month period ended 30 June 2017 was US\$149.9 million, compared with a net income attributable to Melco Resorts of US\$70.6 million for the same period in 2016.

City of Dreams

For the six-month period ended 30 June 2017, net revenue at City of Dreams was US\$1,337.9 million versus US\$1,308.5 million for the same period in 2016. City of Dreams generated Adjusted Property EBITDA of US\$388.8 million for the six-month period ended 30 June 2017, representing an increase of 1% compared to US\$383.3 million for the same period in 2016.

Gaming Performance

US\$' million	Six-month period ended 30 June		
	2017	2016	YoY %
VIP Gaming			
Rolling chip volume	24,814.4	19,705.7	25.9%
Win rate	2.8%	3.1%	N/A
Mass Market			
Table drop	2,132.9	2,101.3	1.5%
Hold percentage	34.6%	36.2%	N/A
Gaming Machine			
Handle	1,963.7	2,047.9	-4.1%
Win rate	3.7%	3.3%	N/A



"Our Sanrio Times" exhibition was held at Studio City during the summer holiday, driving a considerable visitation to the property.

Non-Gaming Performance

Total non-gaming revenue at City of Dreams in the first half of 2017 was US\$152.3 million, compared with US\$124.8 million for the same period in 2016.

Altira Macau

For the six-month period ended 30 June 2017, net revenue at Altira Macau was US\$216.7 million compared to US\$207.1 million in the same period of 2016. Altira Macau generated Adjusted Property EBITDA of US\$8.8 million for the six-month period ended 30 June 2017 compared with a negative Adjusted Property EBITDA of US\$12.2 million in the same period of 2016.

Gaming Performance

US\$' million	Six-month period ended 30 June		
	2017	2016	YoY %
VIP Gaming			
Rolling chip volume	8,116.3	8,801.4	-7.8%
Win rate	3.2%	2.7%	N/A
Mass Market			
Table drop	191.6	259.4	-26.1%
Hold percentage	18.0%	17.7%	N/A
Gaming Machine			
Handle	15.7	16.1	-2.5%
Win rate	5.9%	6.2%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau in the first half of 2017 was US\$12.7 million compared with US\$13.7 million for the same period in 2016.

Mocha Clubs

In the first half of 2017, net revenue from Mocha Clubs totaled US\$60.4 million in 2017 as compared to US\$59.8 million in 2016. Mocha Clubs generated US\$12.7 million of Adjusted Property EBITDA in the review period compared with Adjusted Property EBITDA of US\$11.3 million in the same period of 2016.

US\$' million	Six-month period ended 30 June		
	2017	2016	YoY %
Gaming Machine			
Handle	1,195.5	1,266.5	-5.6%
Win rate	4.9%	4.6%	N/A

Studio City

For the six-month period ended 30 June 2017, net revenue at Studio City was US\$609.9 million compared to US\$362.5 million in 2016. Studio City generated Adjusted Property EBITDA of US\$148.5 million in the current review period compared with Adjusted Property EBITDA of US\$46.6 million in the same period of 2016.



Melco Resorts donated RMB1.5 million to fund the construction of a teaching complex for Guangnan Primary School in Hainan, demonstrating the Company's support to the development of children's education in China's rural areas.

Gaming Performance

US\$' million	Six-month period ended 30 June		
	2017	2016	YoY %
VIP Gaming			
Rolling chip volume	8,206.4	-	N/A
Win rate	2.9%	-	N/A
Mass Market			
Table drop	1,317.7	1,139.2	15.7%
Hold percentage	26.6%	22.8%	N/A
Gaming Machine			
Handle	1,000.3	895.0	11.8%
Win rate	3.7%	3.6%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City for the six-month period ended 30 June 2017 was US\$99.4 million, compared with US\$109.2 million for the same period in 2016.

City of Dreams Manila

For the six-month period ended 30 June 2017, net revenue at City of Dreams Manila was US\$333.6 million compared to US\$215.6 million in 2016. City of Dreams Manila generated Adjusted Property EBITDA of US\$124.0 million in the first half of 2017 compared with US\$65.1 million in the comparable period of 2016.

Gaming Performance

US\$ million	Six-month period ended 30 June		
	2017	2016	YoY %
VIP Gaming			
Rolling chip volume	5,658.1	3,198.9	76.9%
Win rate	3.5%	3.1%	N/A
Mass Market			
Table drop	323.6	254.7	27.1%
Hold percentage	28.6%	28.7%	N/A
Gaming Machine			
Handle	1,488.9	966.7	54.0%
Win rate	6.1%	6.0%	N/A



The Group is committed to giving back to the community where it operates. In the aftermath of Typhoon Hato in Macau, Melco Resorts created a \$30m MOP cash relief fund and formed a 2,500-strong task force to support the restoration efforts.

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the review period was US\$55.7 million, compared with US\$50.3 million in the same period of 2016.

Gaming Machine Leasing Business in Southeast Asia – EGT

EGT is primarily engaged in slot machine participation operations in the Philippines. In the period under review, EGT's revenue and net loss from continuing operations were US\$772,000 and US\$4.1 million respectively. The loss is primarily due to the expenses incurred in developing the social gaming platform. EGT recorded a cash balance of US\$29.7 million and zero debt as of 30 June 2017.

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.

As at 30 June 2017, total assets of the Group were HK\$96,965.8 million (31 December 2016: HK\$103,650.9 million) which were financed by shareholders' funds of HK\$18,804.9 million (31 December 2016: HK\$22,347.7 million), non-controlling interests of HK\$26,169.2 million (31 December 2016: HK\$34,695.7 million), current liabilities of HK\$13,057.0 million (31 December 2016: HK\$11,727.4 million), and non-current liabilities of HK\$38,934.7 million (31 December 2016: HK\$34,880.1 million).

As at 30 June 2017, total available banking facilities amounted to HK\$22,354.8 million (31 December 2016: HK\$14,546.5 million). Of this amount, the Group utilized unsecured and secured bank loan facilities of HK\$546.0 million (31 December 2016: HK\$546.0 million) and HK\$11,850.0 million (31 December 2016: HK\$3,883.4 million) respectively.

Group Cash Flows

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. As at 30 June 2017, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK\$12,323.5 million (31 December 2016: HK\$16,889.6 million). During the six-month period ended 30 June 2017, the Group recorded a net cash outflow of HK\$4,566.1 million.

Gearing Ratio

The gearing ratio, expressed as a percentage of total borrowings divided by total assets, was at 36.9% as at 30 June 2017 (31 December 2016: 29.3%).

Pledge of Assets

As at 30 June 2017, borrowings amounting to HK\$29,531.2 million (31 December 2016: HK\$21,703.4 million) are secured by the following assets of the Group:

- (i) certain property, plant and equipment;
- (ii) issued share capital of certain members of the relevant borrowing groups;
- (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 shareholder and inter-group loans).

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2017.



Responsible Gaming has been one of the Company's corporate social responsibility priorities since the beginning. Melco Resorts held a leadership forum to reinforce a responsible gaming culture and to provide further education and understanding of responsible gaming to employees.

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 enter 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.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

Save as disclosed in this report, there were no material acquisitions, disposals and significant investments by the Company during the six-month period ended 30 June 2017.

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 using different financing options available. The Company will also provide the required equity capital to the new projects coming ahead, provided the projects are deemed to be appropriate.

HEADCOUNT/EMPLOYEES' INFORMATION

The total number of the Group's employees was 20,106 as of 30 June 2017 (31 December 2016: 20,548). Among the 20,106 employees, 400 are located in Hong Kong and the rest of 19,706 are located respectively in the Philippines, US, Macau and the PRC. The related staff costs for the six-month period ended 30 June 2017, including directors' emoluments, share options expenses and share award expenses, amounted to HK\$3,415.3 million (six-month period ended 30 June 2016: HK\$1,128.3 million).

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 a part of. All of its 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.



Melco Resorts has been honored with the Organization Safety Performance Silver Award in the 2016 DSAL Catering Industry Occupational Safety and Health (OSH) Scheme, serving as a testament to the Company's commitment to excellence in catering OSH.

Report on Review of Interim Financial Information



TO THE BOARD OF DIRECTORS OF MELCO INTERNATIONAL DEVELOPMENT LIMITED

(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 64, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries as of 30 June 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young

Certified Public Accountants

22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

31 August 2017

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	Notes	For the six-month period ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Revenue	4	20,109,501	5,548,887
Other income, gains and losses		71,997	42,916
Purchases and changes in inventories of finished goods and work in progress		(400,689)	(172,980)
Raw materials and consumables used		-	(5,712)
Employee benefits expenses		(3,415,342)	(1,128,339)
Depreciation and amortization		(2,481,923)	(896,143)
Special gaming tax, other license fees and other related taxes	5	(8,349,759)	(2,197,564)
Gain on deemed disposal of previously held interest in an associate			
- Gain on remeasurement of previously held equity interest	22	-	10,440,376
- Reclassification of previously accumulated exchange reserve upon deemed disposal	22	-	(54,912)
Gain on disposal of a subsidiary	20	161,228	-
Other expenses		(3,873,992)	(1,254,322)
Finance costs	6	(1,400,849)	(383,678)
Share of profits and losses of joint ventures		16	(1,964)
Share of profits and losses of associates		(1,992)	180,890
PROFIT BEFORE TAX	7	418,196	10,117,455
Income tax expense	8	(62,764)	(10,680)
PROFIT FOR THE PERIOD		<u>355,432</u>	<u>10,106,775</u>

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
OTHER COMPREHENSIVE INCOME/(LOSS)		
<i>Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:</i>		
Available-for-sale investments:		
Changes in fair value	(11,754)	(1,702)
Cash flow hedges:		
Effective portion of changes in fair value of interest rate swap agreements arising during the period	-	213
Exchange differences:		
Exchange differences on translation of foreign operations	(12,069)	(1,140)
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	-	4
Share of exchange differences of associates	-	1,052
	(23,010)	53,339
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial loss arising from defined benefit obligations	(502)	-
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	(23,512)	53,339
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	331,920	10,160,114

	Note	For the six-month period ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit/(loss) for the period attributable to:			
Owners of the Company		164,586	10,367,403
Non-controlling interests		190,846	(260,628)
		<u>355,432</u>	<u>10,106,775</u>
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		149,498	10,422,653
Non-controlling interests		182,422	(262,539)
		<u>331,920</u>	<u>10,160,114</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	10	<u>HK\$0.11</u>	<u>HK\$6.73</u>
Diluted		<u>HK\$0.10</u>	<u>HK\$6.72</u>

Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2017

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	46,775,295	47,041,603
Investment properties	12	190,000	190,000
Land use rights		5,636,953	5,719,981
Gaming license and subconcession		5,447,390	5,991,892
Goodwill	22	5,299,451	5,299,451
Trademarks	13	16,992,458	16,992,458
Other intangible assets		15,517	15,864
Investments in associates		13,858	17,988
Investments in joint ventures		-	230
Trade receivables	15	28,964	44,803
Prepayments, deposits and other receivables		1,584,097	1,370,141
Other financial assets	14	70,115	138,527
Deferred tax assets		2,166	1,640
Total non-current assets		<u>82,056,264</u>	<u>82,824,578</u>
CURRENT ASSETS			
Land use rights		166,057	166,057
Inventories		254,930	255,724
Trade receivables	15	1,303,526	1,757,370
Prepayments, deposits and other receivables		533,049	1,397,381
Tax recoverable		62	406
Other financial assets	14	328,481	359,794
Bank deposits with original maturities over three months		594,123	3,161,902
Cash and bank balances		11,729,334	13,727,720
Total current assets		<u>14,909,562</u>	<u>20,826,354</u>

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	16	133,247	148,328
Other payables, accruals and deposits received	17	10,844,921	10,866,662
Tax payable		47,796	74,328
Interest-bearing borrowings	18	1,784,247	398,960
Obligations under finance leases		246,804	239,079
Total current liabilities		<u>13,057,015</u>	<u>11,727,357</u>
NET CURRENT ASSETS		<u>1,852,547</u>	<u>9,098,997</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,908,811</u>	<u>91,923,575</u>
NON-CURRENT LIABILITIES			
Other payables and accruals	17	441,519	389,951
Interest-bearing borrowings	18	33,992,854	30,011,421
Deferred tax liabilities		2,471,664	2,437,570
Obligations under finance leases		2,028,628	2,041,140
Total non-current liabilities		<u>38,934,665</u>	<u>34,880,082</u>
Net assets		<u><u>44,974,146</u></u>	<u><u>57,043,493</u></u>
EQUITY			
Share capital	19	5,473,308	5,437,303
Reserves		<u>13,331,620</u>	<u>16,910,443</u>
Equity attributable to owners of the Company		18,804,928	22,347,746
Non-controlling interests		<u>26,169,218</u>	<u>34,695,747</u>
Total equity		<u><u>44,974,146</u></u>	<u><u>57,043,493</u></u>

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	Attributable to owners of the Company												
	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Shares held under share award schemes HK\$'000	Share awards reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2017 (Audited)	5,437,303	7,053	311,307	5,796	(5,093)	(30,552)	232,497	(138,466)	22,554	16,505,347	22,347,746	34,695,747	57,043,493
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(3,824)	-	-	-	-	(3,824)	(8,245)	(12,069)
Reclassification of exchange reserve upon disposal of interest in a subsidiary (Note 20)	-	-	-	-	(11,754)	813	-	-	-	-	(11,754)	-	813
Change in fair value of available-for-sale investments	-	-	-	-	(323)	-	-	-	-	-	(323)	(179)	(502)
Actuarial loss arising from defined benefit obligations	-	-	-	-	(12,077)	(3,011)	-	-	-	164,586	164,586	190,846	355,432
Other comprehensive loss for the period	-	-	-	-	(12,077)	(3,011)	-	-	-	164,586	164,586	182,422	331,920
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	-	-	(12,077)	(3,011)	-	-	-	164,586	149,498	182,422	331,920
Exercise of share options (Note 19(b))	36,005	-	-	-	-	-	(14,860)	-	-	-	21,145	-	21,145
Recognition of equity-settled share based payments	-	-	-	-	-	-	20,614	-	54,950	-	75,564	156,506	232,070
Transfer of share options reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	61,842	(59,387)	(2,455)	(30,574)	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	-	-	(30,574)	(30,574)	-	(30,574)
Final 2016 dividend declared (Note 9)	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(2,756,412)	(2,756,412)
Share of special reserve of an associate	-	-	(2,135)	-	-	-	-	-	-	-	(2,135)	-	(2,135)
Acquisition of partial interest of a subsidiary	-	-	(3,457,017)	-	-	-	-	-	-	-	(3,457,017)	(5,784,786)	(9,241,803)
Privatization of a subsidiary	-	-	(16,102)	-	-	-	(616)	-	-	-	(16,718)	(78,187)	(94,905)
Disposal of a subsidiary (Note 20)	-	-	-	-	-	-	(31,598)	-	-	31,598	-	(248,580)	(248,580)
Shares repurchased (Note 19(a))	-	-	-	-	-	-	-	-	-	(282,581)	(282,581)	-	(282,581)
At 30 June 2017 (Unaudited)	5,473,308	7,053*	(3,163,947)*	5,796*	(17,170)*	(33,563)*	206,037*	(76,624)*	18,117*	16,385,921*	18,804,928	26,169,218	44,974,146

Attributable to owners of the Company

	Share capital HK\$'000	Capital reserve HK\$'000	Special reserve HK\$'000	Property revaluation reserve HK\$'000	Other revaluation reserve HK\$'000	Exchange reserve HK\$'000	Share options reserve HK\$'000	Shares held under share award schemes HK\$'000	Share awards reserve HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2016 (Audited)	5,436,556	7,053	461,671	5,796	201,273	(77,247)	250,647	(84,625)	15,187	6,169,526	12,385,837	392,615	12,778,452
Change in fair value of available-for-sale investments	-	-	-	-	(1,702)	-	-	-	-	-	(1,702)	-	(1,702)
Change in fair value of hedging instruments	-	-	-	-	27	-	-	-	-	-	27	186	213
Exchange differences arising on translation of foreign operations	-	-	-	-	-	957	-	-	-	-	957	(2,097)	(1,140)
Share of exchange differences of associates	-	-	-	-	-	1,052	-	-	-	-	1,052	-	1,052
Share of exchange differences of joint ventures	-	-	-	-	-	4	-	-	-	-	4	-	4
Reclassification of exchange reserve upon deemed disposal of interest in an associate	-	-	-	-	-	54,912	-	-	-	-	54,912	-	54,912
Other comprehensive income/(loss) for the period	-	-	-	-	(1,675)	56,925	-	-	-	10,367,403	55,250	(1,911)	53,339
Profit/(loss) for the period	-	-	-	-	-	-	-	-	-	10,367,403	10,367,403	(260,628)	10,106,775
Total comprehensive income/(loss) for the period	-	-	-	-	(1,675)	56,925	-	-	-	10,367,403	10,422,653	(262,539)	10,160,114
Recognition of equity-settled share based payments	-	-	-	-	-	-	30,316	-	33,192	-	63,508	27,860	91,368
Transfer of share options reserve upon expiry of share options	-	-	-	-	-	-	(62,184)	-	-	62,184	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	45,308	(40,285)	(5,023)	-	-	-
Purchase of shares for unvested shares under the share award schemes	-	-	-	-	-	-	-	(99,149)	-	-	(99,149)	-	(99,149)
Final 2015 dividend declared (Note 9)	-	-	-	-	-	-	-	-	-	(30,933)	(30,933)	-	(30,933)
Share of special reserve of an associate	-	-	(2,191)	-	-	-	-	-	-	-	(2,191)	-	(2,191)
Acquisition of partial interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(10,098)	(10,098)
Reclassification of special reserve and other revaluation reserve upon deemed disposal of interest in an associate	-	-	(148,174)	-	(201,273)	-	-	-	-	-	(349,447)	-	(349,447)
Deemed acquisition of a subsidiary (Note 22)	-	-	-	-	-	-	-	-	-	-	-	34,713,568	34,713,568
At 30 June 2016 (Unaudited)	5,436,556	7,053*	311,306*	5,796*	(1,675)*	(20,322)*	218,779*	(138,466)*	8,094*	16,563,157*	22,390,278	34,861,406	57,251,684

* These reserve accounts comprise the consolidated reserves of HK\$13,331,620,000 (30 June 2016: HK\$16,953,722,000) in the condensed consolidated statement of financial position as at 30 June 2017.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2017

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Net cash from operating activities	4,963,862	1,694,778
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of bank deposits with original maturities more than three months when acquired	(594,123)	(2,614,248)
Interest received	20,881	-
Purchases of items of property, plant and equipment	(463,618)	(812,545)
Payments and deposits for construction cost	(1,337,421)	(208,877)
Purchase of structured notes	-	(50,000)
Purchase of other intangible assets	(1,210)	(7,298)
Additions to investment properties	-	(305)
Payment for entertainment production costs	-	(257)
Cash acquired through deemed acquisition of a subsidiary	-	9,910,250
Redemption of bank deposits with original maturities over three months upon maturity	3,161,902	1,729,049
Dividend received from an associate	-	965,443
Release/(placement) of restricted cash	(22,866)	146,365
Proceed from disposal of a subsidiary (Note 20)	4,003	-
Proceeds from disposal of property, plant and equipment	4,286	33,264
Decrease in amount due from an associate	6,613	-
Net cash from investing activities	778,447	9,090,841

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing borrowings	8,013,400	-
Interest paid	(938,176)	(306,082)
Payments of obligations under finance leases	(128,323)	(41,348)
Purchase of shares for unvested shares under the share award schemes	-	(99,149)
Proceeds from exercise of share options	21,145	-
Return of earnest money to a project partner	-	(56,496)
Repayment of interest-bearing borrowings	(3,093,009)	(14,485)
Privatization of a subsidiary	(94,905)	-
Acquisition of partial interest of a subsidiary	(8,463,803)	(10,098)
Repurchase of shares	(282,581)	-
Dividend paid to non-controlling shareholders	(2,756,412)	-
Net cash used in financing activities	<u>(7,722,664)</u>	<u>(527,658)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,980,355)	10,257,961
Cash and cash equivalents at beginning of period	13,727,720	467,250
Effect of foreign exchange rate changes	<u>(18,031)</u>	<u>-</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>11,729,334</u>	<u>10,725,211</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>11,729,334</u>	<u>10,725,211</u>

Notes to the Condensed Consolidated Interim Financial Information

AT 30 JUNE 2017

1. CORPORATE INFORMATION

Melco International Development Limited (the “Company”) is a public limited company incorporated in Hong Kong as an investment holding company with limited liability. The address of its registered office 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”).

During the current interim period, the Company and its subsidiaries (collectively referred to as the “Group”) is a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia. The Group currently operates Altira Macau, a casino hotel located at Taipa, the Macau Special Administrative Region of the People’s Republic of China (“Macau”), City of Dreams, an integrated urban casino resort located at Cotai, Macau and Taipa Square Casino, a casino located at Taipa, Macau. The Group’s business also includes Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. The Group also majority owns and operates Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau. In the Philippines, Melco Resorts and Entertainment (Philippines) Corporation (“MRP”) (formerly known as Melco Crown (Philippines) Resorts Corporation), a majority-owned subsidiary of the Company whose common shares are listed on The Philippine Stock Exchange, Inc. under the stock code of “MRP”, through MRP’s subsidiary, Melco Resorts Leisure (PHP) Corporation (“MRP Leisure”) (formerly known as MCE Leisure (Philippines) Corporation), currently operates and manages City of Dreams - Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila.

2.1 BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The financial information relating to the year ended 31 December 2016 that is included in this condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

2.1 BASIS OF PRESENTATION - continued

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.

The Company's predecessor auditor has reported on those consolidated financial statements. The auditor's report for the year ended 31 December 2016 was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2.2 BASIS OF PREPARATION

The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the Group as set out in the Group's annual financial statements for the year ended 31 December 2016, except for the following revised Hong Kong Financial Reporting Standards (the "HKFRSs") that have been adopted by the Group for the first time in 2017 for the current period's interim financial information.

Amendments to HKAS 7	<i>Disclosure Initiative</i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses</i>
Amendments to HKFRS 12	<i>Disclosure of Interests in Other Entities included in Annual Improvements to HKFRSs 2014-2016 Cycle</i>

The adoption of these revised HKFRSs has had no significant financial effect on the interim financial information.

2.3 IMPACT OF ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the interim financial information.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions¹</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts¹</i>
HKFRS 9	<i>Financial Instruments¹</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
HKFRS 15	<i>Revenue from Contracts with Customers¹</i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers¹</i>
HKFRS 16	<i>Leases²</i>
Amendments to HKAS 40	<i>Transfers of Investment Property¹</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration¹</i>
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments²</i>
Annual Improvements 2014-2016 Cycle	Amendments to - HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards¹</i> - HKAS 28 <i>Investments in Associates and Joint Ventures¹</i>

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ No mandatory effective date yet determined but available for adoption

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and services and has two reportable operating 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 (Note 22), the Casino and Hospitality businesses has become the new operating segment of the Group in the annual financial statements since the year ended 31 December 2016. For segment reporting purpose, the other operating segments disclosed in prior interim period including other gaming, leisure and entertainment and property investments are aggregated and reported under “Others” as none of these operating segments meet any of the quantitative thresholds for determining reportable segments. Accordingly, the comparative information has been restated.

Management monitors the results of the Group’s operating 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 period 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 PremierLeisure and Amusement, Inc. (“the Philippine Parties”), land rent to Belle Corporation, corporate expenses, interest income, other income, other 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.

3. OPERATING SEGMENT INFORMATION - continued

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.

For the six-month period ended 30 June 2017 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	20,050,677	58,824	20,109,501
Intersegment sales	<u>2,206</u>	<u>-</u>	<u>2,206</u>
	20,052,883	58,824	20,111,707
Elimination of intersegment sales			<u>(2,206)</u>
Total revenue			<u>20,109,501</u>
Adjusted EBITDA	4,760,231	(28,269)	4,731,962
Adjusted items for Adjusted EBITDA:			
Share options expenses			(100,597)
Share award expenses			(104,230)
Depreciation and amortization			(2,481,923)
Pre-opening costs			(7,782)
Development costs			(31,785)
Property charges and other			(97,461)
Payments to the Philippine Parties			(227,653)
Land rent to Belle Corporation			(12,316)
Gain on disposal of a subsidiary			161,228
Interest income			15,470
Other income, other gains and losses			89,746
Finance costs			(1,400,849)
Corporate expenses			<u>(115,614)</u>
Profit before tax			<u>418,196</u>

3. OPERATING SEGMENT INFORMATION – continued

For the six-month period ended 30 June 2016 (Unaudited and restated):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment revenue:			
Sales to external customers	5,411,741	137,146	5,548,887
Intersegment sales	474	-	474
	5,412,215	137,146	5,549,361
Elimination of intersegment sales			(474)
Total revenue			<u>5,548,887</u>
Adjusted EBITDA	1,205,571	(18,018)	1,187,553
Adjusted items for Adjusted EBITDA:			
Share options expenses			(43,538)
Share award expenses			(47,830)
Depreciation and amortization			(896,143)
Pre-opening costs			(476)
Development costs			(8)
Property charges and other			(10,327)
Payments to the Philippine Parties			(43,763)
Land rent to Belle Corporation			(4,384)
Interest income			21,359
Other income, other gains and losses			21,557
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			(383,678)
Corporate expenses			(68,331)
Profit before tax			<u>10,117,455</u>

3. OPERATING SEGMENT INFORMATION - continued

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

30 June 2017 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	95,308,660	1,582,611	96,891,271
Corporate and other unallocated assets			<u>74,555</u>
Total assets			<u><u>96,965,826</u></u>
Segment liabilities	42,645,172	91,991	42,737,163
Corporate and other unallocated liabilities			<u>9,254,517</u>
Total liabilities			<u><u>51,991,680</u></u>

31 December 2016 (Audited):

	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			<u>82,306</u>
Total assets			<u><u>103,650,932</u></u>
Segment liabilities	42,672,897	85,842	42,758,739
Corporate and other unallocated liabilities			<u>3,848,700</u>
Total liabilities			<u><u>46,607,439</u></u>

4. REVENUE

An analysis of the Group's revenue is as follows:

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Casino revenue	18,711,124	5,003,966
Entertainment and resort facilities revenue:		
Entertainment, retail and others	748,751	215,168
Catering service income	353,842	147,648
Rooms	277,951	85,838
Lottery business:		
Provision of services and solutions for distribution of lottery products	396	394
Trading of lottery terminals and parts	9,586	33,644
Electronic gaming machines participation	5,234	47,653
Manufacture and distribution of gaming chips and plaques	-	12,476
Property rental income	1,849	2,100
Others	768	-
	<u>20,109,501</u>	<u>5,548,887*</u>

* The amount of the Group's revenue for the six-month period ended 30 June 2016 included the revenue of Melco Resorts since the acquisition date of 9 May 2017, the date of the Group obtained control over Melco Resorts.

5. SPECIAL GAMING TAX, OTHER LICENSE FEES AND OTHER RELATED TAXES

According to the Macau gaming sub-concession contract, Melco Resorts (Macau) Limited ("Melco Resorts Macau") (formerly known as Melco Crown (Macau) Limited), a subsidiary of the Group, is required to pay to the local government of Macau ("the Macau Government") a special gaming tax, gaming premium and special levy annually. The special gaming tax is assessed at the rate of 35% of the gross gaming revenue (being the aggregate net difference between gaming wins and losses before deducting sales incentives) of Melco Resorts Macau. The gaming premium is composed of (i) a fixed portion of Macau Patacas ("MOP") 30 million (equivalent to approximately HK\$29 million); and (ii) a variable portion that is calculated based on the number of gaming tables and gaming machines, including slot machines, operated by Melco Resorts Macau during the period. The special levy includes (i) an amount corresponding to 1.6% of the gross gaming revenue that will be paid to a public foundation whose purposes are the promotion, study and development of cultural, social, economic, educative, scientific, academic and philanthropic activities in Macau; and (ii) an amount corresponding to 2.4% of the gross gaming revenue for the purposes of urban development, tourism promotion and social security of Macau.

5. SPECIAL GAMING TAX, OTHER LICENSE FEES AND OTHER RELATED TAXES – continued

The Group is required to pay license fees to the Philippine Amusement and Gaming Corporation (“PAGCOR”), which is remitted on a monthly basis, in lieu of all taxes with reference to the income component of the gross gaming revenues generated by the Philippines subsidiary: (a) 15% high roller tables; (b) 25% non-high roller tables; (c) 25% slot machines and electronic gaming machines; and (d) 15% junket operation. The license fees are inclusive of the 5% franchise tax under the terms of PAGCOR charter.

In May 2014, PAGCOR temporarily allowed to reallocate 10% of the license fees for payment of corporate income taxes effective from 1 April 2014. The said reallocation of 10% of the license fees was required to be used for subsidizing the payment of corporate income taxes and any portion not used for such payment must be paid to PAGCOR. On 15 August 2016, PAGCOR discontinued the 10% license fee adjustment.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Interest on		
– bank borrowings	116,753	88,453
– bonds and notes	875,682	207,317
– obligation under finance leases	153,630	53,449
Amortization of finance costs	94,492	61,564
Loss on extinguishment of debts	261,872	-
Other financing costs	37,725	10,312
	<u>1,540,154</u>	<u>421,095</u>
Less: capitalized interest allocated to construction in progress	<u>(139,305)</u>	<u>(37,417)</u>
	<u>1,400,849</u>	<u>383,678</u>

7. PROFIT BEFORE TAX

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

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Depreciation	1,855,540	630,734
Amortization of gaming license and subconcession	544,502	238,603
Amortization of land use rights	80,378	26,806
Amortization of other intangible assets	1,503	-
Rental and utilities expenses [#]	464,379	165,454
Employee benefits expenses (including directors' and chief executive's remuneration):		
Wages, salaries and other staff costs	3,210,515	1,036,971
Share options expenses	100,597	43,538
Share award expenses	104,230	47,830
	<u>3,415,342</u>	<u>1,128,339</u>
Advertising, marketing and promotions [#]	318,695	129,970
Other gaming operations expenses [#]	1,832,967	531,011
Bank interest income	<u>(15,470)</u>	<u>(21,359)</u>

[#] Included in "Other expenses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.

8. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Under the Law of the People's Republic of China ("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 12% on the estimated taxable income earned in or derived from Macau during the period, if applicable. Melco Resorts 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 pursuant to the approval notices 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. The non-gaming profits of Melco Resorts Macau 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 MRP Leisure, 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 period, 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 PAGCOR, shall be exempted 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 in a resolution dated 28 November 2016. Based on the Supreme Court decision, MRP 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 the PAGCOR charter, are paid.

Pursuant to a tax concession arrangement for shareholders of Melco Resorts Macau approved by the Macau Government in 2013, an annual lump sum amount of MOP22,400,000 (equivalent to HK\$21,748,000) is payable by Melco Resorts Macau to the Macau Government 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. Such annual lump sum tax payments are required regardless of whether dividends are actually distributed or whether Melco Resorts Macau has distributable profits in the relevant year. Melco Resorts Macau has also applied for an additional 5-year extension for the tax concession arrangement. Such application is being reviewed by the Macau Government as of the date of the approval of these condensed interim consolidated financial information for issuance.

8. INCOME TAX EXPENSE - continued

During the six-month period ended 30 June 2017, the Company disposed of a subsidiary and according to the sales 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 period. Particulars regarding the disposal of the subsidiary are disclosed in note 20.

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

An analysis of the income tax charges for the period is as follows:

	For the six-month period ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
Macau Complementary Tax	95	3,023
Lump sum in lieu of Macau Complementary tax on dividends	10,874	3,625
Hong Kong Profits Tax	7,379	470
PRC Enterprise Income Tax	83	458
PRC Capital Gains Tax	31,980	-
Other jurisdictions	364	1,678
Sub-total	50,775	9,254
Overprovision in prior periods:		
Macau Complementary Tax	(18,496)	-
Other jurisdictions	(3,247)	(37)
Sub-total	(21,743)	(37)
Deferred tax	33,732	1,463
Total	62,764	10,680

9. DIVIDENDS

During the six-month period ended 30 June 2017, a special final dividend of HK2.0 cents per share, totalling approximately HK\$30,876,000, in respect of the year ended 31 December 2016 was declared to the shareholders of the Company (six-month period ended 30 June 2016: HK2.0 cents per share, totalling approximately HK\$30,933,000, in respect of the year ended 31 December 2015 was declared to the shareholders of the Company).

Subsequent to the end of the current interim period, the Board has determined that an interim dividend of HK2.2 cents per share, totalling approximately HK\$33,670,000 (six-month period ended 30 June 2016: a special interim dividend of HK1.5 cents per share, totalling approximately HK\$23,200,000), will be paid to the shareholders of the Company.

10. 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:

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	164,586	10,367,403*
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	(5,849)	(984)
Earnings for the purpose of diluted earnings per share	<u>158,737</u>	<u>10,366,419</u>

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY - continued

	For the six-month period ended 30 June	
	2017 (Unaudited)	2016 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,530,667,772	1,539,537,391
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	13,084,229	3,622,644
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,543,752,001</u>	<u>1,543,160,035</u>

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

During the six-month period ended 30 June 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 are higher than the average market price of the Company's shares. In addition, the potential ordinary shares of subsidiaries of the Company had potential dilutive effect and adjusted the earnings for the purpose of diluted earnings per share.

* Earnings for the six-month period ended 30 June 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.

11. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2017, the Group incurred approximately HK\$331,438,000 (six-month period ended 30 June 2016: HK\$849,962,000) mainly on leasehold improvements, machinery and equipment, gaming equipment and furniture, fixtures and equipment for the Group's office and gaming premises. There were disposals of property, plant and equipment of HK\$25,995,000 during the six-month period ended 30 June 2017 (six-month period ended 30 June 2016: HK\$22,419,000).

During the six-month period ended 30 June 2016, HK\$47,488,086,000 of the property, plant and equipment comprising hotel buildings, furniture, fixtures and equipment, leasehold improvements, plant and gaming machinery, transportation and construction in progress were acquired through the deemed acquisition of Melco Resorts on 9 May 2016.

12. INVESTMENT PROPERTIES

The fair values of the Group's investment properties as at 30 June 2017 have been determined by the directors of the Company. No valuation has been performed by independent qualified professional valuers. The valuation performed by the directors of the Company was arrived at with reference to market evidence of transaction prices for similar properties in similar locations.

13. TRADEMARKS

The Group's trademarks were acquired through the deemed acquisition of Melco Resorts on 9 May 2016 and have a legal life of 7 years but are renewable every 7 years at minimal cost. The directors of the Company are of the opinion that the Group will renew the trademarks continuously and has the ability to do so. Studies, including market, competitive trends and brand extension opportunities have been performed by the management of the Group, which support the assumption that the trademarks have no foreseeable limits to the period over which the trademarked businesses are expected to generate net cash flows for the Group. As a result, the trademarks are considered by the management of the Group to have an indefinite useful life because they are expected to contribute to net cash inflows and will not be amortized until their useful lives are determined to be finite.

14. OTHERS FINANCIAL ASSETS

	Notes	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Current assets			
Held-for-trading investment	(a)	11	26
Structured notes		-	50,065
Pledged bank deposits		947	947
Amount due from a related company	(c)	57	4,156
Restricted cash		327,466	304,600
		<u>328,481</u>	<u>359,794</u>
Non-current assets			
Structured notes		-	50,045
Available-for-sale investment	(b)	22,153	33,907
Amount due from an associate	(c)	46,949	53,562
Restricted cash		1,013	1,013
		<u>70,115</u>	<u>138,527</u>

14. OTHERS FINANCIAL ASSETS – continued

Notes:

- (a) Held-for-trading investment as at 30 June 2017 represents an investment in equity securities listed in Hong Kong.

As the investee is a listed entity on the Hong Kong Stock Exchange with its shares traded in an active market, the fair value of the investment as at 30 June 2017 and 31 December 2016 were determined based on a published price quotation available on the Hong Kong Stock Exchange and were classified as Level 1 of the fair value hierarchy.

- (b) As at 30 June 2017, the Group's available-for-sale investment represents an investment in equity securities listed in Hong Kong.

The fair value of the investment as at 30 June 2017 amounted to HK\$22,153,000 (31 December 2016: HK\$33,907,000). For the six-month period ended 30 June 2017, a decrease in fair value of HK\$11,754,000 (six-month period ended 30 June 2016: HK\$1,702,000) was recognized in other comprehensive income.

As the investee is a listed entity on the Hong Kong Stock Exchange with its shares traded in an active market, the fair value of the investment as at 30 June 2017 and 31 December 2016 were determined based on a published price quotation available on the Hong Kong Stock Exchange and were classified as Level 1 of the fair value hierarchy.

- (c) Amount due from an associate is unsecured, non-interest bearing and repayable on 15 July 2020.

Amount due from a related company is unsecured, non-interest bearing and repayable on demand. Mr. Ho, Lawrence Yau Lung, a shareholder with significant influence holding over 20% shareholding in the Company, and also a director of the Company, has a significant shareholding in the related company.

15. TRADE RECEIVABLES

In relation to the gaming operations from the Casino and Hospitality segment, the Group grants unsecured credit lines to gaming promoters based on pre-approved credit limits. The Group typically issues markers to gaming promoters with a credit period of 30 days. There are some gaming promoters for whom credit is granted on a revolving basis based on the Group's monthly credit risk assessment of these gaming promoters.

Credit lines granted to all gaming promoters are subject to monthly review and settlement procedures. For certain approved casino customers, the Group typically allows a credit period of 14 to 28 days on issuance of markers following investigations of creditworthiness. An extended repayment term of typically 90 days may be offered to casino customers with large gaming losses and established credit history.

The Group's trade receivables related to the rooms, food and beverage, entertainment and retail from the Casino and Hospitality segment and Others segment are largely operated on cash on delivery or due immediately on the date of billing, except for those well-established customers to whom credit terms of 30 to 120 days would be granted.

15. TRADE RECEIVABLES - continued

The Group allows credit periods ranging from 30 to 180 days to its trade customers related to the lottery business from Others segment.

The Group allows credit periods of 15 to 30 days to its trade customers related to the electronic gaming machines participation and gaming chips and plaques business from Others segment.

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 1 month	1,143,968	1,666,139
More than 1 month but within 3 months	116,930	191,780
More than 3 months but within 6 months	75,763	62,690
More than 6 months	268,440	100,661
	<u>1,605,101</u>	<u>2,021,270</u>
Provision for impairment	(272,611)	(219,097)
	<u>1,332,490</u>	<u>1,802,173</u>
Less: Non-current portion	(28,964)	(44,803)
	<u>1,303,526</u>	<u>1,757,370</u>

16. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Within 1 month	122,976	123,092
1 to 3 months	5,246	15,999
Over 3 months	5,025	9,237
	<u>133,247</u>	<u>148,328</u>

The trade payables are non-interest bearing. The average credit term on purchases of goods is 90 days.

17. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Current liabilities:		
Outstanding gaming chips and tokens liabilities	2,883,204	3,077,549
Special gaming tax, other license fees and other related taxes payable	1,464,622	1,243,258
Construction costs payable	1,023,681	1,102,282
Customer deposits and ticket sales	2,249,380	2,022,372
Interests payable	180,895	299,707
Dividend payable	31,575	1,140
Other tax payable	31,980	-
Payable for acquisition of property, plant and equipment	209,226	321,794
Accrued operating expenses	673,503	640,582
Accrued gaming promotor and agency commission	34,361	123,269
Accrued gaming related costs	521,013	478,467
Accrued staff costs	1,496,308	1,556,242
Amounts due to related companies (<i>Note</i>)	45,173	-
	<u>10,844,921</u>	<u>10,866,662</u>
Non-current liabilities:		
Accrued staff costs	142,306	110,386
Deferred rental income	130,886	119,478
Deposits received	56,380	57,566
Amounts due to related companies (<i>Note</i>)	5,358	-
Other liabilities	106,589	102,521
	<u>441,519</u>	<u>389,951</u>

Note:

Except for the amounts due to related companies of HK\$5,358,000 classified as non-current liabilities are unsecured, non-interest bearing and repayable after one year, other amounts due to related companies are unsecured, non-interest bearing and repayable on demand. Mr. Ho, Lawrence Yau Lung, a shareholder with significant influence holding over 20% shareholding in the Company, and also a director of the Company, has a significant shareholding in these related companies.

18. INTEREST-BEARING BORROWINGS

	30 June 2017 HK\$'000 (Unaudited) HK\$'000	31 December 2016 HK\$'000 (Audited) HK\$'000
Notes	22,825,117	25,290,987
Bonds	760,000	760,000
Bank loans	572,800	575,290
Term loans	5,407,460	128,657
Syndicated term and revolving loans	6,211,724	3,655,447
	<u>35,777,101</u>	<u>30,410,381</u>
Less: Non-current portion	<u>(33,992,854)</u>	<u>(30,011,421)</u>
Current portion	<u>1,784,247</u>	<u>398,960</u>
Secured	29,531,215	21,703,374
Unsecured and guaranteed	5,699,886	8,161,007
Unsecured and non-guaranteed	546,000	546,000
	<u>35,777,101</u>	<u>30,410,381</u>
Analysed into:		
Borrowings repayable:		
Within one year or on demand	1,784,247	398,960
In the second year	3,102,501	1,706,822
In the third to fifth years, inclusive	25,948,567	28,300,209
Beyond five years	4,941,786	4,390
	<u>35,777,101</u>	<u>30,410,381</u>
The interest rate exposure of the Group's interest-bearing borrowings are as follows:		
Fixed-rate borrowings	23,585,117	26,050,987
Variable-rate borrowings	12,191,984	4,359,394
	<u>35,777,101</u>	<u>30,410,381</u>

18. INTEREST-BEARING BORROWINGS - continued

The range of effective interest rates of the Group's interest-bearing borrowings are as follows:

	30 June 2017 (Unaudited)	31 December 2016 (Audited)
Notes	5% to 8.5%	5% to 8.5%
Bonds	4.15%	4.15%
Bank loans	1.97% to 2.97%	1.82% to 2.82%
Term loans	3.58% to 4.03%	3.52%
Syndicated term and revolving loans	<u>1.71% to 4.47%</u>	<u>2% to 4.75%</u>

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

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
HK\$	7,544,524	4,990,737
US\$	25,938,122	23,100,544
PHP	<u>2,294,455</u>	<u>2,319,100</u>
	<u>35,777,101</u>	<u>30,410,381</u>

19. SHARE CAPITAL

	30 June 2017 (Unaudited) HK\$'000	31 December 2016 (Audited) HK\$'000
Issued and fully paid:		
1,530,461,155 (31 December 2016: 1,543,784,555) ordinary shares	<u>5,473,308</u>	<u>5,437,303</u>

19. SHARE CAPITAL - continued

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital HK\$'000
At 1 January 2016 (Audited)		1,546,663,555	5,436,556
Share repurchased	(a)	(3,000,000)	-
Share options exercised	(b)	<u>121,000</u>	<u>747</u>
At 31 December 2016 and 1 January 2017 (Audited)		1,543,784,555	5,437,303
Share repurchased	(a)	(16,325,000)	-
Share options exercised	(b)	<u>3,001,600</u>	<u>36,005</u>
At 30 June 2017 (Unaudited)		<u>1,530,461,155</u>	<u>5,473,308</u>

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

Notes:

- (a) During the current interim period, the Company repurchased 16,325,000 of its shares on the Hong Kong Stock Exchange for a total consideration of HK\$281,855,000 (before expense) which was paid wholly out of the retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The repurchase was made with a view to enhancing the net assets and earnings per share of the Company. The repurchased shares were cancelled during the period and the total amount paid for the repurchase of the shares of HK\$282,581,000 has been charged to retained profits of the Company.

During the year ended 31 December 2016, the Company repurchased a total of 3,000,000 of its shares at an aggregate consideration of HK\$32,780,000 (before expenses) on the Hong Kong Stock Exchange. The repurchase was made with a view to enhancing the net assets and earnings per share of the Company. All the repurchased shares were subsequently cancelled.

- (b) During the current interim period, the subscription rights attaching to 3,001,600 (year ended 31 December 2016: 121,000) share options were exercised at the average subscription price of HK\$7.04 per share, resulting in the issue of 3,001,600 shares (year ended 31 December 2016: 121,000 shares) for a total cash consideration of HK\$21,145,000. An amount of HK\$14,860,000 (year ended 31 December 2016: HK\$292,000) was transferred from the share options reserve to share capital upon the exercise of the share options.

20. 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 the subsidiary is as follows:

	2017 HK\$'000 (Unaudited)
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
	322,236
Total consideration	322,236
Satisfied by:	
Cash	322,236

20. DISPOSAL OF A SUBSIDIARY - continued

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

	2017 HK\$'000 (Unaudited)
Cash consideration	322,236
Cash and bank balances disposed of	<u>(318,233)</u>
Net inflow of cash and cash equivalents in respect of the disposal of the subsidiary	<u>4,003</u>

21. ACQUISITION OF PARTIAL INTEREST IN A SUBSIDIARY

On 14 December 2016, the Group entered into an agreement to acquire an additional interest of 13.42% of Melco Resorts for consideration of US\$1,188,000,000 (equivalent to approximately HK\$9,242,640,000) less the aggregate amount of the special dividend announced by Melco Resorts on 12 January 2017 paid in respect of the shares acquired on or around 10 February 2017, of US\$87,199,200 (equivalent to approximately HK\$678,410,000). The Group obtained a banking facility amounting to US\$1,000,000,000 (equivalent to HK\$7,780,000,000) and has drawn down US\$700,000,000 (equivalent to HK\$5,446,000,000) to finance part of the consideration of the acquisition.

As a result of the acquisition which was completed on 16 February 2017, the Group's shareholding in Melco Resorts has increased from 37.89% to 51.31%. An amount of HK\$5,784,876,000 (being the proportionate share of the carrying amount of the net assets of Melco Group) has been transferred from non-controlling interests. The difference of HK\$3,457,017,000 between the decrease in the non-controlling interests and the consideration paid has been recognized in the special reserve.

22. DEEMED ACQUISITION OF A SUBSIDIARY

On 4 May 2016, Melco Resorts, a then associate of the Group, entered into a share repurchase agreement with Crown Asia Investments Pty. Ltd., (“Crown Sub”), a wholly-owned subsidiary of Crown Resorts Limited (“Crown”) pursuant to which Melco Resorts agreed to repurchase 155,000,000 ordinary shares from Crown Sub for a consideration of US\$800,838,500 (equivalent to approximately HK\$6,206,498,000) (the “Share Repurchase”). In connection with the Share Repurchase, the Company, Melco Leisure and Entertainment Group Limited, Crown, Crown Sub and Melco Resorts entered into the Supplemental Shareholders’ Deed to amend certain terms to the amended and restated shareholders’ deed relating to Melco Resorts dated 12 December 2007 and the Memorandum and Articles of Association of Melco Resorts. Immediately prior to the Share Repurchase, Melco Resorts was owned by the Group, Crown Sub and public shareholders as to approximately 34.3%, 34.3% and 31.4%, respectively. After effecting the Share Repurchase on 9 May 2016, the equity interest of Crown Sub in Melco Resorts was reduced to approximately 27.4%, while the equity interests of the Group and public shareholders in Melco Resorts were increased to approximately 37.9% and 34.7%, respectively, and the Group became the single largest shareholder of Melco Resorts. Following the Supplemental Shareholders’ Deed coming into effect on the same date, the Group obtained control of Melco Resorts which became an accounting subsidiary of the Group. This deemed acquisition was accounted for as a business combination.

The goodwill arising from the deemed acquisition was summarized below:

	HK\$’000
<hr/>	
Consideration transferred:	
Fair value of the Group’s previously held interest in Melco Resorts (<i>Note</i>)	20,912,855
Non-controlling interests recognized for obtaining control over Melco Resorts	34,713,568
Less: fair value of identified net assets acquired	<u>(50,326,972)</u>
Goodwill arising from deemed acquisition	<u>5,299,451</u>

Note: The difference between the fair value and the Group’s carrying amount of its interest in Melco Resorts immediately before the business combination of approximately HK\$10,440,376,000 and the Group’s cumulative share of the exchange reserve of Melco Resorts of approximately HK\$54,912,000, were recognized in profit or loss as a gain on deemed disposal of the previously held interest in Melco Resorts as an associate.

Further details of the deemed acquisition are included in note 39 to the annual consolidated financial statements for the year ended 31 December 2016.

23. CAPITAL COMMITMENTS

The Group had the following commitments at the end of the reporting period:

	30 June 2017 HK\$'000 (Unaudited)	31 December 2016 HK\$'000 (Audited)
Capital commitments		
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated interim financial information	<u>1,819,186</u>	<u>2,733,163</u>

24. OTHER COMMITMENTS

The other commitments of the Group set out below were arisen from the deemed acquisition of Melco Resorts on 9 May 2016 (Note 22).

Gaming Subconcession

On 8 September 2006, the Macau Government granted a gaming subconcession to Melco Resorts Macau, a subsidiary of the Group, to operate the gaming business in Macau. Pursuant to the gaming subconcession agreement, Melco Resorts Macau has committed to pay for the premium of the gaming subconcession to the Macau Government.

In addition, Melco Resorts Macau must maintain a guarantee issued by a Macau bank in favour of the Macau Government in a maximum amount of MOP300,000,000 (equivalent to HK\$291,262,000) until the 180th day after the termination date of the gaming subconcession.

Further details of the Gaming Subconcession are included in note 42 to the annual consolidated financial statements for the year ended 31 December 2016.

Land Concession Contracts

The Group's subsidiaries have entered into concession contracts for the land in Macau on which Altira Macau, City of Dreams and Studio City properties and development projects are located. The title to the land lease right was obtained once the related land concession contract was published in the Macau official gazette.

(a) Altira Macau

On 18 December 2013, the Macau Government published in the Macau official gazette the final amendment for revision of the land concession contract for Taipa Land on which Altira Macau is located.

24. OTHER COMMITMENTS - continued

Land Concession Contracts - continued

(b) *City of Dreams*

On 29 January 2014, the Macau Government published in the Macau official gazette the final amendment for revision of the land concession contract for Cotai Land on which City of Dreams is located.

(c) *Studio City*

On 23 September 2015, the Macau Government published in the Macau official gazette the final amendment for revision of the land concession contract for Studio City land on which Studio City is located.

In October 2016, the Group filed an application with the Macau Government requesting an extension of the development period under the land concession contract for Studio City Land. Such application is being reviewed by the Macau Government as of the date of this report.

Further details of the Land Concession Contracts are included in note 42 to the annual consolidated financial statements for the year ended 31 December 2016.

Regular License

PAGCOR issued the Regular License ("Regular License") dated 29 April 2015 in replacement of the Provisional License to the PAGCOR licensees ("Licensees"), one of which is MRP, for the operation of City of Dreams - Manila.

Further details of the commitment of the Group required by PAGCOR under the Regular License are included in note 42 to the annual consolidated financial statements for the year ended 31 December 2016.

Philippine Parties under the cooperation agreement ("Cooperation Agreement")

Under the terms of the Cooperation Agreement, the Licensees are jointly and severally liable to PAGCOR under the Regular License and each Licensee ("indemnifying Licensee") must indemnify the other Licensee for any loss suffered or incurred by that Licensee arising out of, or in connection with, any breach by the indemnifying Licensee of the Regular License. Also, each of the Philippine Parties and MPHIL Holdings No. 1 Corporation (formerly known as "MCE Holdings (Philippines) Corporation") and its subsidiaries agreed to indemnify the non-breaching party for any loss suffered or incurred as a result of a breach of any warranty.

25. RELATED PARTY TRANSACTIONS

- (a) The Group had the following significant transactions with related parties during the reporting period:

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Catering income received from directors and related companies (Note (a))	475	738
Service income received from associates	143	2,062
Service income received from a related company (Note (a))	120	120
Sales of gaming products to associates	-	2,512
Purchase of lottery terminals, parts and hardware from an entity controlled by a non-controlling shareholder of a subsidiary	9,116	-
Purchase of property, plant and equipment from a related company (Note (a))	41,258	-

Notes:

- (a) Mr. Ho Lawrence Yau Lung, a shareholder with significant influence holding over a 20% shareholding in and also a director of the Company, has a significant shareholding in these related companies.
- (b) The above transactions are charged at rates mutually determined with the related parties.
- (b) Compensation of key management personnel of the Group:

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and the senior management, is as follows:

	For the six-month period ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Short term employee benefits	55,058	21,882
Post-employment benefits	1,102	69
Equity-settled share option expense	95,075	59,427
	151,235	81,378

26. FAIR VALUE AND FAIR VALUE HIERARCHY

This note provides information about how the Group determines fair values of various financial assets.

Fair value of financial assets that are not measured at fair value on a recurring basis

The fair values of the financial assets and liabilities have been assessed by the directors of the Company in accordance with generally accepted pricing models based on a discounted cash flow analysis.

Based on the results of the assessment, the directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated interim financial information that are not measured at fair value on a recurring basis approximate their fair values.

27. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified and re-presented to conform to the current period's presentation and disclosures.

28. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorized for issue by the board of directors on 31 August 2017.

Other Information

INTERIM 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 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 six-month period ended 30 June 2017, the Group recorded a profit attributable to shareholders of HK\$164.6 million. The board of directors of the Company (the “Board” or the “Director(s)”) has resolved to declare an interim dividend of HK2.2 cents per share (six-month period ended 30 June 2016: a special dividend of HK1.5 cents per share) for the six-month period ended 30 June 2017 to shareholders whose names appear on the Register of Members of the Company on Tuesday, 19 September 2017. The dividend is expected to be paid on Friday, 29 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Friday, 15 September 2017 to Tuesday, 19 September 2017, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all share certificates with completed transfer forms 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 Thursday, 14 September 2017.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the interests and short position of each Director and chief executive of the Company and their respective associates in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") to be notified to the Company and the Hong Kong Stock Exchange were as follows:

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

(a) Ordinary shares of the Company

Name of Director	Number of ordinary shares held			Total	Approximate % of total issued shares ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Other interests ⁽⁴⁾		
Mr. Ho, Lawrence Yau Lung	34,939,132	473,521,077 ⁽⁵⁾	306,382,187 ⁽⁶⁾	814,842,396	53.24%
Mr. Evan Andrew Winkler	71,000	-	-	71,000	0.00%
Mr. Chung Yuk Man, Clarence	3,350,440	-	-	3,350,440	0.22%
Mr. Tsui Che Yin, Frank	4,679,660	-	-	4,679,660	0.31%
Mr. Ng Ching Wo	92,000	-	-	92,000	0.01%
Mr. Chow Kwong Fai, Edward	7,000	-	-	7,000	0.00%
Mr. Sham Sui Leung, Daniel	90,000	-	-	90,000	0.01%
Dr. Tyen Kan Hee, Anthony	18,000	-	-	18,000	0.00%

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

Name of Director	Number of underlying shares held pursuant to share options ^(2&7)	Number of awarded shares held ^(2&8)	Total	Approximate % of total issued shares ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	3,000,000	2,200,000	5,200,000	0.34%
Mr. Evan Andrew Winkler	5,946,000	3,095,000	9,041,000	0.59%
Mr. Chung Yuk Man, Clarence	2,956,000	165,000	3,121,000	0.20%
Mr. Tsui Che Yin, Frank	3,450,000	68,000	3,518,000	0.23%
Mr. Ng Ching Wo	1,205,000	19,000	1,224,000	0.08%
Mr. Chow Kwong Fai, Edward	47,000	12,000	59,000	0.00%
Mr. Sham Sui Leung, Daniel	1,194,000	16,000	1,210,000	0.08%
Dr. Tyen Kan Hee, Anthony	1,000,000	19,000	1,019,000	0.07%

Notes:

- As at 30 June 2017, the total number of issued shares of the Company was 1,530,461,155.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- This represents interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
- The 473,521,077 shares relate to the 294,527,606 shares, 119,303,024 shares, 50,830,447 shares, 7,294,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust and Maple Peak Investments Inc. respectively, representing approximately 19.24%, 7.80%, 3.32%, 0.48% and 0.10% of the total issued shares of the Company. All of such companies/trust are owned by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies and trust.
- In addition to the deemed interests as stated in note 5 above, Mr. Ho, Lawrence Yau Lung is also taken to have interests in the 306,382,187 shares held by Great Respect Limited, representing approximately 20.02% of the total issued shares of the Company, by virtue of him being one of the beneficiaries of a discretionary family trust for the purpose of the SFO. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members.
- Details of share options granted to the Directors pursuant to the share option schemes of the Company are set out in the "Share Option Schemes" section of this report.
- Details of awarded shares granted to the Directors pursuant to the Share Purchase Scheme adopted by the Company on 18 October 2007 are set out in the "Share Award Schemes" section of this report.

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

(A) *Melco Resorts & Entertainment Limited (“Melco Resorts”) (Formerly known as Melco Crown Entertainment Limited) (a listed subsidiary of the Company)*

(a) Ordinary shares of Melco Resorts

Name of Director	Number of ordinary shares held			Approximate % of total issued shares ⁽¹⁾
	Personal interests ⁽²⁾	Corporate interests ⁽³⁾	Total	
Mr. Ho, Lawrence Yau Lung	4,283,117	757,229,043 ⁽⁴⁾	761,512,160	51.51%
Mr. Chung Yuk Man, Clarence	62,269	-	62,269	0.00%

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

Name of Director	Number of underlying shares held pursuant to stock options ^(2 & 5)	Number of restricted shares held ^(2 & 6)	Total	Approximate % of total issued shares ⁽¹⁾
Mr. Ho, Lawrence Yau Lung	9,720,813	1,410,894	11,131,707	0.75%
Mr. Evan Andrew Winkler	-	24,273	24,273	0.00%
Mr. Chung Yuk Man, Clarence	194,664	43,692	238,356	0.02%

Notes:

- As at 30 June 2017, the total number of issued shares of Melco Resorts was 1,478,429,243.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- In May 2017, Melco Resorts launched an underwritten offering (the “Offering”) of 27,769,248 American depositary shares, each representing three ordinary shares of Melco Resorts (“Melco Resorts Shares”), and 81,995,799 Melco Resorts Shares.

On completion of the Offering, 81,995,799 Melco Resorts Shares were delivered to Melco Leisure and Entertainment Group Limited (“Melco Leisure”), a wholly-owned subsidiary of the Company, to satisfy the obligations of the three dealers and/or their respective affiliates (the “Borrowers”) under the stock loan agreements entered into between Melco Leisure and the Borrowers dated 15 December 2016 to return the 81,995,799 Melco Resorts Shares loaned to the Borrowers in conjunction with certain cash-settled swap transactions entered into in December 2016.

Melco Resorts also repurchased 165,303,544 Melco Resorts Shares from Crown Asia Investments Pty. Ltd. (“Crown Asia”) (“Repurchase Transaction”) by using the net proceeds of the Offering for the Repurchase Transaction.

By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in 757,229,043 Melco Resorts Shares which are being held by Melco Leisure as a result of his interest in approximately 53.24% of the total issued shares of the Company.

5. Details of stock options granted to the Directors by Melco Resorts are set out in the "Share Option Schemes" section of this report.
6. Details of restricted shares granted to the Directors by Melco Resorts are set out in the "Share Award Schemes" section of this report.

(B) *Melco Resorts and Entertainment (Philippines) Corporation ("Melco Resorts Philippines") (Formerly known as Melco Crown (Philippines) Resorts Corporation) (a listed subsidiary of the Company)*

(a) Common shares of Melco Resorts Philippines

Name of Director	Number of common shares held⁽²⁾	Approximate % of total issued shares⁽¹⁾
Mr. Ho, Lawrence Yau Lung	7,803,638	0.14%
Mr. Chung Yuk Man, Clarence	6,463,038	0.11%

(b) Restricted shares granted by Melco Resorts Philippines

Name of Director	Number of restricted shares held^(2 & 3)	Approximate % of total issued shares⁽¹⁾
Mr. Ho, Lawrence Yau Lung	5,462,546	0.10%
Mr. Chung Yuk Man, Clarence	5,401,773	0.10%

Notes:

1. As at 30 June 2017, the total number of issued shares of Melco Resorts Philippines was 5,665,328,150.
2. This represents interests held by the relevant Director as beneficial owner.
3. Details of restricted shares granted to the Directors by Melco Resorts Philippines are set out in the "Share Award Schemes" section of this report.

Save as disclosed above, as at 30 June 2017, none of the Directors or chief executive of the Company and their respective associates had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEMES

(I) The Company

The share option scheme adopted on 8 March 2002 (the “2002 Share Option Scheme”) had expired on 7 March 2012. No options may be and have been granted under that scheme after the expiry date, but the options granted before the expiry date continue to be valid and exercisable in accordance with their terms of issue. Subject to the aforesaid, the provisions of the 2002 Share Option Scheme remain in full force and effect, notwithstanding the expiry of the scheme.

At the annual general meeting of the Company held on 30 May 2012, the shareholders of the Company approved the adoption of a new share option scheme (the “2012 Share Option Scheme”), under which the Directors may, at their discretion, grant to participants of the 2012 Share Option Scheme options to subscribe for the Company’s shares, subject to the terms and conditions stipulated therein. The 2012 Share Option Scheme will expire on 29 May 2022.

Movements of share options granted under the 2002 Share Option Scheme and 2012 Share Option Scheme during the six-month period ended 30 June 2017 are set out below:

Under the 2002 Share Option Scheme

Category of participants	Number of share options					As at 30 June 2017	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Reclassified during the period				
Directors									
Mr. Chung Yuk Man, Clarence	170,000	-	-	-	-	170,000	07.04.2010	3.76	5
	330,000	-	-	-	-	330,000	27.01.2012	7.1	7
Mr. Tsui Che Yin, Frank	170,000	-	-	-	-	170,000	07.04.2010	3.76	5
	1,200,000	-	-	-	-	1,200,000	27.01.2012	7.1	7
Mr. Ng Ching Wo	51,000	-	-	-	-	51,000	28.02.2008	11.5	8
	91,000	-	-	-	-	91,000	03.04.2009	2.99	4
	60,000	-	-	-	-	60,000	07.04.2010	3.76	9
	350,000	-	-	-	-	350,000	08.04.2011	5.75	6
	210,000	-	-	-	-	210,000	27.01.2012	7.1	7
Mr. Sham Sui Leung, Daniel	51,000	-	-	-	-	51,000	28.02.2008	11.5	8
	91,000	-	-	-	-	91,000	03.04.2009	2.99	4
	60,000	-	-	-	-	60,000	07.04.2010	3.76	9
	350,000	-	-	-	-	350,000	08.04.2011	5.75	6
	210,000	-	-	-	-	210,000	27.01.2012	7.1	7
Dr. Tyen Kan Hee, Anthony	350,000	-	-	-	-	350,000	08.04.2011	5.75	6
	210,000	-	-	-	-	210,000	27.01.2012	7.1	7
Sub-total	3,954,000	-	-	-	-	3,954,000			
Employees									
	91,300	-	(24,400)	-	-	66,900	01.04.2008	10.804	3
	111,000	-	(32,000)	-	-	79,000	03.04.2009	2.99	4
	399,000	-	(253,000)	-	-	146,000	07.04.2010	3.76	5
	1,032,000	-	(545,000)	-	-	487,000	08.04.2011	5.75	6
	2,133,400	-	(371,700)	-	-	1,761,700	27.01.2012	7.1	7
Sub-total	3,766,700	-	(1,226,100)	-	-	2,540,600			
Others⁽⁶⁾									
	102,000	-	(51,000)	-	-	51,000	28.02.2008	11.5	8
	110,200	-	(15,000)	-	-	95,200	01.04.2008	10.804	3
	211,000	-	(91,000)	-	-	120,000	03.04.2009	2.99	4
	445,000	-	(110,000)	-	-	335,000	07.04.2010	3.76	5
	536,000	-	(412,000)	-	-	124,000	08.04.2011	5.75	6
	951,000	-	(309,000)	-	-	642,000	27.01.2012	7.1	7
Sub-total	2,355,200	-	(988,000)	-	-	1,367,200			
Total	10,075,900	-	(2,214,100)	-	-	7,861,800			

Under the 2012 Share Option Scheme

Category of participants	Number of share options					As at 30 June 2017	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Reclassified during the period				
Directors									
Mr. Ho, Lawrence Yau Lung	1,500,000	-	-	-	-	1,500,000	08.04.2016	10.24	11
	-	1,500,000	-	-	-	1,500,000	10.04.2017	15.00	13
Mr. Evan Andrew Winkler	2,968,000	-	-	-	-	2,968,000	01.09.2016	8.69	12
	-	852,000	-	-	-	852,000	10.04.2017	15.00	14
	-	2,126,000	-	-	-	2,126,000	07.06.2017	20.066	15
Mr. Chung Yuk Man, Clarence	2,219,000	-	-	-	-	2,219,000	08.04.2016	10.24	10
	-	237,000	-	-	-	237,000	10.04.2017	15.00	14
Mr. Tsui Che Yin, Frank	2,080,000	-	-	-	-	2,080,000	08.04.2016	10.24	10
Mr. Ng Ching Wo	395,000	-	-	-	-	395,000	08.04.2016	10.24	10
	-	48,000	-	-	-	48,000	10.04.2017	15.00	14
Mr. Chow Kwong Fai, Edward	14,000	-	-	-	-	14,000	08.04.2016	10.24	10
	-	33,000	-	-	-	33,000	10.04.2017	15.00	14
Mr. Sham Sui Leung, Daniel	390,000	-	-	-	-	390,000	08.04.2016	10.24	10
	-	42,000	-	-	-	42,000	10.04.2017	15.00	14
Dr. Tyen Kan Hee, Anthony	392,000	-	-	-	-	392,000	08.04.2016	10.24	10
	-	48,000	-	-	-	48,000	10.04.2017	15.00	14
Sub-total	<u>9,958,000</u>	<u>4,886,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,844,000</u>			
Employees									
	5,691,000	-	(459,500)	(206,500)	(344,000)	4,681,000	08.04.2016	10.24	10
	-	630,000	-	-	(174,000)	456,000	10.04.2017	15.00	14
Sub-total	<u>5,691,000</u>	<u>630,000</u>	<u>(459,500)</u>	<u>(206,500)</u>	<u>(518,000)</u>	<u>5,137,000</u>			
Others⁽¹⁶⁾									
	2,604,000	-	(328,000)	-	344,000	2,620,000	08.04.2016	10.24	10
	-	-	-	-	174,000	174,000	10.04.2017	15.00	14
Sub-total	<u>2,604,000</u>	<u>-</u>	<u>(328,000)</u>	<u>-</u>	<u>518,000</u>	<u>2,794,000</u>			
Total	<u>18,253,000</u>	<u>5,516,000</u>	<u>(787,500)</u>	<u>(206,500)</u>	<u>-</u>	<u>22,775,000</u>			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. During the six-month period ended 30 June 2017, no share options were cancelled under the 2002 Share Option Scheme and 2012 Share Option Scheme. In respect of the share options exercised during the period, the weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$18.32.
3. The share options granted on 1 April 2008 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 31 March 2018.
4. The share options granted on 3 April 2009 are divided into 3 tranches exercisable from 3 April 2010, 3 April 2011 and 3 April 2012 respectively to 2 April 2019.
5. The share options granted on 7 April 2010 are divided into 6 tranches exercisable from 7 April 2010, 7 April 2011, 7 April 2012, 7 April 2013, 7 April 2014 and 7 April 2015 respectively to 6 April 2020.
6. The share options granted on 8 April 2011 are divided into 4 tranches exercisable from 5 May 2011, 8 April 2012, 8 April 2013 and 8 April 2014 respectively to 7 April 2021.
7. The share options granted on 27 January 2012 are divided into 4 tranches exercisable from 27 January 2012, 27 January 2013, 27 January 2014 and 27 January 2015 respectively to 26 January 2022.
8. The share options granted on 28 February 2008 are divided into 3 tranches exercisable from 1 April 2009, 1 April 2010 and 1 April 2011 respectively to 27 February 2018.
9. The share options granted on 7 April 2010 are divided into 3 tranches exercisable from 7 April 2011, 7 April 2012 and 7 April 2013 respectively to 6 April 2020.
10. The share options granted on 8 April 2016 are divided into 4 tranches exercisable from 8 April 2016, 8 April 2017, 8 April 2018 and 8 April 2019 respectively to 7 April 2026.
11. The share options granted on 8 April 2016 are divided into 2 tranches exercisable from 8 April 2016 and 8 April 2017 respectively to 7 April 2026.
12. The share options granted on 1 September 2016 are divided into 2 tranches exercisable from 2 August 2018 and 2 August 2019 respectively to 31 August 2026.
13. The share options granted on 10 April 2017 are divided into 2 tranches exercisable from 10 April 2017 and 10 April 2018 respectively to 9 April 2027.
14. The share options granted on 10 April 2017 are divided into 4 tranches exercisable from 10 April 2017, 10 April 2018, 10 April 2019 and 10 April 2020 respectively to 9 April 2027.
15. The share options granted on 7 June 2017 are divided into 2 tranches exercisable from 2 August 2018 and 2 August 2019 respectively to 6 June 2027.
16. The category "Others" represents the former directors/employees or consultants of the Group.

On 10 April 2017, the Company granted a total of 3,390,000 share options to the directors and certain employees of the Company under the 2012 Share Option Scheme. The validity period of the options granted is ten years, from 10 April 2017 to 9 April 2027. The options entitle the grantees to subscribe for a total of 3,390,000 shares of the Company at an exercise price of HK\$15.00 per share. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$14.30. The estimated fair value of the 3,390,000 share options granted was approximately HK\$17,730,000. The fair value per option granted during the six-month period ended 30 June 2017 was HK\$5.23.

On 7 June 2017, the Company granted a total of 2,126,000 share options to a director of the Company under the 2012 Share Option Scheme. The validity period of the options granted is ten years, from 7 June 2017 to 6 June 2027. The options entitle the grantee to subscribe for a total of 2,126,000 shares of the Company at an exercise price of HK\$20.066 per share. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$19.44. The estimated fair value of the 2,126,000 share options granted was approximately HK\$14,648,000. The fair value per option granted during the six-month period ended 30 June 2017 was HK\$6.89.

The Black-Scholes Model was used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

Grant date of the share options	10 April 2017	7 June 2017
Valuation model	Black-Scholes	Black-Scholes
Exercise price	HK\$15.00	HK\$20.066
Expected volatility	40%-44%	41%-42%
Expected life	10 years	10 years
Risk-free rate	1.1%-1.3%	0.83%-0.92%
Expected dividend yield	0.4%	0.4%
Suboptimal exercise factor	N/A	N/A

Expected volatility was determined by using the historical volatility of the Company's share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in the subjective input assumptions could materially affect the fair value estimate.

(II) Melco Resorts

Melco Resorts adopted a share incentive plan in 2006 (the "Melco Resorts 2006 Share Incentive Plan") and a share incentive plan in 2011 (the "Melco Resorts 2011 Share Incentive Plan"). Under the plans, Melco Resorts may grant either options to purchase Melco Resorts' ordinary shares or restricted shares. The Melco Resorts 2006 Share Incentive Plan has been succeeded by the Melco Resorts 2011 Share Incentive Plan, which will expire 10 years after 7 December 2011. No further awards may be granted under the Melco Resorts 2006 Share Incentive Plan. All subsequent awards will be issued under the Melco Resorts 2011 Share Incentive Plan. Awards previously granted under the Melco Resorts 2006 Share Incentive Plan shall remain valid subject to the terms and conditions of the Melco Resorts 2006 Share Incentive Plan.

As Melco Resorts is a subsidiary of the Company, its share incentive plan constitutes a share option scheme governed by Chapter 17 of the Listing Rules. In order to comply with the applicable requirements of the Listing Rules, Melco Resorts amended the Melco Resorts 2011 Share Incentive Plan (the “Melco Resorts Amended 2011 Share Incentive Plan”) and such plan was approved by both the shareholders of Melco Resorts and the Company, and became effective on 9 December 2016.

Movements of stock options granted under the plans during the six-month period ended 30 June 2017 are set out below:

(i) *Stock options granted to the Directors*

Name of Director	Number of stock options					As at 30 June 2017	Date of grant	Exercise price ⁽²²⁾ US\$	Exercise period (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under the Melco Resorts 2006 Share Incentive Plan									
Mr. Ho, Lawrence	2,898,774	-	-	-	-	2,898,774	17.03.2009	0.32	3
Yau Lung	755,058	-	-	-	-	755,058	25.11.2009	0.66	4
	1,446,498	-	-	-	-	1,446,498	23.03.2011	1.75	5
Mr. Chung Yuk Man,	56,628	-	-	-	-	56,628	18.03.2008	3.24	6
Clarence	138,036	-	-	-	-	138,036	17.03.2009	0.32	3
Total	5,294,994	-	-	-	-	5,294,994			
Under the Melco Resorts Amended 2011 Share Incentive Plan									
Mr. Ho, Lawrence	474,399	-	-	-	-	474,399	29.03.2012	3.93	7
Yau Lung	362,610	-	-	-	-	362,610	10.05.2013	5.32	8
	320,343	-	-	-	-	320,343	28.03.2014	5.32	9
	690,291	-	-	-	-	690,291	30.03.2015	5.32	10
	1,302,840	-	-	-	-	1,302,840	18.03.2016	5.32	11
	-	1,470,000	-	-	-	1,470,000	31.03.2017	6.18	19
Total	3,150,483	1,470,000	-	-	-	4,620,483			

(ii) Stock options granted to other eligible participants

	Number of stock options					As at 30 June 2017	Date of grant	Exercise price ⁽²³⁾ US\$	Exercise period (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under the Melco Resorts 2006 Share Incentive Plan									
Other eligible	95,757	-	(95,757)	-	-	-	10.09.2007	4.29	13
participants ⁽²³⁾	113,256	-	(113,256)	-	-	-	18.03.2008	3.24	6
	2,008,686	-	(231,135)	-	-	1,777,551	25.11.2008	0.24	14
	276,072	-	(276,072)	-	-	-	17.03.2009	0.32	3
	264,888	-	(27,489)	-	-	237,399	25.11.2009	0.66	15
	263,028	-	(12,426)	-	-	250,602	25.11.2009	0.66	4
	140,400	-	(140,400)	-	-	-	25.11.2009	0.66	16
	80,286	-	-	-	-	80,286	26.05.2010	0.48	17
	300,000	-	(300,000)	-	-	-	16.08.2010	0.56	18
	1,076,427	-	(202,359)	-	-	874,068	23.03.2011	1.75	5
Total	4,618,800	-	(1,398,894)	-	-	3,219,906			
Under the Melco Resorts Amended 2011 Share Incentive Plan									
Other eligible	973,368	-	(452,709)	-	-	520,659	29.03.2012	3.93	7
participants ⁽²³⁾	748,920	-	-	-	(210,429)	538,491	10.05.2013	5.32	8
	757,429	-	-	-	(202,308)	555,121	28.03.2014	5.32	9
	1,644,009	-	-	-	(351,417)	1,292,592	30.03.2015	5.32	10
	3,386,814	-	-	-	(668,958)	2,717,856	18.03.2016	5.32	11
	191,328	-	-	-	-	191,328	23.12.2016	4.79	12
	-	196,218	-	-	-	196,218	21.02.2017	5.59	20
	-	3,591,171	-	-	(4,953)	3,586,218	31.03.2017	6.18	19
	-	88,635	-	-	-	88,635	30.05.2017	7.30	21
Total	7,701,868	3,876,024	(452,709)	-	(1,438,065)	9,687,118			

Notes:

1. The vesting period of the stock options is from the date of grant until the commencement of the exercise period.
2. In respect of the stock options exercised during the six-month period ended 30 June 2017, the weighted average closing price of the shares of Melco Resorts immediately before the date on which the stock options were exercised was US\$18.55.
3. The stock options granted on 17 March 2009 are divided into 4 tranches exercisable from 17 March 2010, 17 March 2011, 17 March 2012 and 17 March 2013 respectively to 16 March 2019.
4. The stock options granted on 25 November 2009 are divided into 4 tranches exercisable from 25 November 2010, 25 November 2011, 25 November 2012 and 25 November 2013 respectively to 17 March 2018.

5. The stock options granted on 23 March 2011 are divided into 3 tranches exercisable from 23 March 2012, 23 March 2013 and 23 March 2014 respectively to 22 March 2021.
6. The stock options granted on 18 March 2008 are divided into 4 tranches exercisable from 18 March 2009, 18 March 2010, 18 March 2011 and 18 March 2012 respectively to 17 March 2018.
7. The stock options granted on 29 March 2012 are divided into 3 tranches exercisable from 29 March 2013, 29 March 2014 and 29 March 2015 respectively to 28 March 2022.
8. The stock options granted on 10 May 2013 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 9 May 2023.
9. The stock options granted on 28 March 2014 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 27 March 2024.
10. The stock options granted on 30 March 2015 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 29 March 2025.
11. The stock options granted on 18 March 2016 are divided into 2 tranches exercisable from 18 March 2018 and 18 March 2019 respectively to 17 March 2026.
12. The stock options granted on 23 December 2016 are exercisable from 26 September 2019 to 22 December 2026.
13. The stock options granted on 10 September 2007 are divided into 4 tranches exercisable from 10 September 2008, 10 September 2009, 10 September 2010 and 10 September 2011 respectively to 9 September 2017.
14. The stock options granted on 25 November 2008 are divided into 2 tranches exercisable from 25 November 2010 and 25 November 2011 respectively to 24 November 2018.
15. The stock options granted on 25 November 2009 are divided into 4 tranches exercisable from 25 November 2010, 25 November 2011, 25 November 2012 and 25 November 2013 respectively to 9 September 2017.
16. The stock options granted on 25 November 2009 are divided into 4 tranches exercisable from 25 November 2010, 25 November 2011, 25 November 2012 and 25 November 2013 respectively to 10 April 2018.
17. The stock options granted on 26 May 2010 are divided into 2 tranches exercisable from 26 May 2012 and 26 May 2013 respectively to 25 May 2020.
18. The stock options granted on 16 August 2010 are divided into 2 tranches exercisable from 16 August 2012 and 16 August 2014 respectively to 15 August 2020.
19. The stock options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.
20. The stock options granted on 21 February 2017 are exercisable from 8 January 2020 to 20 February 2027.
21. The stock options granted on 30 May 2017 are exercisable from 30 May 2020 to 29 May 2027.
22. On 10 February 2017, Melco Resorts reduced the exercise price of all outstanding and unexercised stock options granted prior to 19 January 2017 by approximately US\$0.4404 per share (equivalent to approximately US\$1.3212 per American depository share ("ADS")) as a result of its declaration of special dividend in January 2017. On 31 March 2017, Melco Resorts further reduced the exercise price of certain stock options outstanding as of such date by approximately US\$0.3293 per share (equivalent to approximately US\$0.988 per ADS) reflecting prior special dividends. The adjustments to the exercise prices in 2017 were made as required by the Melco Resorts 2006 Share Incentive Plan and Melco Resorts Amended 2011 Share Incentive Plan.
23. "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

On 21 February 2017, Melco Resorts granted a total of 196,218 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 21 February 2017 to 20 February 2027. The stock options entitle the grantees to subscribe for a total of 196,218 shares of Melco Resorts at an exercise price of US\$5.59 per share. The closing price of the shares of Melco Resorts immediately before and on the dates on which the stock options were granted was US\$5.66 and US\$5.59 respectively. The estimated fair value of the 196,218 stock options granted was approximately US\$431,679.60. The fair value per stock option granted during the six-month period ended 30 June 2017 was US\$2.20.

On 31 March 2017, Melco Resorts granted a total of 5,061,171 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 31 March 2017 to 30 March 2027. The stock options entitle the grantees to subscribe for a total of 5,061,171 shares of Melco Resorts at an exercise price of US\$6.18 per share. The closing price of the shares of Melco Resorts immediately before and on the dates on which the stock options were granted was US\$6.16 and US\$6.18 respectively. The estimated fair value of the 5,061,171 stock options granted was approximately US\$12,399,868.95. The fair value per stock option granted during the six-month period ended 30 June 2017 was US\$2.45.

On 30 May 2017, Melco Resorts granted a total of 88,635 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the stock options granted is ten years, from 30 May 2017 to 29 May 2027. The stock options entitle the grantees to subscribe for a total of 88,635 shares of Melco Resorts at an exercise price of US\$7.30 per share. The closing price of the shares of Melco Resorts immediately before and on the dates on which the stock options were granted was US\$7.32 and US\$7.30 respectively. The estimated fair value of the 88,635 stock options granted was approximately US\$249,950.70. The fair value per stock option granted during the six-month period ended 30 June 2017 was US\$2.82.

The Black-Scholes Option Pricing Model was used to estimate the fair value of the stock options. The variables and assumptions used in computing the fair value of the stock options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

Grant date of the stock options	21 February 2017	31 March 2017	30 May 2017
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes
Exercise price	US\$5.59	US\$6.18	US\$7.30
Expected volatility	48%	48%	47%
Expected life	6.1 years	6.1 years	6.1 years
Risk-free rate	2.1%	2.1%	1.90%
Expected dividend yield	2.0%	2.0%	2.0%

Expected volatility was determined by using the historical volatility of Melco Resorts' share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in the subjective input assumptions could materially affect the fair value estimate.

(III) Melco Resorts Philippines

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

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

Movements of share options granted under the MRP Amended Share Incentive Plan during the six-month period ended 30 June 2017 are set out below:

	Number of share options					As at 30 June 2017	Date of grant	Exercise price PHP	Exercise period (Note)
	As at 1 January 2017	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under the MRP Amended Share Incentive Plan									
Other eligible participants ⁽⁸⁾	4,682,182	-	(1,040,485)	(2,514,505)	-	1,127,192	28.06.2013	8.30	3
	693,656	-	-	(693,656)	-	-	27.03.2014	8.30	4
	202,340	-	-	(202,340)	-	-	30.05.2014	13.26	5
	6,796,532	-	-	-	-	6,796,532	16.11.2015	3.46	6
	-	1,531,112	-	-	-	1,531,112	15.03.2017	5.66	7
Total	12,374,710	1,531,112	(1,040,485)	(3,410,501)	-	9,454,836			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. In respect of the share options exercised during the six-month period ended 30 June 2017, the weighted average closing price of the shares of Melco Resorts Philippines immediately before the date on which the share options were exercised was PHP9.35.

3. The share options granted on 28 June 2013 are divided into 3 tranches exercisable from 4 March 2015, 29 April 2015 and 29 April 2016 respectively to 27 June 2023.
4. The share options granted on 27 March 2014 are divided into 3 tranches exercisable from 29 April 2015, 29 April 2016 and 29 April 2017 respectively to 26 March 2024.
5. The share options granted on 30 May 2014 are divided into 3 tranches exercisable from 30 May 2015, 30 May 2016 and 30 May 2017 respectively to 29 May 2024.
6. The share options granted on 16 November 2015 are divided into 3 tranches exercisable from 16 November 2016, 16 November 2017 and 16 November 2018 respectively to 15 November 2025.
7. The share options granted on 15 March 2017 are exercisable from 29 April 2019 to 14 March 2027.
8. "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts Philippines.

On 15 March 2017, Melco Resorts Philippines granted a total of 1,531,112 share options to eligible participants under the MRP Amended Share Incentive Plan. The validity period of the share options granted is ten years, from 15 March 2017 to 14 March 2027. The share options entitle the grantees to subscribe for a total of 1,531,112 shares of Melco Resorts Philippines at an exercise price of PHP5.66 per share. The closing price of the shares of Melco Resorts Philippines immediately before and on the dates on which the share options were granted was PHP5.70 and PHP5.66 respectively. The estimated fair value of the 1,531,112 share options granted was approximately PHP4,011,513.44. The fair value per share option granted during the six-month period ended 30 June 2017 was PHP2.62.

The Black-Scholes Option Pricing Model was used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

Grant date of the share options	15 March 2017
Valuation model	Black-Scholes
Exercise price	PHP5.66
Expected volatility	45%
Expected life	5.2 years
Risk-free rate	4.53%
Expected dividend yield	0%

Expected volatility was determined by using the historical volatility of Melco Resorts Philippines' share price over the previous years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Changes in the subjective input assumptions could materially affect the fair value estimate.

SHARE AWARD SCHEMES

(I) The Company

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

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

(a) Share Purchase Scheme

Movements of the awarded shares, which were granted pursuant to the terms of the rules and trust deed of the Share Purchase Scheme, during the six-month period ended 30 June 2017 are set out below:

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2017	Awarded during the period	Vested during the period	Lapsed/ cancelled during the period	Reclassified during the period	As at 30 June 2017		
Directors								
Mr. Ho, Lawrence Yau Lung	870,000	-	(870,000)	-	-	-	08.04.2016	08.04.2017
	1,100,000	-	(1,100,000)	-	-	-	08.04.2016	08.04.2017
	-	2,200,000	(2,200,000)	-	-	-	10.04.2017	10.04.2017
	-	2,200,000	-	-	-	2,200,000	10.04.2017	10.04.2018
	<u>1,970,000</u>	<u>4,400,000</u>	<u>(4,170,000)</u>	<u>-</u>	<u>-</u>	<u>2,200,000</u>		
Mr. Evan Andrew Winkler	849,000	-	-	-	-	849,000	01.09.2016	02.08.2018
	849,000	-	-	-	-	849,000	01.09.2016	02.08.2019
	-	71,000	(71,000)	-	-	-	10.04.2017	10.04.2017
	-	71,000	-	-	-	71,000	10.04.2017	10.04.2018
	-	71,000	-	-	-	71,000	10.04.2017	10.04.2019
	-	71,000	-	-	-	71,000	10.04.2017	10.04.2020
	-	592,000	-	-	-	592,000	07.06.2017	02.08.2018
-	592,000	-	-	-	592,000	07.06.2017	02.08.2019	
	<u>1,698,000</u>	<u>1,468,000</u>	<u>(71,000)</u>	<u>-</u>	<u>-</u>	<u>3,095,000</u>		
Mr. Chung Yuk Man, Clarence	33,000	-	(33,000)	-	-	-	08.04.2015	08.04.2017
	32,000	-	-	-	-	32,000	08.04.2015	08.04.2018
	37,000	-	(37,000)	-	-	-	08.04.2016	08.04.2017
	37,000	-	-	-	-	37,000	08.04.2016	08.04.2018
	37,000	-	-	-	-	37,000	08.04.2016	08.04.2019
	-	20,000	(20,000)	-	-	-	10.04.2017	10.04.2017
	-	20,000	-	-	-	20,000	10.04.2017	10.04.2018
	-	20,000	-	-	-	20,000	10.04.2017	10.04.2019
	-	19,000	-	-	-	19,000	10.04.2017	10.04.2020
	<u>176,000</u>	<u>79,000</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>165,000</u>		
Mr. Tsui Che Yin, Frank	32,000	-	(32,000)	-	-	-	08.04.2015	08.04.2017
	32,000	-	-	-	-	32,000	08.04.2015	08.04.2018
	18,000	-	(18,000)	-	-	-	08.04.2016	08.04.2017
	18,000	-	-	-	-	18,000	08.04.2016	08.04.2018
	18,000	-	-	-	-	18,000	08.04.2016	08.04.2019
	<u>118,000</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>	<u>68,000</u>		

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2017	Awarded during the period	Vested during the period	Lapsed/ cancelled during the period	Reclassified during the period	As at 30 June 2017		
Mr. Ng Ching Wo	4,000	-	(4,000)	-	-	-	08.04.2015	08.04.2017
	3,000	-	-	-	-	3,000	08.04.2015	08.04.2018
	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2017
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2018
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2019
	-	4,000	(4,000)	-	-	-	10.04.2017	10.04.2017
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2018
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2019
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2020
		13,000	16,000	(10,000)	-	-	19,000	
Mr. Chow Kwong Fai, Edward	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2017
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2018
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2019
	-	3,000	(3,000)	-	-	-	10.04.2017	10.04.2017
	-	3,000	-	-	-	3,000	10.04.2017	10.04.2018
	-	3,000	-	-	-	3,000	10.04.2017	10.04.2019
	-	2,000	-	-	-	2,000	10.04.2017	10.04.2020
	6,000	11,000	(5,000)	-	-	12,000		
Mr. Sham Sui Leung, Daniel	3,000	-	(3,000)	-	-	-	08.04.2015	08.04.2017
	3,000	-	-	-	-	3,000	08.04.2015	08.04.2018
	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2017
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2018
	1,000	-	-	-	-	1,000	08.04.2016	08.04.2019
	-	4,000	(4,000)	-	-	-	10.04.2017	10.04.2017
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2018
	-	3,000	-	-	-	3,000	10.04.2017	10.04.2019
	-	3,000	-	-	-	3,000	10.04.2017	10.04.2020
	11,000	14,000	(9,000)	-	-	16,000		

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at	Awarded	Vested	Lapsed/ cancelled	Reclassified	As at		
	1 January 2017	during the period	during the period	during the period	during the period	30 June 2017		
Dr. Tyen Kan Hee, Anthony	3,000	-	(3,000)	-	-	-	08.04.2015	08.04.2017
	3,000	-	-	-	-	3,000	08.04.2015	08.04.2018
	2,000	-	(2,000)	-	-	-	08.04.2016	08.04.2017
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2018
	2,000	-	-	-	-	2,000	08.04.2016	08.04.2019
	-	4,000	(4,000)	-	-	-	10.04.2017	10.04.2017
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2018
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2019
	-	4,000	-	-	-	4,000	10.04.2017	10.04.2020
		<u>12,000</u>	<u>16,000</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>	<u>19,000</u>	
Sub-total	<u>4,004,000</u>	<u>6,004,000</u>	<u>(4,414,000)</u>	<u>-</u>	<u>-</u>	<u>5,594,000</u>		
Employees	86,400	-	(86,400)	-	-	-	08.04.2015	08.04.2017
	82,400	-	-	(5,700)	(6,000)	70,700	08.04.2015	08.04.2018
	84,000	-	(84,000)	-	-	-	08.04.2016	08.04.2017
	79,000	-	-	(4,000)	(13,000)	62,000	08.04.2016	08.04.2018
	78,000	-	-	(4,000)	(13,000)	61,000	08.04.2016	08.04.2019
	-	54,000	(54,000)	-	-	-	10.04.2017	10.04.2017
	-	53,000	-	-	(15,000)	38,000	10.04.2017	10.04.2018
	-	52,000	-	-	(14,000)	38,000	10.04.2017	10.04.2019
	-	51,000	-	-	(14,000)	37,000	10.04.2017	10.04.2020
		<u>409,800</u>	<u>210,000</u>	<u>(224,400)</u>	<u>(13,700)</u>	<u>(75,000)</u>	<u>306,700</u>	
Sub-total	<u>409,800</u>	<u>210,000</u>	<u>(224,400)</u>	<u>(13,700)</u>	<u>(75,000)</u>	<u>306,700</u>		
Consultants	33,000	-	(33,000)	-	-	-	08.04.2015	08.04.2017
	32,000	-	-	-	6,000	38,000	08.04.2015	08.04.2018
	7,000	-	(7,000)	-	-	-	08.04.2016	08.04.2017
	7,000	-	-	-	13,000	20,000	08.04.2016	08.04.2018
	5,000	-	-	-	13,000	18,000	08.04.2016	08.04.2019
	-	-	-	-	15,000	15,000	10.04.2017	10.04.2018
	-	-	-	-	14,000	14,000	10.04.2017	10.04.2019
	-	-	-	-	14,000	14,000	10.04.2017	10.04.2020
		<u>84,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>75,000</u>	<u>119,000</u>	
Sub-total	<u>84,000</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>	<u>75,000</u>	<u>119,000</u>		
Total	<u>4,497,800</u>	<u>6,214,000</u>	<u>(4,678,400)</u>	<u>(13,700)</u>	<u>-</u>	<u>6,019,700</u>		

(b) *Share Subscription Scheme*

No share award was granted or outstanding under the Share Subscription Scheme during the six-month period ended 30 June 2017.

(II) **Melco Resorts**

Movements of the restricted shares, which were granted under Melco Resorts Amended 2011 Share Incentive Plan during the six-month period ended 30 June 2017, are set out below:

(i) *Restricted shares granted to the Directors*

Name of Director	Number of restricted shares					As at 30 June 2017	Date of award	Vesting date
	As at 1 January 2017	Awarded during the period	Vested during the period	Lapsed during the period	Cancelled during the period			
Mr. Ho, Lawrence Yau Lung	160,171	-	(160,171)	-	-	-	28.03.2014	28.03.2017
	345,144	-	-	-	-	345,144	30.03.2015	30.03.2018
	217,140	-	-	-	-	217,140	18.03.2016	18.03.2018
	217,140	-	-	-	-	217,140	18.03.2016	18.03.2019
	-	631,470	-	-	-	631,470	31.03.2017	30.03.2020
	<u>939,595</u>	<u>631,470</u>	<u>(160,171)</u>	<u>-</u>	<u>-</u>	<u>1,410,894</u>		
Mr. Evan Andrew Winkler	-	8,091	-	-	-	8,091	31.03.2017	30.03.2018
	-	8,091	-	-	-	8,091	31.03.2017	30.03.2019
	-	8,091	-	-	-	8,091	31.03.2017	30.03.2020
	<u>-</u>	<u>24,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,273</u>		
Mr. Chung Yuk Man, Clarence	3,204	-	(3,204)	-	-	-	28.03.2014	28.03.2017
	5,523	-	(5,523)	-	-	-	30.03.2015	30.03.2017
	5,523	-	-	-	-	5,523	30.03.2015	30.03.2018
	6,948	-	(6,948)	-	-	-	18.03.2016	18.03.2017
	6,948	-	-	-	-	6,948	18.03.2016	18.03.2018
	6,948	-	-	-	-	6,948	18.03.2016	18.03.2019
	-	8,091	-	-	-	8,091	31.03.2017	30.03.2018
	-	8,091	-	-	-	8,091	31.03.2017	30.03.2019
	-	8,091	-	-	-	8,091	31.03.2017	30.03.2020
	<u>35,094</u>	<u>24,273</u>	<u>(15,675)</u>	<u>-</u>	<u>-</u>	<u>43,692</u>		
Total	<u>974,689</u>	<u>680,016</u>	<u>(175,846)</u>	<u>-</u>	<u>-</u>	<u>1,478,859</u>		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares					As at 30 June 2017	Date of award	Vesting date
	As at	Awarded	Vested	Lapsed	Cancelled			
	1 January 2017	during the period	during the period	during the period	during the period			
Other eligible participants ⁽⁷⁾	1,047	-	(1,047)	-	-	-	10.05.2013	07.06.2017
	386,066	-	(359,760)	(10,187)	(16,119)	-	28.03.2014	28.03.2017
	11,093	-	-	-	-	11,093	28.03.2014	04.01.2018 ⁽¹⁾
	2,190	-	(2,190)	-	-	-	28.03.2014	07.06.2017
	45,909	-	(45,909)	-	-	-	30.03.2015	30.03.2017
	9,204	-	-	-	-	9,204	30.03.2015	20.08.2017 ⁽²⁾
	744,099	-	-	-	(74,466)	669,633	30.03.2015	30.03.2018
	82,836	-	(82,836)	-	-	-	30.03.2015	08.05.2017 ⁽³⁾
	19,122	-	-	-	-	19,122	30.03.2015	04.01.2018 ⁽⁴⁾
	9,492	-	(9,492)	-	-	-	30.03.2015	07.06.2017
	55,584	-	(55,584)	-	-	-	18.03.2016	18.03.2017
	1,110,795	-	-	-	(99,186)	1,011,609	18.03.2016	18.03.2018
	1,110,795	-	-	-	(99,186)	1,011,609	18.03.2016	18.03.2019
	208,452	-	(208,452)	-	-	-	18.03.2016	08.05.2017 ⁽⁵⁾
	24,060	-	-	-	-	24,060	18.03.2016	04.01.2018 ⁽⁶⁾
	95,664	-	-	-	-	95,664	23.12.2016	26.12.2019
	-	98,109	-	-	-	98,109	21.02.2017	08.01.2020
	-	32,364	-	-	-	32,364	31.03.2017	30.03.2018
	-	32,364	-	-	-	32,364	31.03.2017	30.03.2019
	-	1,454,469	-	-	(1,962)	1,452,507	31.03.2017	30.03.2020
	-	34,248	-	-	-	34,248	30.05.2017	30.05.2020
Total	3,916,408	1,651,554	(765,270)	(10,187)	(290,919)	4,501,586		

Notes:

1. The vesting date of these restricted shares was modified from 28 March 2017 to 4 January 2018 with effect from 5 January 2017.
2. The vesting date of these restricted shares was modified from 30 March 2017 to 20 August 2017 with effect from 28 September 2016.
3. The vesting date of these restricted shares was modified from 30 March 2018 to 8 May 2017 with effect from 26 January 2017.
4. The vesting date of these restricted shares was modified from 30 March 2018 to 4 January 2018 with effect from 5 January 2017.
5. The vesting dates of these restricted shares were modified from 18 March 2018 and 18 March 2019 to 8 May 2017 with effect from 26 January 2017.
6. The vesting dates of these restricted shares were modified from 18 March 2018 and 18 March 2019 to 4 January 2018 with effect from 5 January 2017.
7. "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

(III) Melco Resorts Philippines

Movements of the restricted shares, which were granted under the MRP Amended Share Incentive Plan, during the six-month period ended 30 June 2017, are set out below:

(i) Restricted shares granted to the Directors

Name of Director	Number of restricted shares						Date of award	Vesting date
	As at	Awarded	Vested	Lapsed	Cancelled	As at		
	1 January 2017	during the period	during the period	during the period	during the period	30 June 2017		
Mr. Ho, Lawrence Yau Lung	2,731,273	-	-	-	-	2,731,273	30.09.2016	30.09.2018
	2,731,273	-	-	-	-	2,731,273	30.09.2016	30.09.2019
Mr. Chung Yuk Man, Clarence	224,642	-	(224,642)	-	-	-	30.05.2014	30.05.2017
	586,691	-	-	-	-	586,691	29.09.2015	29.09.2017
	1,173,385	-	-	-	-	1,173,385	29.09.2015	29.09.2018
	1,820,848	-	-	-	-	1,820,848	30.09.2016	30.09.2018
	1,820,849	-	-	-	-	1,820,849	30.09.2016	30.09.2019
Total	11,088,961	-	(224,642)	-	-	10,864,319		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares						Date of award	Vesting date
	As at	Awarded	Vested	Lapsed	Cancelled	As at		
	1 January 2017	during the period	during the period	during the period	during the period	30 June 2017		
Other eligible participants*	173,415	-	(173,415)	-	-	-	28.06.2013	07.06.2017
	260,121	-	(260,121)	-	-	-	17.02.2014	29.04.2017
	770,723	-	(732,209)	(13,024)	(25,490)	-	30.05.2014	30.05.2017
	849,566	-	-	-	-	849,566	16.11.2015	16.11.2017
	1,699,134	-	-	-	-	1,699,134	16.11.2015	16.11.2018
	17,206,871	-	-	-	(628,045)	16,578,826	30.09.2016	30.09.2018
	17,206,917	-	-	-	(628,048)	16,578,869	30.09.2016	30.09.2019
	-	1,674,485	-	-	-	1,674,485	15.03.2017	24.04.2019
Total	38,166,747	1,674,485	(1,165,745)	(13,024)	(1,281,583)	37,380,880		

* "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts Philippines.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2017, the following persons/corporations had interests in five per cent or more of the issued shares of the Company as recorded in the register required to be kept under Section 336 of the SFO. Details of the interests in the shares and underlying shares of the Company as notified to the Company are set out below:

Long positions in the shares and underlying shares of the Company

Name	Capacity	No. of shares held	No. of underlying shares held	Approximate % of total issued shares	Note(s)
Better Joy Overseas Ltd.	Beneficial owner	294,527,606	-	19.24%	2
Lasting Legend Ltd.	Beneficial owner	119,303,024	-	7.80%	2
Great Respect Limited	Beneficial owner	306,382,187	-	20.02%	4
Vistra Trust (BVI) Limited	Trustee	306,382,187	-	20.02%	4
	Trustee	413,830,630	-	27.04%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	34,939,132	5,200,000	2.62%	7
	Interest of controlled corporations	473,521,077	-	30.94%	3
	Beneficiary of a trust	306,382,187	-	20.02%	4
Ms. Lo Sau Yan, Sharen	Interest of spouse	814,842,396	5,200,000	53.58%	6, 7
Southeastern Asset Management, Inc.	Investment manager	105,636,077	-	6.90%	-

Notes:

- As at 30 June 2017, the total number of issued shares of the Company was 1,530,461,155.
- The 294,527,606 shares held by Better Joy Overseas Ltd. and the 119,303,024 shares held by Lasting Legend Ltd. also represent the corporate interests of Mr. Ho, Lawrence Yau Lung in the Company.
- The 473,521,077 shares relate to the 294,527,606 shares, 119,303,024 shares, 50,830,447 shares, 7,294,000 shares and 1,566,000 shares held by Better Joy Overseas Ltd., Lasting Legend Ltd., Mighty Dragon Developments Limited, The L3G Capital Trust and Maple Peak Investments Inc. respectively, representing approximately 19.24%, 7.80%, 3.32%, 0.48% and 0.10% of the total issued shares of the Company. All of such companies/trust are owned by persons and/or trusts associated with Mr. Ho, Lawrence Yau Lung. By virtue of the SFO, Mr. Ho, Lawrence Yau Lung was deemed to be interested in the shares held by the aforesaid companies and trust.

4. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho, Lawrence Yau Lung and his immediate family members (including his father, Dr. Ho Hung Sun, Stanley). Vistra Trust (BVI) Limited (formerly known as Vistra Trustees (BVI) Limited) is the trustee of the aforesaid discretionary family trust. Mr. Ho, Lawrence Yau Lung is taken to have interests in the shares held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.
5. The 413,830,630 shares relate to the same block of shares held by Better Joy Overseas Ltd. and Lasting Legend Ltd. referred to in note 2 above.
6. Ms. Lo Sau Yan, Sharen is the spouse of Mr. Ho, Lawrence Yau Lung and was deemed to be interested in the shares of the Company through the interest of her spouse, Mr. Ho, Lawrence Yau Lung, under the SFO.
7. Regarding the interests of Mr. Ho, Lawrence Yau Lung in the underlying shares of the Company (in respect of the share options and awarded shares granted by the Company), please refer to the section "Directors' interests in shares, underlying shares and debentures" in this report.

Save as disclosed above, as at 30 June 2017, the Company has not been notified of any other interests or short position in the shares and underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

CORPORATE GOVERNANCE

In 2005, the Company adopted its Code on Corporate Governance (the "Company Code"), which sets out the corporate standards and practices used by the Company in directing and managing its business affairs. The Company Code was prepared and revised from time to time with reference to the principles, code provisions and recommended best practices stipulated in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules. The Company Code not only formalizes the Company's existing corporate governance principles and practices, it also serves to assimilate practices with benchmarks prescribed by the Hong Kong Stock Exchange, ultimately ensuring that the Company runs a highly transparent operation and is accountable to its shareholders.

Apart from the deviation mentioned below, the Company has complied with the Company Code and the code provisions of the CG Code during the six-month period ended 30 June 2017.

Under Paragraph A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer of a listed company should be separate and performed by different individuals. However, in view of the current composition of the Board, the in-depth knowledge of Mr. Ho, Lawrence Yau Lung of the operations of the Group and of the gaming and entertainment sector 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; and
- 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

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. We have received confirmation from all Directors that they have complied with the required standards as set out in the Model Code and the Code of Securities Dealings throughout the six-month period ended 30 June 2017.

UPDATE ON DIRECTORS' INFORMATION

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the publication of the Company's 2016 Annual Report are set out below:

Name of Director	Details of Changes
Mr. Chung Yuk Man, Clarence	<p data-bbox="459 1323 1006 1543">Melco Crown (Philippines) Resorts Corporation, a subsidiary of the Company and listed on the Philippine Stock Exchange, in which Mr. Chung is the chairman and president, changed its name to Melco Resorts and Entertainment (Philippines) Corporation with effect from 19 May 2017.</p> <p data-bbox="459 1585 1006 1799">The shares of Entertainment Gaming Asia Inc. ("EGT"), a subsidiary of the Company, in which Mr. Chung is the chairman and chief executive officer, were delisted and removed from trading on the NASDAQ Capital Market in the United States with effect from 22 June 2017.</p>

Mr. Tsui Che Yin, Frank

Re-designated from an executive director to a non-executive director of the Company and ceased to be a member of the Executive Committee, Finance Committee and Regulatory Compliance Committee of the Company with effect from 1 July 2017.

Resigned as the chairman and a non-executive director of MelcoLot Limited, a company listed on the GEM Board of the Hong Kong Stock Exchange, with effect from 10 July 2017. MelcoLot Limited ceased to be a subsidiary of the Company with effect from 6 June 2017.

Dr. Tyen Kan Hee, Anthony

Resigned as an independent director of EGT with effect from 3 July 2017.

AUDIT COMMITTEE

The Company's Audit Committee is currently composed of a Non-executive Director and two Independent Non-executive Directors. The primary duties of the Audit Committee are (i) to review the annual reports, interim reports and financial statements of the Group and to provide advice and comments thereon to the Board; (ii) to review and supervise the Group's financial reporting process; and (iii) to oversee the Group's risk management and internal control systems. The Audit Committee has reviewed the interim report for the six-month period ended 30 June 2017.

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

During the six-month period ended 30 June 2017, the Company repurchased a total of 16,325,000 shares of the Company at an aggregate consideration of HK\$281,854,700 (before expenses) on the Hong Kong Stock Exchange. All the repurchased shares were subsequently cancelled.

Particulars of the repurchase during the period are as follows:

Month of share repurchase	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid (before expenses) HK\$
May 2017	16,325,000	17.50	15.06	281,854,700

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

Save as disclosed above, during the six-month period ended 30 June 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CHANGE OF AUDITOR

Messrs. Deloitte Touche Tohmatsu (“Deloitte”) has resigned as auditor of the Company with effect from 25 July 2017. The Board, with the recommendation from the Company’s Audit Committee, has resolved to appoint Messrs. Ernst & Young (“EY”) as the new auditor of the Company to fill the casual vacancy following the resignation of Deloitte and to hold office until the conclusion of the next annual general meeting of the Company.

INDEPENDENT REVIEW

The interim results for the six-month period ended 30 June 2017 are unaudited, but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants by EY, the Company’s auditor whose independent review report is included in this report.

BOARD OF DIRECTORS

As at the date of this report, 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.

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

Hong Kong, 31 August 2017

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. HO, Lawrence Yau Lung
(*Chairman and Chief Executive Officer*)
Mr. Evan Andrew WINKLER
(*Managing Director*)
Mr. CHUNG Yuk Man, Clarence

Non-executive Directors

Mr. TSUI Che Yin, Frank
Mr. NG Ching Wo

Independent Non-executive Directors

Mr. CHOW Kwong Fai, Edward
Mr. SHAM Sui Leung, Daniel
Dr. TYEN Kan Hee, Anthony

EXECUTIVE COMMITTEE

Mr. HO, Lawrence Yau Lung (*Chairman*)
Mr. Evan Andrew WINKLER
Mr. CHUNG Yuk Man, Clarence
Mr. TAM Chi Wai, Dennis*
Mr. LEUNG Hoi Wai, Vincent*

AUDIT COMMITTEE

Dr. TYEN Kan Hee, Anthony (*Chairman*)
Mr. NG Ching Wo
Mr. SHAM Sui Leung, Daniel

REMUNERATION COMMITTEE

Mr. SHAM Sui Leung, Daniel (*Chairman*)
Mr. NG Ching Wo
Dr. TYEN Kan Hee, Anthony

NOMINATION COMMITTEE

Dr. TYEN Kan Hee, Anthony (*Chairman*)
Mr. NG Ching Wo
Mr. CHOW Kwong Fai, Edward

CORPORATE GOVERNANCE COMMITTEE

Mr. NG Ching Wo (*Chairman*)
Mr. SHAM Sui Leung, Daniel
Dr. TYEN Kan Hee, Anthony
Mr. LEUNG Hoi Wai, Vincent*

REGULATORY COMPLIANCE COMMITTEE

Mr. HO, Lawrence Yau Lung (*Chairman*)
Mr. Evan Andrew WINKLER
Mr. LEUNG Hoi Wai, Vincent*

FINANCE COMMITTEE

Mr. HO, Lawrence Yau Lung (*Chairman*)
Mr. Evan Andrew WINKLER
Mr. CHUNG Yuk Man, Clarence
Mr. TAM Chi Wai, Dennis*

COMPANY SECRETARY

Mr. LEUNG Hoi Wai, Vincent

QUALIFIED ACCOUNTANT

Mr. TAM Chi Wai, Dennis

REGISTERED OFFICE

38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

AUDITOR

Ernst & Young

LEGAL ADVISORS

Gibson, Dunn & Crutcher LLP
King & Wood Mallesons

* non-voting co-opted members

PRINCIPAL BANKERS

Bank of China, Macau Branch
Industrial and Commercial Bank of China
(Macau) Limited
UBS AG

SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

200 (Listed on the Hong Kong
Stock Exchange)

WEBSITE

www.melco-group.com

www.melco-group.com

Hong Kong 香港

Penthouse 38/F., The Centrium, 60 Wyndham Street, Central, Hong Kong
香港中環雲咸街60號中央廣場38樓
Tel 電話: (852) 3151 3777

Macau 澳門

1/F., Unit A1, Flower City, 199-207 Rua de Évora, Taipa, Macau
澳門氹仔埃武拉街199-207號花城1樓A1
Tel 電話: (853) 8296 1777

