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INTERIM REPORT 2018
二零一八年中期報告

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)

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Management Discussion & Analysis



Melco International achieved positive operating and financial results in the first half of 2018. It continues to further its goal to be a pioneer and innovator in premium travel, leisure and entertainment in Macau and internationally.

SIGNIFICANT EVENTS AND DEVELOPMENTS

In the first half of 2018, Melco International Development Limited (“Melco International” or the “Group”) continued to achieve milestones in global market expansion and in launching innovative concepts in integrated resorts. These developments help Melco International to further its goals to be a pioneer in premium travel, leisure and entertainment and to deliver world-class premium offerings that go beyond gaming to satisfy tomorrow’s most sophisticated international travellers.

A notable highlight this year was the grand opening of Morpheus that took place in June as the latest addition to the Phase 3 development of City of Dreams in Macau. Morpheus, the new flagship hotel for City of Dreams, is the world’s first ever free-form exoskeleton high-rise architectural structure designed by legendary architect the late Dame Zaha Hadid, DBE. This US\$1.1 billion iconic landmark offers sophisticated travellers the most remarkable experiences that go beyond gaming and raises the bar in global luxury hospitality.

With the official ground-breaking of City of Dreams Mediterranean in June, Melco International not only took another major step in its global expansion, but also set the stage for the transformation of Cyprus into a must-visit international tourism destination. Set to open in Limassol in 2021, City of Dreams Mediterranean will be Europe’s largest integrated destination resort, showcasing the Group’s renowned seamless array of gaming and non-gaming amenities. While City of Dreams Mediterranean is in development, all eyes turned to another milestone with the soft opening of Cyprus Casinos (C2), a mere 5 kilometres away in Limassol. Also on the horizon are three C2 satellite casinos scheduled to commence operations in Nicosia, Larnaca and Paphos during 2018, while the satellite casino in Ayia Napa is scheduled to commence operations in the spring of 2019.

Japan remains a pivotal focus of the Group's long-term plan. We view Japan as a market with the potential to rank among the largest global gaming destinations in Asia, second only to Macau. With the goal to become a trusted partner in Japan's integrated casino resorts industry, the Group has been dedicating the necessary resources and investments for the development of this potential market. Following the establishment of a Japanese subsidiary, opening an office in Tokyo and appointing a local leadership team in 2017, the Group has since opened an Osaka office in the first half of 2018. With the successful passage of the Integrated Resorts Implementation Bill at Japan's National Diet, our current near-term aims are to explore local partnerships that will help us build a strong consortium and to build up our local team to support our business development efforts.



The Group celebrated the grand opening of Morpheus at City of Dreams in June. This US\$1.1 billion iconic building is another striking world first contribution created by the Group in Macau to deliver the best to its guests.

BUSINESS REVIEW

Integrated Gaming and Entertainment Resorts

Melco International operates its gaming business primarily through its subsidiary Melco Resorts & Entertainment Limited (“Melco Resorts”), a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia, of which Melco International holds an interest of 51.06% as of 30 June 2018.

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

Despite the ongoing challenges in the Macau gaming market, Melco International managed to achieve positive operating and financial results in the first half of 2018. With net revenues of approximately HK\$19.8 billion, profit for the period went beyond threefold to approximately HK\$1.1 billion, while Adjusted EBITDA grew 16.7% to HK\$5.5 billion. The increase was mainly attributable to the better group-wide performance in all gaming segments and recovery of previously provided doubtful debt.



Morpheus's sleek and plush duplex villa echoes the building's groundbreaking architecture to give guests a unique and contemporary ultra-luxurious experience.

City of Dreams

City of Dreams in Macau is Melco Resorts' flagship integrated resort, a premium-focused property targeting high-end customers and rolling chip players from regional markets across Asia. In the first half of 2018, the property operated on average 481 gaming tables and 678 gaming machines. City of Dreams is currently in its third phase of development, with a relaunch that includes extensive renovation on the mass gaming floor with newly designed gaming space that were unveiled in June 2018 and additional renovations in the VIP area that will be opened over the next 9 months.

Morpheus is the latest addition to City of Dreams. Named after the god of dreams in Greek Mythology, this new, ultra-luxury hotel in Macau celebrated its grand opening in June 2018. Morpheus is the world's first ever free-form exoskeleton high-rise architectural structure, designed by legendary architect the late Dame Zaha Hadid, DBE. It represents another stunning world first contribution the Group has created in Macau, characterized by an unprecedented level of attention to detail and designed with the premium guest experience in mind. Morpheus offers guests world-class experiences that exceed 5-star hotel standards. Along with a total of 772 guest rooms, suites and villas, Morpheus also features an executive lounge, a sky pool situated 130 metres above ground, world-class culinary delights from the likes of Alain Ducasse and Pierre Hermé, the world's most fashion-forward brands and retail options, a curated art installation space featuring internationally renowned artists, as well as an in-house Spa Butler concept.



Morpheus redefines high-end hospitality with stunning guest rooms and villas, and exquisite dining, leisure and entertainment facilities.

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 proposition and restaurant offerings, City of Dreams has consistently strengthened its position as the leading premium-mass market leisure destination in Macau.

Nüwa will be undergoing renovation after the Chinese New Year in 2019, with the rolling refurbishment of the hotel anticipated to conclude before the Chinese New Year in 2020. The Countdown hotel will also be redeveloped in the second half of 2019 and will be rebranded Libertine, a funky rebel branded hotel, and will complement our City of Dreams portfolio with guestrooms that are luxurious yet ultra-cool.

Each of these hotels in City of Dreams will continue to offer guests premium and luxury experiences while retaining its own distinctive style and design and maintaining the same focus on quality and attention to detail.

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. In the first half of 2018, the property operated on average 293 gaming tables and 951 gaming machines.



In partnership with legendary chef Alain Ducasse, Morpheus is the first hotel in the world to feature an entire floor dedicated to two Ducasse restaurants - Alain Ducasse at Morpheus, the ultimate French culinary experience, and Voyages, Ducasse's restaurant featuring tastes of Asia.

Studio City has recently completed a series of property upgrades to refine its entertainment offerings and improve accessibility to the resort. Looking ahead, Studio City will be going through a Phase 2 expansion designed to further elevate the hotel to offer a significant point of differentiation from all other Macau resorts.

Altira Macau

Altira Macau is a casino and hotel designed to cater to Asian rolling chip customers sourced primarily through gaming promoters. Located in Taipa, it offers an oasis of sophistication with spectacular panoramic views of the Macau Peninsula. Through delivering impeccable services customized to each guest, both Altira Macau and Altira Spa have attained the highest 5-Star award ratings for nine consecutive years in the 2018 Forbes Travel Guide. In the first half of 2018, Altira Macau operated on average 103 gaming tables and 126 gaming machines operated as a Mocha Club at Altira Macau.

In the first half of 2018, Altira Macau recorded strong year-on-year improvement in Adjusted property EBITDA as a result of better performance in all gaming segments.



Yi at Morpheus is Asia's only fine-dining restaurant offering regional Chinese cuisine served omakase-style.

Mocha Clubs

Mocha Clubs comprises the largest non-casino based operations of electronic gaming machines in Macau. As a pioneer in Macau's electronic gaming industry, Mocha Clubs has brought a series of innovative and top quality electronic gaming machines from around the world to offer a contemporary entertainment mix to the broadest spectrum of patrons and visitors. As of 30 June 2018, Mocha Clubs operated eight clubs with a total of 1,344 gaming machines (including 128 gaming machines at Altira Macau).

City of Dreams Manila

Beyond Macau, City of Dreams Manila, strategically located at the gateway of Entertainment City, provides an unparalleled entertainment and hospitality experience for the Philippine market and continues to set the reference for the Group's robust capacity to execute on its international vision. The dynamic property boasts the ultimate in entertainment, hotel, retail, dining and lifestyle experiences with aggregated gaming space, including VIP and mass-market gaming facilities with an average of 297 gaming tables and 1,868 gaming machines in the first half of 2018.

City of Dreams Mediterranean and Cyprus Casinos (C2)

Melco International holds a 75% interest in a joint venture company which is developing the integrated casino resort project in Cyprus, with a 30-year casino-gaming license commencing from June 2017 of which the first 15 years are exclusive.

City of Dreams Mediterranean, the first integrated resort in Cyprus, is scheduled to open in 2021 and will transform Cyprus into a must-visit tourism destination. It is currently expected to attract 300,000 tourists annually in its first year of operation. Upon completion, it will become Europe's largest and premier integrated destination resort. Its 7,500-square-metre gaming area comprises over 100 tables and over 1,000 state-of-the-art slot machines, a five-star 500-room hotel with luxury villas, 11 world-class international restaurants and cafeterias, expansive recreation and wellness facilities, high-end brand name luxury retail, a 1,500-seat outdoor amphitheatre and 9,600-square-metre of meetings, incentives, conventions and exhibitions (MICE) facilities and Expo Centre. This potent all under one roof resort will elevate Cyprus to a leadership role for leisure and business travel in the region and internationally.

As the important first step prior to the opening of City of Dreams Mediterranean, Cyprus Casinos (C2) opened its doors in June in Limassol. Comprising 4,600 square metres overall, the gaming area at C2 is a spacious 1,300 square metres and features 33 of the most popular table games and 258 state-of-the-art slot machines, all at limits to meet individual gaming requirements. For those guests who prefer a more private gaming experience, there is Salon Prive.

In addition to world-class gaming, our restaurant “Columbia Bistro” and 2 bars serve a savoury variety of cuisines, snacks and beverages. C2 also offers complimentary and convenient parking.

Three more satellite casinos are also scheduled to commence operations in Nicosia, Larnaca and Paphos later this year, while the satellite casino in Ayia Napa is scheduled to commence operations in the spring of 2019.

ACHIEVEMENTS AND AWARDS

Melco International strives to operate with high standards in corporate governance and corporate social responsibility, both of which are integral to our commitment to strengthen the Group’s industry presence as a global market-leading operation. In the first half of 2018, our efforts have continued to be widely acknowledged.

Corporate Governance

The strong management team has received prestigious leadership awards from the business and investor community in recognition of good corporate governance practices. Among them is the Asian Excellence Awards by Corporate Governance Asia Magazine, where Mr. Lawrence Ho, Group Chairman and Chief Executive Officer, was honoured as “Asia’s Best CEO” for the seventh time in 2018.

These accolades serve as a testament to the Group’s continued dedication to ensuring accountability, fairness and transparency in its relationships with all stakeholders.



‘Good Intentions’ by KAWS, a large-scale sculpture showing two of his famous character designs as parent and child on display at Art on 23, a contemporary visual art gallery at Morpheus.

Corporate Social Responsibility

Melco International continues to be steadfastly committed to be a responsible partner to our employees and local communities. Our efforts and strong commitment to sustainability and social impact has also been recognized by industry-wide awards.

In recognition of our efforts in corporate social responsibility, Melco International has received “Best in ESG”, “ESG Report of The Year” and “Best in Reporting” in BDO ESG Awards 2018. In addition, Melco Resorts has been awarded the Outstanding Corporate Social Responsibility award at the 7th Cross-Strait-Four-Region Outstanding Corporate Social Responsibility Award organized by the Mirror Post of Hong Kong. Its recent efforts to support breastfeeding and lactation room facilities throughout all its major properties have been recognized by the Macau government for demonstrating industry leadership in this area. Moreover, its continued contribution towards the community was recognized by Hong Kong Council of Social Service as a “10 Years Plus Caring Company” for the fourth consecutive year. This is the 14th year that Melco International has received the Caring Company logo.

Business Operations

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

Melco Resorts has been awarded Gaming Operator of the Year, Australia/Asia at the International Gaming Awards 2018. It received the judging panel’s accolade for achievements in bringing vision, originality and vitality to the gaming sector, each of which are closely aligned with its mission to deliver one-of-a-kind, world-class integrated resort concepts to international gamers and tourists.

The Group has attained Forbes 5-Star distinctions across all three of our properties in Macau in the 2018 Forbes Travel Guide, a testament to our impeccable services and distinguished products on offer. Studio City’s Star Tower and Zensa Spa achieved the Forbes 5-Star and 4-Star rating, respectively, on their first attempt. Altira Macau and Altira Spa have been honoured with Forbes 5-Star Awards for nine consecutive years from 2010 to 2018, while Nüwa and Nüwa Spa at City of Dreams (then branded as Crown Towers and Crown Spa) has also received the Forbes 5-Star Awards for the sixth consecutive year. Moreover, Altira Spa has also been awarded as country and regional winner of Luxury Wellness Spa at 2018 World Luxury Spa Awards Gala Event.

In addition to our integrated resorts, the Group's world-class restaurants have also continued to garner critical acclaim. The Group is currently offering more Michelin-starred dining establishments than any operators in Macau with stars awarded to The Tasting Room (two stars), Jade Dragon (two stars), Shinji by Kanesaka (one star), Ying (one star) and Pearl Dragon (one star). They are also well recognized by other organizers, in particular, Jade Dragon has made into the 2018 Asia's 50 Best Restaurants List for the second consecutive year, being the only Macau restaurant to be featured on the list.

All these accolades demonstrate industry-wide recognition from the community for our fundamental commitment to excellence in all aspects of our business, ranging from corporate governance, operational performance to every detail of our customer experience. We make it a top priority to continue this level of excellence in the Group and continue to maintain a market leading position going forward.

OUTLOOK

In the first half of 2018, the Group continues to focus on improving the quality of our services and entertainment offerings as well as upgrading the infrastructure of our properties, with the goal to better cater to customers in Macau and around the world. The Group is confident that the rest of 2018 will get a positive boost with the recent opening of our latest US\$1.1 billion iconic hotel Morpheus, and we believe it will further solidify the Group's position as a pioneer and innovator in premium travel, leisure and entertainment.



The completion and opening of Morpheus marks a new beginning for City of Dreams. The new brand represents our drive to enhance every guest experience through a relentless focus on luxury and quality.

Overall for the Macau gaming industry, despite the 2018 FIFA World Cup temporarily affecting the Macau gaming market this summer, gross gaming revenue in Macau continues to exhibit steady growth in 2018. The Macau gaming industry is expected to receive a boost in revenue through exciting developments around Macau, including the build-out of Cotai and the ongoing development of Hengqin Island, which will further expand Macau's appeal as a tourist destination. Specifically, upcoming transportation infrastructure projects such as the rollout of the Light Rail Transit system throughout Macau as well as the opening of the Hong Kong-Zhuhai-Macau Bridge later this year will further improve the connectivity between the Group's properties in Macau with mainland China and other neighbouring areas. These developments are set to further boost tourist volumes and foot traffic throughout Macau, especially mainland China's growing volumes of tourists and overnight visitors around the Asia Pacific region.

We remain cautiously optimistic about the potential downside risks in the coming years but have taken a proactive strategy to manage and mitigate the potential risks. We have plans in place as we anticipate our gaming license renewal in 2022 and we are working closely with the Macau government throughout this process. We will also carefully observe and prepare any counter measures for scenarios that include potential stricter capital controls in mainland China, that might impact the volume of Chinese tourists coming to Macau.

Our long-term growth strategy for Macau remains to focus on the premium-mass and mass segments, which we believe will drive sustainable growth and profit for our industry. We will continue to invest in balancing our exposure to both VIP and mass gaming patrons and to further grow a diversified portfolio to attract the broader tourism market through our world-class non-gaming entertainment and leisure offers. To better cater to our target market segments, the Group is overseeing exciting developments across our properties that will further boost our competitiveness to offer differentiated and premium services to our guests.

The completion of City of Dreams Phase 3 will be a key focus and the newly revamped mass gaming floor and soon to be unveiled VIP area will be a considerable draw for patrons. With the launch of Morpheus, our City of Dreams portfolio now includes the premium and ultra-luxurious Zaha Hadid-designed concept hotel Morpheus; the chic, classic Chinese Nüwa; and the upcoming hotel Libertine, the funky rebel, which will start development in the second half of 2019. This combined portfolio of hotels will provide a set of differentiated accommodation options that offer our guests unique and tailored experiences, with each hotel offering its own distinctive style while maintaining an overall focus on quality, attention to detail and top-notch service. These latest developments at City of Dreams will solidify our leadership in both the premium-mass and mass segments, positioning us to offer customers Macau's most fully integrated and modern gaming and entertainment experience.

At Studio City, we will continue to undertake a series of property upgrades designed to further refine our entertainment offerings to attract a broader tourism segment that includes families and young millennial tourists. Later this year, Studio City is expected to unveil an electrifying stunt show created with our new partner Stufish, a London based world-renowned entertainment architect, launch Asia's largest Virtual Reality zone as well as introduce a new and exciting range of food and beverage options.

Internationally, we remain bullish on our exposure to an expanding network of global operations and business development opportunities beyond Macau. In the Philippines, the market has continued to deliver healthy and stable growth along with robust financial performance. Given the fast-growing trajectory of Southeast Asian tourism along with continued upgrades in Philippine transportation infrastructure projects, the Group anticipates continued growth in this market since it is expected that regional and global tourist arrivals, overnight visitors from ASEAN countries and overall gaming activity at our resort in Manila will be further boosted.

For Cyprus, the launch of C2 and its very favourable response in its first 30 days offer a tantalizing window into the transformative power of the Group's relationship. During the first three weeks of operation, over 34,000 individual guests have visited C2, while more than 6,000 visitors have registered to become members of the C2 Rewards Club loyalty program. With the strong support from the Cypriot government, positive word of mouth and self-discovery by the market, we anticipate an accelerating attendance rate and are confident that the project will further enhance our exposure in the global market.



Building on the synergies created by its spectacular gaming and non-gaming entertainment offerings and a constantly optimized retail preposition and restaurant offerings, City of Dreams has consistently strengthened its position as the leading premium-mass market leisure destination in Macau.

Our core focus for the near to mid-term continues to be Japan. Following the passage of the Integrated Resorts Implementation Bill in July, we are very focused and dedicated to becoming an international integrated resort operator in the country. To this end, we have been working diligently on this for the past 10 years and will continue to engage with the national and local governments, communities and local companies for potential partnerships and collaborations. We have had a Tokyo office in place since 2017 along with a local leadership team and just opened an Osaka office in the first half of 2018 and are now fully engaged to explore local partnerships and to further build up our local presence. With our focus on the Asian premium segment, dedication for high quality assets and world-class entertainment offerings, we believe the Group is in a strong position to be a partner to Japan's journey in its integrated resort development with a unique Japanese touch.

Looking ahead, we believe that our diversified revenue streams across market segments and geographies with distinctive high-quality hotel brands will lay a strong foundation to the Group's near and long-term success and development. Our corporate DNA is always to do better and to create a category of hospitality, leisure and entertainment that constantly exceeds expectations, and we are well positioned to continue to be a pioneer and innovator in premium travel, leisure and entertainment in Macau and internationally. With growing global demand for premium and tailored travel experiences, for both gaming as well as non-gaming entertainment and leisure offerings, our dedicated management team, solid corporate governance, strong property portfolio are well placed to continue to deliver solid financial growth.

FINANCIAL REVIEW

RESULTS FOR THE SIX MONTHS ENDED 30 JUNE

HK\$' million	2018 (Unaudited)	2017 (Unaudited)	YoY%
Net revenues	19,796.1	20,109.5	-1.6%
Adjusted EBITDA	5,522.7	4,732.0	16.7%
Profit attributable to owners of the Company	344.6	164.6	109.4%
Basic earnings per share (HK\$)	0.23	0.11	109.7%

FINANCIAL POSITION AS AT

HK\$' million	30 June 2018 (Unaudited)	31 December 2017 (Audited)	YoY%
Total assets	97,787.7	98,270.2	-0.5%
Total liabilities	51,650.9	52,418.2	-1.5%
Shareholders' equity	19,186.7	18,988.9	1.0%
Net assets value per share attributable to owners of the Company (HK\$)	12.5	12.4	1.2%
Gearing ratio (%)	35.1%	35.1%	N/A



The Group launched Macau's first ever E-sports venue - Macau EStadium - at Studio City, with cutting-edge advanced technology that will cater to top-tier E-sport tournaments, virtual gaming leagues and professional players from around the world.

Net revenues

Net revenues of the Group slightly decreased by 1.6% from HK\$20.1 billion for the six months ended 30 June 2017 to HK\$19.8 billion for the six months ended 30 June 2018. While the Group experienced better performance in all gaming segments, this was more than offset by higher commissions, which are being reported as a reduction of revenue as a result of the Group's adoption of a new revenue recognition standard issued by the Hong Kong Institute of Certified Public Accountants (the "New Revenue Standard") from 1 January 2018. The Group has adopted the New Revenue Standard using the modified retrospective method on 1 January 2018. Results for the periods beginning on or after 1 January 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. Under the previous basis, before the adoption of the New Revenue Standard, net revenues for the six months ended 30 June 2018 would have been HK\$21.4 billion, which would have represented an increase of 6.5% from the HK\$20.1 billion for the comparable period in 2017.



The state-of-the-art Studio City Event Center ("SCEC") welcomed numerous music icons globally and regionally. Cantopop diva Sammi Cheng hosted its fan gathering at SCEC in August.

Management Discussion & Analysis

HK\$' million	Six months ended 30 June		
	2018 (Unaudited)	2017 (Unaudited)	YoY%
Casino revenue	17,300.8	18,711.1	-7.5%
Entertainment and resort facilities revenue:			
Rooms	1,053.1	278.0	278.9%
Catering service income	777.0	353.8	119.6%
Entertainment, retail and other	658.8	748.8	-12.0%
Electronic gaming machines participation	3.9	5.2	-24.8%
Property rental income	2.2	1.8	17.3%
Lottery business:			
Trading of lottery terminals and parts	-	9.6	-100.0%
Provision of services and solutions for distribution of lottery products	-	0.4	-100.0%
Others	0.3	0.8	-62.8%
	<u>19,796.1</u>	<u>20,109.5</u>	<u>-1.6%</u>



The world's first-ever travel-themed LINE FRIENDS exhibition - "LINE FRIENDS WORLD TOUR MACAU 2018" was held at Studio 8 at Studio City.

Adjusted EBITDA⁽¹⁾

Adjusted EBITDA for the six months ended 30 June 2018 increased by 16.7% to HK\$5.5 billion, compared to HK\$4.7 billion for the six months ended 30 June 2017. The improvement in Adjusted EBITDA was mainly attributable to better group-wide performance in all gaming segments and recovery of previously provided doubtful debt.

⁽¹⁾ 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-based compensation expenses, payments to the Philippine Parties, land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses and loss/gain on disposal of subsidiaries. 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 interim report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Profit Attributable to owners of the Company

Profit attributable to owners of the Company increased by 109.4% from HK\$164.6 million for the six months ended 30 June 2017 to HK\$344.6 million for the six months ended 30 June 2018. The increase was mainly attributable to better group-wide performance in all gaming segments, recovery of previously provided doubtful debt and lower finance costs.

Basic Earnings Per Share

Basic earnings per share increased from HK\$0.11 per share for the six months ended 30 June 2017 to HK\$0.23 per share for the six months ended 30 June 2018. The increase was mainly attributable to better group-wide performance in all gaming segments, recovery of previously provided doubtful debt and lower finance costs.

Financial and Operational Performance

As at 30 June 2018, the Company indirectly owns approximately 51.06% of Melco Resorts which contributed a majority performance of the Group.



President of the Republic of Cyprus, Mr. Nicos Anastasiades, Chairman and CEO of Melco International, Mr. Lawrence Ho and Managing Director of CNS Group, Mr. Melis Shiacolas took part in the groundbreaking ceremony of City of Dreams Mediterranean.

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\$2.5 billion for the six months ended 30 June 2018, versus US\$2.6 billion for the six months ended 30 June 2017. The decrease in net revenue was primarily attributable to higher commissions reported as a reduction in revenue upon Melco Resorts' adoption of a new revenue recognition standard issued by the Financial Accounting Standards Board, partially offset by better performance in all gaming segments. Melco Resorts adopted this new revenue standard using the modified retrospective method from 1 January 2018. Results for the periods beginning on or after January 1, 2018 are presented under this new revenue standard, while prior year amounts are not adjusted and continue to be reported in accordance with the previous basis. Under the previous basis, before the adoption of this new revenue standard, net revenue for the six months ended 30 June 2018 would have been US\$2.8 billion, which would have represented an increase of approximately 7% from the US\$2.6 billion for the comparable period in 2017.

Operating income for the six months ended 30 June 2018 was US\$339.2 million, compared with operating income of US\$285.9 million for the same period in 2017, representing an increase of 19%.

The Adjusted Property EBITDA⁽¹⁾ for the six months ended 30 June 2018 was US\$757.3 million, as compared with Adjusted Property EBITDA of US\$682.8 million for the same period in 2017. The 11% year-on-year improvement in Adjusted Property EBITDA was mainly attributable to better group-wide performance in all gaming segments and recovery of previously provided doubtful debt.

Net income attributable to Melco Resorts for the six months ended 30 June 2018 was US\$213.9 million, compared with a net income attributable to Melco Resorts of US\$149.9 million for the same period in 2017.

City of Dreams

For the six months ended 30 June 2018, net revenue at City of Dreams was US\$1,218.2 million versus US\$1,337.9 million for the same period in 2017. City of Dreams generated Adjusted Property EBITDA of US\$379.5 million for the six months ended 30 June 2018, representing a decrease of 2% compared to US\$388.8 million for the same period in 2017.

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

Gaming Performance

US\$'million	Six months ended 30 June		
	2018	2017	YoY%
VIP Gaming			
Rolling chip volume	21,622.5	24,814.4	-12.9%
Win rate	3.0%	2.8%	N/A
Mass Market			
Table drop	2,364.6	2,132.9	10.9%
Hold percentage	30.2%	34.6%	N/A
Gaming Machine			
Handle	2,117.6	1,963.7	7.8%
Win rate	5.1%	3.7%	N/A



Cyprus Casinos (C2), the first authorized casino in the Republic of Cyprus which opened its doors to the public in June, was well received and attracted large numbers of visitors from different nations.

Non-Gaming Performance

Total non-gaming revenue at City of Dreams for the six months ended 30 June 2018 was US\$149.7 million, compared with US\$152.3 million in the same period in 2017.

Altira Macau

For the six months ended 30 June 2018, net revenue at Altira Macau was US\$243.5 million compared to US\$216.7 million in the same period in 2017. Altira Macau generated Adjusted Property EBITDA of US\$36.3 million for the six months ended 30 June 2018 compared with Adjusted Property EBITDA of US\$8.8 million in the same period in 2017. The year-on-year increase in Adjusted Property EBITDA was primarily a result of better performance in all gaming segments.

Gaming Performance

US\$'million	Six months ended 30 June		
	2018	2017	YoY%
VIP Gaming			
Rolling chip volume	10,366.7	8,116.3	27.7%
Win rate	3.3%	3.2%	N/A
Mass Market			
Table drop	271.2	191.6	41.6%
Hold percentage	19.5%	18.0%	N/A
Gaming Machine			
Handle	56.0	15.7	257.7%
Win rate	5.9%	5.9%	N/A

Non-Gaming Performance

Total non-gaming revenue at Altira Macau for the six months ended 30 June 2018 was US\$13.4 million, compared with US\$12.7 million in the same period in 2017.

Mocha Clubs

Net revenue from Mocha Clubs totaled US\$58.5 million for the six months ended 30 June 2018 as compared to US\$60.4 million in the same period in 2017. Mocha Clubs generated US\$12.2 million of Adjusted Property EBITDA for the six months ended 30 June 2018 compared with Adjusted Property EBITDA of US\$12.7 million in the same period in 2017.

US\$'million	Six months ended 30 June		
	2018	2017	YoY%
Gaming Machine			
Handle	1,273.0	1,195.5	6.5%
Win rate	4.5%	4.9%	N/A

Studio City

For the six months ended 30 June 2018, net revenue at Studio City was US\$682.6 million compared to US\$609.9 million in the same period in 2017. Studio City generated Adjusted Property EBITDA of US\$183.3 million for the six months ended 30 June 2018 compared with Adjusted Property EBITDA of US\$148.5 million in the same period in 2017. The year-on-year increase in Adjusted Property EBITDA was primarily a result of better performance in all gaming segments.



The Group's culinary team garnered Gold Medal in FHA Culinary Challenge 2018 and set to represent Macau for the first time at the 2020 International Culinary Olympics, a true testament to the Group's commitment to delivering the most exquisite and superior dining experiences to our guests.

Gaming Performance

US\$'million	Six months ended 30 June		
	2018	2017	YoY%
VIP Gaming			
Rolling chip volume	12,682.8	8,206.4	54.5%
Win rate	2.7%	2.9%	N/A
Mass Market			
Table drop	1,639.5	1,317.7	24.4%
Hold percentage	26.0%	26.6%	N/A
Gaming Machine			
Handle	1,196.6	1,000.3	19.6%
Win rate	3.5%	3.7%	N/A

Non-Gaming Performance

Total non-gaming revenue at Studio City for the six months ended 30 June 2018 was US\$92.5 million, compared with US\$99.4 million in the same period in 2017.

City of Dreams Manila

For the six months ended 30 June 2018, net revenue at City of Dreams Manila was US\$316.0 million compared to US\$333.6 million in the same period in 2017. City of Dreams Manila generated Adjusted Property EBITDA of US\$146.1 million for the six months ended 30 June 2018 compared with US\$124.0 million in the same period in 2017. The year-on-year improvement in Adjusted Property EBITDA was primarily a result of better performance in mass market table games segment.

Gaming Performance

US\$'million	Six months ended 30 June		
	2018	2017	YoY%
VIP Gaming			
Rolling chip volume	5,738.0	5,658.1	1.4%
Win rate	3.3%	3.5%	N/A
Mass Market			
Table drop	385.1	323.6	19.0%
Hold percentage	31.6%	28.6%	N/A
Gaming Machine			
Handle	1,676.8	1,488.9	12.6%
Win rate	5.8%	6.1%	N/A

Non-Gaming Performance

Total non-gaming revenue at City of Dreams Manila for the six months ended 30 June 2018 was US\$58.8 million, compared with US\$55.7 million in the same period in 2017.



In recognition of its impeccable service and distinguished product, NÜWA at City of Dreams Manila achieved the only new 5-Star award for hotels in Manila from the prestigious Forbes Travel Guide 2018 on its first attempt.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Capital Resources

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

The Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. As at 30 June 2018, the Group's bank balances and cash (including bank deposits with original maturities over three months) amounted to HK\$11,790.5 million (31 December 2017: HK\$12,117.0 million) and investments in mutual funds that mainly invest in bonds and fixed interest securities amounted to HK\$718.4 million (31 December 2017: HK\$699.2 million).

As at 30 June 2018, certain bank credit facilities amounted to HK\$11,351.6 million (31 December 2017: HK\$12,683.1 million) were available for future drawdown, subject to satisfaction of certain conditions precedent.

Major changes in our indebtedness during the six months ended 30 June 2018 are summarized below:

The Group drew down an aggregated revolving credit facility of US\$168 million (equivalent to HK\$1,307.0 million) to fund the full repayments of an unsecured bond of HK\$760 million and a secured bank loan of HK\$546 million at their maturities.

The availability period of an unsecured credit facility amount to Philippine Peso2.35 billion (equivalent to HK\$341.6 million) was extended from 29 May 2018 to 31 May 2019. This credit facility is available for future drawdown, subject to satisfaction of certain conditions precedent.

Subsequent to 30 June 2018, the Group submitted an irrevocable redemption notice to the facility agent of the Philippine Peso15 billion 5% senior notes due 2019 to partially redeem in an aggregate principal amount of Philippine Peso5.5 billion (equivalent to HK\$799.5 million), together with accrued interest. The redemption is expected to be completed by 31 August 2018.

For further details of our indebtedness, please refer to note 34 to the consolidated financial statements included in the Company's 2017 Annual Report and note 16 to the Condensed Consolidated Interim Financial Information contained herein, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances.

Gearing Ratio

The gearing ratio, expressed as a percentage of total interest-bearing borrowings divided by total assets, was at 35.1% as at 30 June 2018 (31 December 2017: 35.1%).

Pledges of assets

As at 30 June 2018, borrowings amounting to HK\$26,568.0 million (31 December 2017: HK\$26,078.4 million) were secured by the following assets of the Group:

- a. certain property, plant and equipment;
- b. investment properties;
- c. certain land and all present and future buildings on and fixtures to such land, and land use rights (or equivalent);
- d. certain bank deposits;
- e. chattels, receivables and other assets including certain inter-group loans; and
- f. issued shares of certain subsidiaries of the Group.



The Group advocates giving back to the community and actively supports, encourages and facilitates volunteer programs for employees. Last year, Melco Resorts' employees dedicated over 136,000 hours to volunteerism to benefit 40 local NGOs, with more than 9,700 employee headcounts recorded at volunteering events.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30 June 2018.

FINANCIAL RISK

Foreign exchange risk

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

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

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

Interest rate risk

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

HUMAN RESOURCES

Headcount and Employees' Information

The total number of the Group's employees was 21,678 as of 30 June 2018 (31 December 2017: 19,844). Among the 21,678 employees, 376 are located in Hong Kong and the rest of 21,302 are located respectively in Macau, the Philippines, Cyprus and US. The related staff costs for the six months ended 30 June 2018, including directors' emoluments and share-based compensation expenses, amounted to HK\$3,156.6 million (six months ended 30 June 2017: HK\$3,415.3 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 part of it. All employees are given equal opportunities for advancement and personal growth. The Group believes through growing its business, it will be able to create opportunities and deliver value to its people. Thus, the Group encourages its employees to do their best at work and grow with the Group. Melco International builds employees' loyalty through recognition, involvement and participation. Melco International's people policy, systems and practices are directly aligned with the Group's mission and values which contribute to its success.



Melco Resorts' signature CSR program, the "Dare to Dream" series, creates inspirational opportunities for aspiring youths by enabling exposure to renowned world-class maestros of various fields in creative arts. Its latest Dare to Dream artist is Mr. Barney Cheng, designer to the celebrities.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

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 33 to 67, which comprises the condensed consolidated statement of financial position of Melco International Development Limited (the “Company”) and its subsidiaries as of 30 June 2018 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 months 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 (“HKAS”) 34 *Interim Financial Reporting* 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

27 August 2018

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net revenues	4	19,796,067	20,109,501
Other income, gains and losses		60,826	71,997
Gaming tax and license fees		(9,147,193)	(8,349,759)
Employee benefits expenses		(3,156,552)	(3,415,342)
Depreciation and amortization		(2,389,394)	(2,481,923)
(Loss)/gain on disposal of subsidiaries	8	(34,111)	161,228
Other expenses		(2,979,822)	(4,274,681)
Finance costs	5	(1,086,238)	(1,400,849)
Share of profits and losses of joint ventures		-	16
Share of profits and losses of associates		(1,015)	(1,992)
PROFIT BEFORE TAX	6	1,062,568	418,196
Income tax credit/(expense)	7	5,757	(62,764)
PROFIT FOR THE PERIOD		<u>1,068,325</u>	<u>355,432</u>

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 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)
Exchange differences:		
Exchange differences on translation of foreign operations	(73,755)	(12,069)
Reclassification of exchange reserve upon disposal of interest in a subsidiary	-	813
	(73,755)	(23,010)
<i>Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:</i>		
Actuarial loss arising from defined benefit obligations	(1,058)	(502)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	(74,813)	(23,512)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	993,512	331,920

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Six months ended 30 June	
		2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Profit for the period attributable to:			
Owners of the Company		344,584	164,586
Non-controlling interests		723,741	190,846
		<u>1,068,325</u>	<u>355,432</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		326,346	149,498
Non-controlling interests		667,166	182,422
		<u>993,512</u>	<u>331,920</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic	10	<u>HK\$0.23</u>	<u>HK\$0.11</u>
Diluted		<u>HK\$0.22</u>	<u>HK\$0.10</u>

The accompanying notes are an integral part of the interim financial information.

Condensed Consolidated Statement of Financial Position

AS AT 30 JUNE 2018

	Notes	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	48,270,880	47,994,966
Investment properties		274,000	274,000
Land use rights		5,470,896	5,553,924
Gaming license and subconcession		4,358,387	4,902,889
Goodwill		5,299,451	5,299,451
Trademarks		16,992,458	16,992,458
Other intangible assets		13,061	14,533
Investments in associates		12,116	14,946
Trade receivables	12	28,940	28,970
Prepayments, deposits and other receivables		1,427,131	1,440,006
Other financial assets	13	208,485	192,512
Deferred tax assets		1,060	543
Total non-current assets		82,356,865	82,709,198
CURRENT ASSETS			
Land use rights		166,057	166,057
Inventories		283,992	273,989
Trade receivables	12	1,468,082	1,247,940
Prepayments, deposits and other receivables		633,462	702,308
Tax recoverable		153	156
Other financial assets	13	1,088,620	1,053,586
Bank deposits with original maturities over three months		204,400	348,741
Cash and bank balances		11,586,064	11,768,251
Total current assets		15,430,830	15,561,028

Condensed Consolidated Statement of Financial Position

	Notes	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
CURRENT LIABILITIES			
Trade payables	14	175,493	127,720
Other payables, accruals and deposits received	15	12,215,126	12,617,523
Tax payable		62,742	36,848
Interest-bearing borrowings	16	1,901,167	2,003,109
Obligations under finance leases		253,820	259,754
		<u>14,608,348</u>	<u>15,044,954</u>
NET CURRENT ASSETS		<u>822,482</u>	<u>516,074</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>83,179,347</u>	<u>83,225,272</u>
NON-CURRENT LIABILITIES			
Other payables, accruals and deposits received	15	219,745	384,636
Interest-bearing borrowings	16	32,464,944	32,463,626
Obligations under finance leases		1,935,444	2,068,669
Deferred tax liabilities		2,422,399	2,456,295
		<u>37,042,532</u>	<u>37,373,226</u>
Total non-current liabilities		<u>37,042,532</u>	<u>37,373,226</u>
Net assets		<u>46,136,815</u>	<u>45,852,046</u>
EQUITY			
Share capital	17	5,656,551	5,624,135
Reserves		13,530,110	13,364,752
		<u>19,186,661</u>	<u>18,988,887</u>
Equity attributable to owners of the Company		<u>19,186,661</u>	<u>18,988,887</u>
Non-controlling interests		26,950,154	26,863,159
		<u>46,136,815</u>	<u>45,852,046</u>
Total equity		<u>46,136,815</u>	<u>45,852,046</u>

The accompanying notes are an integral part of the interim financial information.

Condensed Consolidated Statement of Changes in Equity

FOR THE SIX MONTHS ENDED 30 JUNE 2018

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 HK\$'000	Retained profits HK\$'000	Sub-total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2018 (Audited)	5,624,135	7,053	(3,202,793)	5,796	(4,906)	(33,442)	137,154	(168,186)	47,897	16,576,179	18,988,887	26,863,159	45,852,046
Change in accounting policy (note 2.2)	-	-	-	-	4,583	-	-	-	-	(112,403)	(107,820)	(130,225)	(238,045)
Restated total equity at the beginning of the financial period	5,624,135	7,053	(3,202,793)	5,796	(323)	(33,442)	137,154	(168,186)	47,897	16,463,776	18,881,067	26,732,934	45,614,001
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(17,983)	-	-	-	-	(17,983)	(55,772)	(73,755)
Actuarial loss arising from defined benefit obligations	-	-	-	-	(255)	-	-	-	-	-	(255)	(803)	(1,058)
Other comprehensive loss for the period	-	-	-	-	(255)	(17,983)	-	-	-	-	(18,238)	(56,575)	(74,813)
Profit for the period	-	-	-	-	-	-	-	-	-	344,584	344,584	723,741	1,068,325
Total comprehensive income/(loss) for the period	-	-	-	-	(255)	(17,983)	-	-	-	344,584	326,346	667,166	993,512
Exercise of share options	32,416	-	-	-	-	-	(13,099)	-	-	-	19,317	-	19,317
Recognition of equity-settled share-based payments	-	-	-	-	-	-	20,873	-	117,366	-	138,239	49,821	188,060
Transfer of share option reserve upon expiry of share options	-	-	-	-	-	-	(5,821)	-	-	5,821	-	-	-
Shares vested under the share award schemes	-	-	-	-	-	-	-	155,476	(151,301)	(4,175)	-	-	-
Final 2017 dividend declared (note 9)	-	-	-	-	-	-	-	-	-	(61,484)	(61,484)	-	(61,484)
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(499,767)	(499,767)
Share of special reserve of an associate	-	-	(1,817)	-	-	-	-	-	-	-	(1,817)	-	(1,817)
Repurchase of shares	-	-	-	-	-	-	-	-	-	(115,007)	(115,007)	-	(115,007)
	32,416	-	(1,817)	-	-	-	1,953	155,476	(33,935)	(174,845)	(20,752)	(449,946)	(470,698)
At 30 June 2018 (Unaudited)	5,656,551	7,053*	(3,204,610)*	5,796*	(578)*	(51,425)*	139,107*	(12,710)*	13,962*	16,633,515*	19,186,661	26,950,154	46,136,815

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 8)	-	-	-	-	(11,754)	813	-	-	-	-	813	-	813
Change in fair value of available-for-sale investments	-	-	-	-	(323)	-	-	-	-	-	(11,754)	-	(11,754)
Actuarial loss arising from defined benefit obligations	-	-	-	-	-	-	-	-	-	-	(323)	(179)	(502)
Other comprehensive loss for the period	-	-	-	-	(12,077)	(3,011)	-	-	-	-	(15,088)	(8,424)	(23,512)
Profit for the period	-	-	-	-	-	-	-	-	-	164,586	164,586	190,846	355,432
Total comprehensive income/(loss) for the period	-	-	-	-	(12,077)	(3,011)	-	-	-	164,586	149,498	182,422	331,920
Exercise of share options	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 option reserve upon the forfeiture or expiry of share options	-	-	-	-	-	-	-	61,842	(59,387)	(2,455)	-	2,508	2,508
Shares vested under the share award schemes	-	-	-	-	-	-	-	-	-	(30,574)	(30,574)	-	(30,574)
Final 2016 dividend declared (note 9)	-	-	-	-	-	-	-	-	-	-	(2,135)	-	(2,135)
Dividend paid to non-controlling shareholders	-	-	(2,135)	-	-	-	-	-	-	-	(3,457,017)	(5,784,786)	(9,241,803)
Share of special reserve of an associate	-	-	(3,457,017)	-	-	-	(616)	-	-	-	(16,718)	(78,187)	(94,905)
Acquisition of partial interests in a subsidiary	-	-	(16,102)	-	-	-	(31,598)	-	-	31,598	-	(248,580)	(248,580)
Privatization of a subsidiary	-	-	-	-	-	-	-	-	-	(282,581)	(282,581)	-	(282,581)
Disposal of a subsidiary (note 8)	-	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of shares	-	-	(3,475,254)	-	-	-	(26,460)	61,842	(4,437)	(284,012)	(3,692,316)	(8,708,951)	(12,401,267)
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

* These reserve accounts comprise the consolidated reserves of HK\$13,530,110,000 (30 June 2017: HK\$13,331,620,000) in the unaudited condensed consolidated statement of financial position as at 30 June 2018.

The accompanying notes are an integral part of the interim financial information.

Condensed Consolidated Statement of Cash Flows

FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Net cash from operating activities	2,921,515	4,963,862
CASH FLOWS FROM INVESTING ACTIVITIES		
Placement of bank deposits with original maturities over three months	(204,400)	(594,123)
Interest received	23,344	20,881
Purchase of property, plant and equipment	(721,527)	(463,618)
Payments and deposits for construction costs	(582,379)	(1,337,421)
Purchase of other intangible assets	-	(1,210)
Withdrawal of bank deposits with original maturities over three months	348,741	3,161,902
Increase in restricted cash	(37,980)	(22,866)
Net (payments)/proceeds from disposal of subsidiaries (note 8)	(27,960)	4,003
Proceeds from disposal of property, plant and equipment	3,135	4,286
Decrease in amount due from an associate	-	6,613
Purchase of financial assets at fair value through profit or loss	(39,177)	-
Net cash (used in)/from investing activities	(1,238,203)	778,447

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from interest-bearing borrowings	1,307,040	8,013,400
Interest paid	(793,690)	(938,176)
Payments of obligations under finance leases	(131,264)	(128,323)
Proceeds from exercise of share options	58,223	21,145
Repayment of interest-bearing borrowings	(1,618,237)	(3,093,009)
Privatization of a subsidiary	-	(94,905)
Acquisition of partial interests in subsidiaries	-	(8,463,803)
Repurchase of shares	(115,007)	(282,581)
Dividends paid to non-controlling shareholders	(499,767)	(2,756,412)
	(1,792,702)	(7,722,664)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	11,768,251	13,727,720
Effect of foreign exchange rate changes, net	(72,797)	(18,031)
	11,586,064	11,729,334
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	11,586,064	11,729,334
ANALYSIS OF BALANCE OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	11,586,064	11,729,334

The accompanying notes are an integral part of the interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

AT 30 JUNE 2018

1. CORPORATE INFORMATION

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

The Company together with its subsidiaries (collectively referred to as the “Group”) is a developer, owner and operator of international network of casino gaming and entertainment casino resorts. The Group operates its gaming business primarily through Melco Resorts & Entertainment Limited (“Melco Resorts”), a subsidiary of the Group, with its American depositary shares (“ADSs”) listed on the NASDAQ Global Select Market in the United States of America (the “U.S.”). Melco Resorts currently operates Altira Macau, 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. Melco Resorts’ business also includes Mocha Clubs, which comprise the non-casino based operations of electronic gaming machines in Macau. Melco Resorts 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”), a majority-owned subsidiary of Melco Resorts whose common shares are listed on The Philippine Stock Exchange, Inc., through MRP’s subsidiary, Melco Resorts Leisure (PHP) Corporation (“Melco Resorts Leisure”), currently operates and manages City of Dreams Manila, a casino, hotel, retail and entertainment integrated resort in the Entertainment City complex in Manila. In Cyprus, the Group, through its majority-owned subsidiaries, ICR Cyprus Holdings Limited (“ICR”) and its subsidiaries, is also developing the City of Dreams Mediterranean, the first integrated casino resort in Limassol, Cyprus together with the operation of four satellite casinos in Nicosia, Larnaca, Ayia Napa and Paphos, Cyprus. The integrated casino resort is expected to open in 2021. A temporary casino in Limassol commenced operation in June 2018 and will operate until the integrated casino resort is completed. The four satellite casinos are currently under development in Cyprus.

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

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared under the historical cost convention, except for investment properties and certain financial instruments, which are measured at fair value, as appropriate.

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* 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 unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements as at 31 December 2017.

The financial information relating to the year ended 31 December 2017 that is included in this unaudited 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:

The Company has delivered the consolidated financial statements for the year ended 31 December 2017 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 auditor has reported on the consolidated financial statements for the year ended 31 December 2017. The auditor’s report 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 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and basis of preparation adopted in the preparation of the unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 are consistent with those of the Group as set out in the Group's audited consolidated financial statements for the year ended 31 December 2017, except for the adoption of the new and amended Hong Kong Financial Reporting Standards (the "HKFRSs") effective as of 1 January 2018.

The Group applies, for the first time in 2018, HKFRS 15 *Revenue from Contracts with Customers* and HKFRS 9 *Financial Instruments*. The nature and effect of these changes in accounting policies are disclosed below. For the other new and amended HKFRSs that are effective for the period, there is no material financial impact on the Group's unaudited condensed consolidated interim financial information.

HKFRS 15 *Revenue from Contracts with Customers*

HKFRS 15 establishes a new five-step model that applies to revenue arising from contracts with customers ("New Revenue Standard"). Under HKFRS 15, revenues are recognized at amounts that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers. The principles in HKFRS 15 provide a more structured approach to measuring and recognizing revenue.

The Group has adopted the New Revenue Standard using the modified retrospective method on 1 January 2018. Results for the periods beginning on or after 1 January 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The major changes as a result of the adoption of the New Revenue Standard are as follows:

- Under the New Revenue Standard, the retail value of complimentary services (including rooms, catering service, and other services) that are provided to casino guests as incentives related to gaming play ("promotional allowances") are netted against casino revenues in primarily all cases rather than netted against revenues related to the respective goods or services. The promotional allowances are measured based on stand-alone selling prices. These changes primarily result in a decrease in casino revenues and an increase in the revenues related to the respective goods or services.
- A portion of commissions paid to gaming promoters, representing the estimated incentives that were returned to customers, were previously reported as reductions in revenues, with the balances of commission expenses reflected as casino expenses. As a result of the adoption of the New Revenue Standard, all commissions paid to gaming promoters are reflected as reductions in casino revenues. This change primarily results in a decrease in casino expenses and a corresponding decrease in casino revenues.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

HKFRS 15 Revenue from Contracts with Customers - continued

The amounts of affected financial statement line items in the unaudited condensed consolidated statement of profit or loss and other comprehensive income for the current period before and after the adoption of the New Revenue Standard are as follows:

Six months ended 30 June 2018 (unaudited)

	Balances under New Revenue Standard (As reported) HK\$'000	Balances under previous basis HK\$'000	Effect of change higher/ (lower) HK\$'000
<i>Net revenues</i>			
Casino revenue	17,300,745	20,151,111	(2,850,366)
Entertainment and resort facilities revenue:			
Rooms	1,053,148	291,069	762,079
Catering service income	776,952	346,368	430,584
Entertainment, retail and other	658,829	630,329	28,500
<i>Other expenses</i>			
Gaming promoters' commission and other gaming operations expenses	325,420	1,954,623	(1,629,203)

There is no material impact on profit for the period, and basic and diluted earnings per share for the six months ended 30 June 2018.

HKFRS 9 Financial Instruments

HKFRS 9 replaces HKAS 39 *Financial Instruments: Recognition and Measurement*, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has adopted HKFRS 9 from 1 January 2018 and did not restate comparative information in accordance with the transitional provisions in HKFRS 9. The transition adjustments were recognized against the opening balance of retained profits at 1 January 2018. The impacts from adopting HKFRS 9 relate to the classification and measurement and the impairment requirements are summarized as follows:

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

HKFRS 9 *Financial Instruments* - continued

(a) *Classification and measurement - equity investments*

Upon adoption of HKFRS 9, the Group changes the accounting for equity investments held as available-for-sale and records the unrealized changes in fair value in profit and loss. Under the Group's previous accounting policies, these investments were measured at fair value with unrealized changes in fair value recorded as a component of other comprehensive income - other revaluation reserve. At the adoption date, the Group reclassified the previously accumulated unrealized losses of HK\$4,583,000 on these investments from other revaluation reserve to the opening balance of retained profits. The Group anticipates that the adoption of HKFRS 9 will primarily increase the volatility of the Group's other gains or losses as a result of the remeasurement of these equity investments.

(b) *Classification and measurement - borrowings*

HKFRS 9 requires a gain or loss arising from modification of a financial liability that does not result in derecognition be immediately recognized in profit or loss. Under the Group's previous accounting policies, such gain or loss was deferred and amortized over the remaining term of the modified liability by adjusting the effective interest rate. The Group has retrospectively applied the accounting treatment as required by HKFRS 9 for the modification of interest-bearing borrowings which has not resulted in derecognition. At the adoption date, the Group recognized a decrease in opening retained profits and non-controlling interests with an aggregated amount of HK\$238,045,000 and a corresponding increase in interest-bearing borrowings.

(c) *Impairment of financial assets*

HKFRS 9 requires an impairment of financial assets based on an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. Upon adoption of HKFRS 9, the Group has applied the simplified approach to recognize lifetime expected credit losses for its trade receivables. The Group has determined that the adoption of HKFRS 9 did not have a significant impact on the provision for impairment on its trade receivables.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES - continued

HKFRS 9 *Financial Instruments* - continued

The effect of adopting HKFRS 9 on the consolidated opening retained profits and non-controlling interests at 1 January 2018 is as follows:

Retained profits	HK\$'000
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Retained profits at 1 January 2018 - HKAS 39	16,576,179
Reclassification of accumulated unrealized losses on equity investments from other revaluation reserve	(4,583)
Change in carrying amount of interest-bearing borrowings measured at amortized cost	<u>(107,820)</u>
Retained profits at 1 January 2018 - HKFRS 9	<u><u>16,463,776</u></u>
Non-controlling interests	HK\$'000
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Non-controlling interests at 1 January 2018 - HKAS 39	26,863,159
Change in carrying amount of interest-bearing borrowings measured at amortized cost	<u>(130,225)</u>
Non-controlling interests at 1 January 2018 - HKFRS 9	<u><u>26,732,934</u></u>

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early adopted any new or amended HKFRSs or interpretation that has been issued but is not yet effective in the unaudited condensed consolidated financial information for the six months ended 30 June 2018.

3. SEGMENT INFORMATION

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

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

Management monitors the results of the Group’s operating and reportable segments separately for the purpose of making decisions about 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-based compensation expenses, payments to SM Investments Corporation, Belle Corporation and PremiumLeisure and Amusement, Inc. (collectively referred to as the “Philippine Parties”), land rent to Belle Corporation, corporate expenses, interest income, other income, gains and losses and loss/gain on disposal of subsidiaries. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment. Not all companies calculate Adjusted EBITDA in the same manner. As a result, Adjusted EBITDA as presented by the Group may not be directly comparable to other similarly titled measures presented by other companies.

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

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

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

3. SEGMENT INFORMATION - continued

Segment net revenues and results

Six months ended 30 June 2018 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment net revenues:			
Sales to external customers	19,750,496	45,571	19,796,067
Intersegment sales	28,176	-	28,176
	19,778,672	45,571	19,824,243
Elimination of intersegment sales			(28,176)
Total net revenues			<u>19,796,067</u>
Adjusted EBITDA	5,553,185	(30,499)	5,522,686
Adjusted items for Adjusted EBITDA:			
Share-based compensation expenses			(160,419)
Depreciation and amortization			(2,389,394)
Pre-opening costs			(313,507)
Development costs			(56,711)
Property charges and other			(144,424)
Payments to the Philippine Parties			(272,256)
Land rent to Belle Corporation			(11,787)
Loss on disposal of subsidiaries			(34,111)
Interest income			23,310
Other income, gains and losses			37,516
Finance costs			(1,086,238)
Corporate expenses			(52,097)
Profit before tax			<u>1,062,568</u>

3. SEGMENT INFORMATION - continued

Segment net revenues and results - continued

Six months ended 30 June 2017 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment net revenues:			
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 net revenues			<u><u>20,109,501</u></u>
Adjusted EBITDA	4,760,231	(28,269)	4,731,962
Adjusted items for Adjusted EBITDA:			
Share-based compensation expenses			(204,827)
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, gains and losses			89,746
Finance costs			(1,400,849)
Corporate expenses			<u>(115,614)</u>
Profit before tax			<u><u>418,196</u></u>

Notes to the Condensed Consolidated Interim Financial Information

3. SEGMENT INFORMATION - continued

30 June 2018 (Unaudited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	96,623,075	404,645	97,027,720
Corporate and other unallocated assets			<u>759,975</u>
Total assets			<u><u>97,787,695</u></u>
Segment liabilities	44,828,728	86,945	44,915,673
Corporate and other unallocated liabilities			<u>6,735,207</u>
Total liabilities			<u><u>51,650,880</u></u>

31 December 2017 (Audited):

	Casino and Hospitality HK\$'000	Others HK\$'000	Total HK\$'000
Segment assets	96,042,510	1,285,205	97,327,715
Corporate and other unallocated assets			<u>942,511</u>
Total assets			<u><u>98,270,226</u></u>
Segment liabilities	45,464,050	147,379	45,611,429
Corporate and other unallocated liabilities			<u>6,806,751</u>
Total liabilities			<u><u>52,418,180</u></u>

4. NET REVENUES

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Casino revenue	17,300,745	18,711,124
Entertainment and resort facilities revenue:		
Rooms	1,053,148	277,951
Catering service income	776,952	353,842
Entertainment, retail and other	658,829	748,751
Electronic gaming machines participation	3,938	5,234
Property rental income	2,169	1,849
Lottery business:		
Trading of lottery terminals and parts	-	9,586
Provision of services and solutions for distribution of lottery products	-	396
Other	286	768
	<u>19,796,067</u>	<u>20,109,501</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Interest on:		
- interest-bearing borrowings	995,889	992,435
- obligations under finance leases	150,593	153,630
Amortization of debt financing costs	85,217	94,492
Other financing costs	23,825	37,725
Loss on modification or extinguishment of debts	-	261,872
	<u>1,255,524</u>	<u>1,540,154</u>
Less: capitalized in construction in progress ("CIP")	<u>(169,286)</u>	<u>(139,305)</u>
	<u>1,086,238</u>	<u>1,400,849</u>

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Depreciation and amortization:		
Depreciation of property, plant and equipment	1,762,793	1,855,540
Amortization of gaming license and subconcession	544,502	544,502
Amortization of land use rights	83,028	83,028
Amortization of other intangible assets	1,486	1,503
Less: capitalized in CIP	(2,415)	(2,650)
	<u>2,389,394</u>	<u>2,481,923</u>
Costs of inventories [#]	433,827	400,689
Advertising and promotions [#]	575,853	318,695
Gaming promoters' commission and other gaming operations expenses [#]	325,420	1,832,967
(Credit)/additional provision for doubtful debts [#]	(49,516)	131,656
Loss on disposal of property, plant and equipment	7,985	40,507
Interest income	<u>(23,310)</u>	<u>(15,470)</u>

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

7. INCOME TAX (CREDIT)/EXPENSE

An analysis of the income tax (credit)/expense for the period is as follows:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Current tax:		
Macau Complementary Tax	1,602	95
Lump sum in lieu of Macau Complementary Tax on dividends	9,175	10,874
Hong Kong Profits Tax	8,840	7,379
PRC Capital Gains Tax	-	31,980
Other jurisdictions	1,018	447
Sub-total	<u>20,635</u>	<u>50,775</u>
Under/(over)provision in prior periods:		
Macau Complementary Tax	6,195	(18,496)
Other jurisdictions	455	(3,247)
Sub-total	<u>6,650</u>	<u>(21,743)</u>
Deferred tax	<u>(33,042)</u>	<u>33,732</u>
Total	<u>(5,757)</u>	<u>62,764</u>

For the six months ended 30 June 2018, there were no significant changes to the tax exposures as disclosed in the Group's audited consolidated financial statements as at 31 December 2017.

8. DISPOSAL OF SUBSIDIARIES

Six months ended 30 June 2018

In June 2018, the Group entered into certain agreements with two independent third parties (the "Buyers") to dispose of its entire business and interests in three subsidiaries in Cambodia (the "Cambodian Subsidiaries"). The consideration for disposal of the Cambodian Subsidiaries paid by the Group to the Buyers was approximately HK\$27,230,000, which was primarily made in consideration for the Buyers to assume all liabilities arising from the operations of the Cambodian Subsidiaries. Accordingly, the Group had derecognized these liabilities upon completion of the disposal on 29 June 2018.

Information regarding the disposal of the Cambodian Subsidiaries are as follows:

	2018 HK\$'000 (Unaudited)
Net assets disposed of:	
Property, plant and equipment	6,201
Prepayments, deposits and other receivables	55
Cash and bank balances	730
Other payables, accruals and deposits received	(105)
	<u>6,881</u>
Loss on disposal of subsidiaries	<u>(34,111)</u>
Total cash consideration paid by the Group	<u><u>(27,230)</u></u>

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of the subsidiaries is as follows:

	HK\$'000 (Unaudited)
Cash consideration paid by the Group	(27,230)
Cash and bank balances disposed of	<u>(730)</u>
Net outflow of cash and cash equivalents in respect of the disposal of the subsidiaries	<u><u>(27,960)</u></u>

8. DISPOSAL OF SUBSIDIARIES – continued

Six months ended 30 June 2017

On 29 May 2017, the Company entered into an agreement with an independent third party to dispose of its entire interest in 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	<u>(248,580)</u>
	160,195
Exchange reserve	<u>813</u>
	161,008
Gain on disposal of a subsidiary	<u>161,228</u>
Total cash consideration received by the Group	<u><u>322,236</u></u>

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

	HK\$'000 (Unaudited)
Cash consideration received by the Group	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><u>4,003</u></u>

9. DIVIDENDS

During the six months ended 30 June 2018, a final dividend of HK4.0 cents per share, totalling approximately HK\$61,484,000, in respect of the year ended 31 December 2017 (six months ended 30 June 2017: a special final dividend of HK2.0 cents per share, totalling approximately HK\$30,574,000, in respect of the year ended 31 December 2016) was declared to the shareholders of the Company.

Subsequent to the end of the current interim period, the Board has resolved that an interim dividend of HK4.5 cents per share, totalling approximately HK\$69,014,000 (six months ended 30 June 2017: an interim dividend of HK2.2 cents per share, totalling approximately HK\$33,724,000), 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:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Earnings		
Earnings for the purpose of basic earnings per share (profit for the period attributable to owners of the Company)	344,584	164,586
Effect of dilutive potential ordinary shares:		
Adjustment in relation to share options and awarded shares issued by the subsidiaries of the Company	(5,891)	(5,849)
Earnings for the purpose of diluted earnings per share	<u>338,693</u>	<u>158,737</u>

	Six months ended 30 June	
	2018 '000 (Unaudited)	2017 '000 (Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,528,415	1,530,668
Effect of dilutive potential ordinary shares:		
Share options and awarded shares issued by the Company	<u>7,829</u>	<u>13,084</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>1,536,244</u>	<u>1,543,752</u>

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

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the six months ended 30 June 2018 and 2017, the Company had outstanding share options and awarded shares that would potentially dilute the ordinary shares.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group's additions to property, plant and equipment of approximately HK\$2,303,914,000 (six months ended 30 June 2017: HK\$1,684,781,000) were mainly incurred on buildings, CIP, leasehold improvements, gaming equipment and furniture, fixtures and equipment for the Group's gaming premises. There were disposals of property, plant and equipment of HK\$17,327,000 during the six months ended 30 June 2018 (six months ended 30 June 2017: HK\$25,995,000).

12. TRADE RECEIVABLES

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within 1 month	1,284,195	1,160,968
More than 1 month but within 3 months	177,139	176,433
More than 3 months but within 6 months	56,015	8,922
More than 6 months	223,848	235,394
	1,741,197	1,581,717
Provision for impairment	(244,175)	(304,807)
	1,497,022	1,276,910
Less: Non-current portion	(28,940)	(28,970)
Current portion	1,468,082	1,247,940

13. OTHER FINANCIAL ASSETS

		30 June 2018	31 December 2017
	Notes	HK\$'000 (Unaudited)	HK\$'000 (Audited)
Current assets			
Financial assets at fair value through profit or loss	(a)	718,359	-
Available-for-sale investments	(a)	-	699,222
Amount due from a related company	(b)	-	112
Restricted cash		<u>370,261</u>	<u>354,252</u>
		<u>1,088,620</u>	<u>1,053,586</u>
Non-current assets			
Amount due from an associate	(c)	46,949	46,949
Restricted cash		<u>161,536</u>	<u>145,563</u>
		<u>208,485</u>	<u>192,512</u>

Notes:

- (a) Following the adoption of HKFRS 9 at 1 January 2018 as detailed in note 2.2, the Group reclassified the investments from available-for-sale investments to financial assets at fair value through profit or loss on 1 January 2018. As at 30 June 2018 and 31 December 2017, the amount represents investments in mutual funds that mainly invest in bonds and fixed interest securities which are considered as marketable equity securities. During the six months ended 30 June 2018, the Group purchased additional units of the same mutual funds amounting to HK\$39,177,000. The fair values of the investments as at 30 June 2018 amounting to HK\$718,359,000 (31 December 2017: HK\$699,222,000). For the six months ended 30 June 2018, a decrease in fair value of HK\$20,040,000 was recognized in profit or loss.
- (b) Amount due from a related company was unsecured, non-interest-bearing and repayable on demand. The related company was a non-controlling interest entity of a subsidiary of the Company.
- (c) Amount due from an associate is unsecured, non-interest bearing and repayable on 15 July 2020.

14. TRADE PAYABLES

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Within 1 month	166,748	119,358
More than 1 month but within 3 months	4,119	7,073
More than 3 months but within 6 months	4,626	1,289
	<u>175,493</u>	<u>127,720</u>

15. OTHER PAYABLES, ACCRUALS AND DEPOSITS RECEIVED

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Current liabilities		
Outstanding gaming chips and tokens liabilities	3,970,573	3,614,688
Customer deposits and ticket sales	2,920,180	3,346,701
Gaming tax and license fees payables	1,498,012	1,466,695
Accrued operating expenses	972,152	838,857
Accrued employee benefits expenses	899,890	1,143,970
Payable for acquisition of property, plant and equipment	669,582	351,697
Construction costs payable	489,881	1,122,655
Accrued gaming promoter commission and other gaming related accruals	481,201	466,770
Interest payable	161,126	150,213
Amounts due to related companies (note)	90,004	114,221
Dividends payable	62,525	1,056
	<u>12,215,126</u>	<u>12,617,523</u>
Non-current liabilities		
Deferred rental income	133,035	142,432
Deposits received	37,115	58,393
Accrued employee benefits expenses	37,735	41,491
Amounts due to related companies (note)	-	7,148
Other liabilities	11,860	135,172
	<u>219,745</u>	<u>384,636</u>

Note: Except for the amounts due to related companies of HK\$7,148,000 as at 31 December 2017 classified as non-current liabilities which were 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 director, chairman and chief executive officer of the Company, has shareholdings in these related companies.

16. INTEREST-BEARING BORROWINGS

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Secured notes	16,777,382	16,773,980
Secured bank loans	9,790,634	9,304,418
Unsecured notes	7,798,095	7,628,337
Unsecured bond	-	760,000
	<u>34,366,111</u>	<u>34,466,735</u>
Less: non-current portion	<u>(32,464,944)</u>	<u>(32,463,626)</u>
Current portion	<u>1,901,167</u>	<u>2,003,109</u>
Analyzed into:		
Borrowings repayable:		
Within one year or on demand	1,935,633	2,040,367
In the second year	3,514,660	4,710,926
In the third to fifth years, inclusive	21,313,120	20,401,910
After five years	<u>7,780,000</u>	<u>7,780,000</u>
	<u>34,543,413</u>	<u>34,933,203</u>
Less: debt financing costs and original issue premium	<u>(177,302)</u>	<u>(466,468)</u>
	<u>34,366,111</u>	<u>34,466,735</u>

16. INTEREST-BEARING BORROWINGS - continued

The interest rate exposure of the Group's interest-bearing borrowings is as follows:

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Fixed-rate borrowings	24,575,478	25,162,317
Variable-rate borrowings	9,790,633	9,304,418
	<u>34,366,111</u>	<u>34,466,735</u>

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

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
HK\$	3,181,040	4,654,481
United States dollar ("US\$")	30,098,028	28,649,745
The Philippine Peso ("Peso")	1,087,043	1,162,509
	<u>34,366,111</u>	<u>34,466,735</u>

For the six months ended 30 June 2018, the Group drew down an aggregated revolving credit facility of US\$168,000,000 (equivalent to HK\$1,307,040,000) to fund the full repayments of an unsecured bond of HK\$760,000,000 and a secured bank loan of HK\$546,000,000 at their maturities.

The availability period of an unsecured credit facility amounted to Peso2,350,000,000 (equivalent to HK\$341,598,000) was extended from 29 May 2018 to 31 May 2019. This credit facility is available for future drawdown, subject to satisfaction of certain conditions precedent.

Subsequent to 30 June 2018, the Group submitted an irrevocable redemption notice to the facility agent of the Peso15 billion 5% senior notes due 2019 to partially redeem in an aggregate principal amount of Peso5.5 billion (equivalent to HK\$799,484,000), together with accrued interest. The redemption is expected to be completed by 31 August 2018.

Other than the repayments and redemption as mentioned above, there were no other significant changes to the interest-bearing borrowings as disclosed in the Group's audited consolidated financial statements as at 31 December 2017.

17. SHARE CAPITAL

	Number of ordinary shares	Amount HK\$'000
Issued and fully paid:		
At 1 January 2017 (Audited)	1,543,784,555	5,437,303
Repurchase of shares (note)	(20,480,000)	-
Exercise of share options	<u>12,853,700</u>	<u>186,832</u>
At 31 December 2017 and 1 January 2018 (Audited)	1,536,158,255	5,624,135
Repurchase of shares (note)	(4,224,000)	-
Exercise of share options	<u>1,684,800</u>	<u>32,416</u>
At 30 June 2018 (Unaudited)	<u><u>1,533,619,055</u></u>	<u><u>5,656,551</u></u>

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

Note:

During the six months ended 30 June 2018, the Company repurchased a total of 4,224,000 shares of the Company at an aggregate consideration of HK\$114,713,300 (before expenses) on the Hong Kong Stock Exchange. During the year ended 31 December 2017, the Company repurchased a total of 20,480,000 shares of the Company at an aggregate consideration of HK\$370,349,900 (before expenses) on the Hong Kong Stock Exchange.

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.

18. MODIFICATION OF SHARE OPTIONS OF THE COMPANY

On 10 April 2018, the Company cancelled the outstanding share options previously granted to one of the directors and replaced the cancelled share options with new share options and share awards. The share options being cancelled were granted on 1 September 2016, 10 April 2017 and 7 June 2017 under the Company's 2012 Share Option Scheme, including those unvested, or vested but not exercised. A total of 5,946,000 share options (the "Previously Granted Options") were cancelled and replaced by a total of 5,946,000 new share options with an exercise price of HK\$23.15 per share option (the "Replacement Options") under 2012 Share Option Scheme and 2,194,000 new share awards (the "Replacement Share Awards") pursuant to the Company's Share Purchase Scheme.

The estimated fair values of the Previously Granted Options, the Replacement Options and the Replacement Share Awards were approximately HK\$82,299,000, HK\$51,433,000 and HK\$50,791,000, respectively on 10 April 2018. The estimated fair values of the Previously Granted Options and the Replacement Options were measured using the Black-Scholes valuation model with the weighted average fair values per share option of HK\$13.84 and HK\$8.65 respectively. The incremental fair value of approximately HK\$19,925,000 has been recognized as share-based compensation expenses during the six months ended 30 June 2018.

19. NOTE TO THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Major non-cash transactions

During the six months ended 30 June 2018, property, plant and equipment amounting to HK\$755,393,000 (six months ended 30 June 2017: HK\$427,869,000) were purchased from external parties and remained unsettled as at 30 June 2018.

During the six months ended 30 June 2018, property, plant and equipment amounting to HK\$23,788,000 (six months ended 30 June 2017: HK\$29,735,000) were purchased from a related company and remained unsettled as at 30 June 2018.

20. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

	30 June 2018 HK\$'000 (Unaudited)	31 December 2017 HK\$'000 (Audited)
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided	<u>993,156</u>	<u>1,134,876</u>

(b) Other commitments

As of 30 June 2018, there were no significant changes to other commitments as disclosed in note 47 to the Group's audited consolidated financial statements as at 31 December 2017.

(c) Litigation

As of 30 June 2018, the Group was a party to certain other legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcome of such proceedings has no material impact on the Group's unaudited condensed consolidated interim financial information as a whole.

21. RELATED PARTY TRANSACTIONS

- (a) The Group has entered into the following significant transactions with related parties:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Construction cost paid/payable to a related company (note)	61,858	41,258
Consultancy fee expense paid to a related company (note)	49,090	-
Purchase of property and equipment (note)	<u>13,376</u>	<u>-</u>

Note:

Mr. Ho Lawrence Yau Lung, a director, chairman and chief executive officer of the Company, has shareholding of approximately 20% in this related company.

21. RELATED PARTY TRANSACTIONS - continued

(b) Compensation of key management personnel

The remuneration of directors of the Company and other members of key management during the period was as follows:

	Six months ended 30 June	
	2018 HK\$'000 (Unaudited)	2017 HK\$'000 (Unaudited)
Short-term benefits	71,032	55,058
Post-employment benefits	537	1,102
Share-based compensation	158,938	95,075
	<u>230,507</u>	<u>151,235</u>

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

(a) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair value of the financial assets are determined.

Fair value hierarchy

Financial assets

	Level 1	
	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Financial assets at fair value through profit or loss		
Equity securities	718,359	-
Available-for-sale investments		
Equity securities	<u>-</u>	<u>699,222</u>

The fair values of the investments as at 30 June 2018 and 31 December 2017 were determined based on quoted market prices in active markets and were classified as Level 1 of the fair value hierarchy.

22. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS - continued

(b) Fair values of the Group's financial assets and liabilities that are not measured at fair values on a recurring basis

The fair values of the financial assets and liabilities that are not measured at fair values on a recurring basis have been assessed by the directors of the Company 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 liabilities that are not measured at fair values on a recurring basis approximate their fair values.

23. COMPARATIVE AMOUNTS

The Group had initially applied HKFRS 15 and HKFRS 9 on 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.2. In addition, certain comparative figures have been reclassified to conform to the current period's presentation as the directors of the Company consider that the new presentation is more relevant and appropriate to the unaudited condensed consolidated interim financial information.

24. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

This interim financial information was approved and authorized for issue by the board of directors on 27 August 2018.

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 months ended 30 June 2018, the Group recorded a profit attributable to shareholders of HK\$344.6 million. The board of directors of the Company (the "Board" or the "Director(s)") has resolved to declare an interim dividend of HK4.5 cents per share for the six months ended 30 June 2018 to shareholders whose names appear on the Register of Members of the Company on Wednesday, 19 September 2018. The dividend is expected to be paid on Friday, 5 October 2018.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 17 September 2018 to Wednesday, 19 September 2018, 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 Friday, 14 September 2018.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2018, 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 and chief executive of the Company are 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	42,339,132	473,521,077 ⁽⁵⁾	306,382,187 ⁽⁶⁾	822,242,396	53.61%
Mr. Evan Andrew Winkler	5,360,000	-	-	5,360,000	0.35%
Mr. Chung Yuk Man, Clarence	3,451,440	-	-	3,451,440	0.23%
Mr. Tsui Che Yin, Frank	7,141,660	-	-	7,141,660	0.47%
Mr. Ng Ching Wo	155,000	-	-	155,000	0.01%
Mr. Chow Kwong Fai, Edward	14,000	-	-	14,000	0.00%
Dr. Tyen Kan Hee, Anthony	30,000	-	-	30,000	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	1,500,000	2,200,000	3,700,000	0.24%
Mr. Evan Andrew Winkler	5,946,000	-	5,946,000	0.39%
Mr. Chung Yuk Man, Clarence	3,100,000	112,000	3,212,000	0.21%
Mr. Tsui Che Yin, Frank	1,058,000	22,000	1,080,000	0.07%
Mr. Ng Ching Wo	1,190,000	19,000	1,209,000	0.08%
Mr. Chow Kwong Fai, Edward	71,000	13,000	84,000	0.01%
Dr. Tyen Kan Hee, Anthony	1,036,000	19,000	1,055,000	0.07%

Notes:

1. As at 30 June 2018, the total number of issued shares of the Company was 1,533,619,055.
2. This represents interests held by the relevant Director as beneficial owner.
3. This represents interests held by the relevant Director through his controlled corporations.
4. This represents interests held by the relevant Director through a discretionary trust of which the relevant Director is one of the beneficiaries.
5. 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 19.20%, 7.78%, 3.31%, 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.
6. 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 19.98% 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.
7. 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.
8. 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") (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	8,434,073	757,229,043 ⁽⁴⁾	765,663,116	51.63%
Mr. Evan Andrew Winkler	8,091	-	8,091	0.00%
Mr. Chung Yuk Man, Clarence	119,383	-	119,383	0.01%

(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	7,536,981	1,517,970	9,054,951	0.61%
Mr. Evan Andrew Winkler	-	31,710	31,710	0.00%
Mr. Chung Yuk Man, Clarence	138,036	45,969	184,005	0.01%

Notes:

- As at 30 June 2018, the total number of issued shares of Melco Resorts was 1,482,999,434.
- This represents interests held by the relevant Director as beneficial owner.
- This represents interests held by the relevant Director through his controlled corporations.
- By virtue of the SFO, Mr. Ho, Lawrence Yau Lung is taken to be interested in 757,229,043 shares of Melco Resorts which are being held by Melco Leisure and Entertainment Group Limited ("Melco Leisure"), a wholly-owned subsidiary of the Company, as a result of his interest in approximately 53.61% of the total issued shares of the Company.
- Details of stock options granted to the Directors by Melco Resorts are set out in the "Share Option Schemes" section of this report.
- Details of restricted shares granted to the Directors by Melco Resorts are set out "Share Award Schemes" section of this report.

(B) *Melco Resorts and Entertainment (Philippines) Corporation (“Melco Resorts Philippines”) (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	7,049,729	0.12%

(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	7,947,810	0.14%

Notes:

1. As at 30 June 2018, the total number of issued shares of Melco Resorts Philippines was 5,666,764,407.
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 2018, 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 months ended 30 June 2018 are set out below:

Under the 2002 Share Option Scheme

Category of participants	Number of share options						As at 30 June 2018	Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Reclassified during the period				
Directors										
Mr. Chung Yuk	170,000	-	-	-	-	-	170,000	07.04.2010	3.76	5
Man, Clarence	330,000	-	-	-	-	-	330,000	27.01.2012	7.10	7
Mr. Ng Ching Wo	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	7.10	7
Dr. Tyen Kan Hee, Anthony	350,000	-	-	-	-	-	350,000	08.04.2011	5.75	6
	210,000	-	-	-	-	-	210,000	27.01.2012	7.10	7
Sub-total	1,771,000	-	-	-	-	-	1,771,000			
Employees										
	22,800	-	(22,800)	-	-	-	-	01.04.2008	10.804	3
	79,000	-	-	-	-	-	79,000	03.04.2009	2.99	4
	106,000	-	-	-	-	-	106,000	07.04.2010	3.76	5
	469,000	-	-	-	-	-	469,000	08.04.2011	5.75	6
	359,700	-	-	-	-	-	359,700	27.01.2012	7.10	7
Sub-total	1,036,500	-	(22,800)	-	-	-	1,013,700			
Others⁽¹⁹⁾										
	51,000	-	-	(51,000)	-	-	-	28.02.2008	11.50	8
	94,300	-	-	(94,300)	-	-	-	01.04.2008	10.804	3
	120,000	-	-	-	-	-	120,000	03.04.2009	2.99	4
	210,000	-	(150,000)	-	-	-	60,000	07.04.2010	3.76	5
	124,000	-	(124,000)	-	-	-	-	08.04.2011	5.75	6
	187,000	-	(50,000)	-	-	-	137,000	27.01.2012	7.10	7
Sub-total	786,300	-	(324,000)	(145,300)	-	-	317,000			
Total	3,593,800	-	(346,800)	(145,300)	-	-	3,101,700			

Under the 2012 Share Option Scheme

Category of participants	Number of share options						Date of grant	Exercise price HK\$	Exercise period (Note)
	As at 1 January 2018	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	Reclassified during the period	As at 30 June 2018			
Directors									
Mr. Ho, Lawrence Yau Lung	750,000	-	(750,000)	-	-	-	10.04.2017	15.00	12
	-	1,500,000	-	-	-	1,500,000	10.04.2018	23.15	15
Mr. Evan Andrew Winkler	2,968,000	-	-	(2,968,000) ⁽¹⁷⁾	-	-	01.09.2016	8.69	11
	852,000	-	-	(852,000) ⁽¹⁷⁾	-	-	10.04.2017	15.00	13
	2,126,000	-	-	(2,126,000) ⁽¹⁷⁾	-	-	07.06.2017	20.066	14
	-	5,946,000	-	-	-	5,946,000	10.04.2018	23.15	17
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	13
	-	144,000	-	-	-	144,000	10.04.2018	23.15	16
Mr. Tsui Che Yin, Frank	1,040,000	-	-	-	-	1,040,000	08.04.2016	10.24	10
	-	18,000	-	-	-	18,000	10.04.2018	23.15	16
Mr. Ng Ching Wo	395,000	-	-	-	-	395,000	08.04.2016	10.24	10
	48,000	-	-	-	-	48,000	10.04.2017	15.00	13
	-	36,000	-	-	-	36,000	10.04.2018	23.15	16
Mr. Chow Kwong Fai, Edward	14,000	-	-	-	-	14,000	08.04.2016	10.24	10
	33,000	-	-	-	-	33,000	10.04.2017	15.00	13
	-	24,000	-	-	-	24,000	10.04.2018	23.15	16
Mr. Sham Sui Leung, Daniel*	194,000	-	(97,000)	-	(97,000)	-	08.04.2016	10.24	10
	31,000	-	(11,000)	-	(20,000)	-	10.04.2017	15.00	13
	-	33,000	(9,000)	-	(24,000)	-	10.04.2018	23.15	16
Dr. Tyen Kan Hee, Anthony	392,000	-	-	-	-	392,000	08.04.2016	10.24	10
	48,000	-	-	-	-	48,000	10.04.2017	15.00	13
	-	36,000	-	-	-	36,000	10.04.2018	23.15	16
Sub-total	11,347,000	7,737,000	(867,000)	(5,946,000)	(141,000)	12,130,000			
Employees									
	3,243,000	-	(22,000)	(1,223,000) ⁽¹⁸⁾	344,000	2,342,000	08.04.2016	10.24	10
	402,000	-	-	(162,000) ⁽¹⁸⁾	174,000	414,000	10.04.2017	15.00	13
	-	504,000	-	-	-	504,000	10.04.2018	23.15	16
Sub-total	3,645,000	504,000	(22,000)	(1,385,000)	518,000	3,260,000			
Others⁽¹⁹⁾									
	1,711,000	-	(449,000)	(361,000) ⁽¹⁸⁾	(247,000)	654,000	08.04.2016	10.24	10
	174,000	-	-	-	(154,000)	20,000	10.04.2017	15.00	13
	-	-	-	-	24,000	24,000	10.04.2018	23.15	16
Sub-total	1,885,000	-	(449,000)	(361,000)	(377,000)	698,000			
Total	16,877,000	8,241,000	(1,338,000)	(7,692,000)	-	16,088,000			

* Mr. Sham Sui Leung, Daniel retired as a director of the Company with effect from the conclusion of the annual general meeting held on 7 June 2018

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 months ended 30 June 2018, the weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$24.77.
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 1 September 2016 are divided into 2 tranches exercisable from 2 August 2018 and 2 August 2019 respectively to 31 August 2026.
12. 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.
13. 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.
14. 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.
15. The share options granted on 10 April 2018 are divided into 2 tranches exercisable from 10 April 2018 and 10 April 2019 respectively to 9 April 2028.
16. The share options granted on 10 April 2018 are divided into 4 tranches exercisable from 10 April 2018, 10 April 2019, 10 April 2020 and 10 April 2021 respectively to 9 April 2028.
17. On 10 April 2018, the Board has resolved: (1) to cancel 5,946,000 share options granted to Mr. Evan Andrew Winkler respectively on 1 September 2016, 10 April 2017 and 7 June 2017 with exercise prices of HK\$8.69, HK\$15.00 and HK\$20.066 (the "Previously Granted Share Options") under the 2012 Share Option Scheme; and (2) to replace the Previously Granted Share Options by granting to Mr. Evan Andrew Winkler (i) new 5,946,000 share options under the 2012 Share Option Scheme at a higher exercise price of HK\$23.15 (the "Replacement Share Options"); and (ii) a new share award in respect of 2,194,000 shares (the "Replacement Share Award") pursuant to the Share Purchase Scheme adopted by the Company on 18 October 2007.

Mr. Evan Andrew Winkler had given written consent to cancel the Previously Granted Share Options. The Previously Granted Share Options were replaced by the Replacement Share Options and Replacement Share Award. The Replacement Share Options are exercisable from 10 April 2020 to 9 April 2028. Details of the Replacement Share Award are set out in the "Share Award Schemes" section of this report.

Details of the cancellation and grant of share options are set out in the announcement of the Company dated 10 April 2018.

18. During the six months ended 30 June 2018, a total of 1,746,000 share options lapsed under the 2012 Share Option Scheme.
19. The category "Others" represents the former directors/employees or consultants of the Group.

On 10 April 2018, the Company granted (1) a total of 2,295,000 share options to the directors and certain employees of the Company; and (2) 5,946,000 Replacement 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 10 April 2018 to 9 April 2028. The options entitle the grantees to subscribe for a total of 8,241,000 shares of the Company at an exercise price of HK\$23.15 per share. The closing price of the shares of the Company immediately before the date on which the options were granted was HK\$22.05. The estimated fair value of the 8,241,000 share options granted was approximately HK\$69,394,700. The weighted average fair value per option granted during the six months ended 30 June 2018 was HK\$8.42.

The Black-Scholes valuation model was used to estimate the fair value of the options. 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 2018
Valuation model	Black-Scholes
Exercise price	HK\$23.15
Expected volatility	41%-45%
Expected life	3.1-6.1 years
Risk-free rate	1.49%-1.72%
Expected dividend yield	0.3%
Suboptimal exercise factor	N/A

Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of the Company's ordinary shares trading on the Hong Kong Stock Exchange. Expected life is based upon the vesting term, and expected term adopted by other publicly traded companies. The risk-free interest rate used for each period presented is based on the Hong Kong Government Bond rate at the time of grant for the period equal to the expected term.

(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.

Options over new shares of Melco Resorts are subject to Chapter 17 of the Listing Rules. All other types of awards (being options over Melco Resorts Shares that are not new shares, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units) are not subject to Chapter 17 of the Listing Rules.

Movements of stock options granted under the plans during the six months ended 30 June 2018 are set out below:

(i) Stock options granted to the Directors

Name of Director	Number of stock options					As at 30 June 2018	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2018	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	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	4,539,936	-	(2,955,402)	-	-	1,584,534			

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	15
	-	1,470,000	-	-	-	1,470,000	02.04.2018	9.40	21
Total	4,620,483	1,470,000	-	-	-	6,090,483			

(ii) Stock options granted to other eligible participants

	Number of stock options					As at 30 June 2018	Date of grant	Exercise price US\$	Exercise period (Note)
	As at 1 January 2018	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	1,365,891	-	(132,033)	-	-	1,233,858	25.11.2008	0.24	13
Participants ⁽²²⁾	172,065	-	(172,065)	-	-	-	25.11.2009	0.66	4
	80,286	-	(24,426)	-	-	55,860	26.05.2010	0.48	14
	771,360	-	(122,286)	-	-	649,074	23.03.2011	1.75	5
Total	<u>2,389,602</u>	<u>-</u>	<u>(450,810)</u>	<u>-</u>	<u>-</u>	<u>1,938,792</u>			
Under the Melco Resorts Amended 2011 Share Incentive Plan									
Other eligible	446,157	-	(135,894)	-	-	310,263	29.03.2012	3.93	7
participants ⁽²²⁾	446,901	-	(52,902)	-	(9,483)	384,516	10.05.2013	5.32	8
	489,142	-	(51,732)	-	(10,482)	426,928	28.03.2014	5.32	9
	1,126,305	-	(167,982)	-	(25,227)	933,096	30.03.2015	5.32	10
	2,391,408	-	(369,759)	-	(75,741)	1,945,908	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	16
	3,415,416	-	-	-	(138,948)	3,276,468	31.03.2017	6.18	15
	88,635	-	-	-	-	88,635	30.05.2017	7.30	17
	34,518	-	-	-	-	34,518	08.09.2017	7.61	18
	-	36,225	-	-	-	36,225	16.03.2018	9.15	19
	-	3,501,810	-	-	(22,473)	3,479,337	29.03.2018	9.66	20
Total	<u>8,826,028</u>	<u>3,538,035</u>	<u>(778,269)</u>	<u>-</u>	<u>(282,354)</u>	<u>11,303,440</u>			

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 months ended 30 June 2018, the weighted average closing price of the shares of Melco Resorts immediately before the date on which the stock options were exercised was US\$9.86.
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 25 November 2008 are divided into 2 tranches exercisable from 25 November 2010 and 25 November 2011 respectively to 24 November 2018.
14. 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.
15. The stock options granted on 31 March 2017 are exercisable from 30 March 2020 to 30 March 2027.
16. The stock options granted on 21 February 2017 are exercisable from 8 January 2020 to 20 February 2027.
17. The stock options granted on 30 May 2017 are exercisable from 30 May 2020 to 29 May 2027.
18. The stock options granted on 8 September 2017 are exercisable from 8 September 2019 to 7 September 2027.
19. The stock options granted on 16 March 2018 are exercisable from 16 March 2020 to 15 March 2028.
20. The stock options granted on 29 March 2018 are divided into 2 tranches exercisable from 29 March 2020 and 29 March 2021 respectively to 28 March 2028.
21. The stock options granted on 2 April 2018 are divided into 2 tranches exercisable from 2 April 2020 and 2 April 2021 respectively to 1 April 2028.
22. The category "Other eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts.

On 16 March 2018, Melco Resorts granted a total of 36,225 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 16 March 2018 to 15 March 2028. The stock options entitle the grantees to subscribe for a total of 36,225 shares of Melco Resorts at an exercise price of US\$9.15 per share. The closing price of the shares of Melco Resorts immediately before the date on which the stock options were granted was US\$9.28. The estimated fair value of the 36,225 stock options granted was approximately US\$107,467.50. The fair value per stock option granted was US\$2.97.

On 29 March 2018, Melco Resorts granted a total of 3,501,810 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 29 March 2018 to 28 March 2028. The stock options entitle the grantees to subscribe for a total of 3,501,810 shares of Melco Resorts at an exercise price of US\$9.66 per share. The closing price of the shares of Melco Resorts immediately before the date on which the stock options were granted was US\$9.38. The estimated fair value of the 3,501,810 stock options granted was approximately US\$11,305,069.75. The fair value per stock option granted was US\$3.23.

On 2 April 2018, Melco Resorts granted a total of 1,470,000 stock options to eligible participants under the Melco Resorts Amended 2011 Share Incentive Plan. The validity period of the options granted is ten years, from 2 April 2018 to 1 April 2028. The options entitle the grantees to subscribe for a total of 1,470,000 shares of Melco Resorts at an exercise price of US\$9.40 per share. The closing price of the shares of Melco Resorts immediately before the date on which the options were granted was US\$9.66. The estimated fair value of the 1,470,000 stock options granted was approximately US\$4,618,250. The fair value per option granted was US\$3.14.

The Black-Scholes valuation model was used to estimate the fair value of the stock options. 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	16 March 2018	29 March 2018	2 April 2018
Valuation model	Black-Scholes	Black-Scholes	Black-Scholes
Exercise price	US\$9.15	US\$9.66	US\$9.40
Expected volatility	40%	40%	40%
Expected life	5.1 years	5.6 years	5.6 years
Risk-free rate	2.66%	2.60%	2.59%
Expected dividend yield	2.0%	2.0%	2.0%

Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco Resorts' ADSs trading on the NASDAQ Global Select Market. Expected life is based upon the vesting term, and expected term adopted by other publicly traded companies. The risk-free interest rate used for each period presented is based on the United States of America Treasury yield curve at the time of grant for the period equal to the expected life.

(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.

Options over new shares of Melco Resorts Philippines ("MRP Shares") are subject to Chapter 17 of the Listing Rules. All other types of awards (being options over MRP Shares that are not new shares, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units) are not subject to Chapter 17 of the Listing Rules.

Movements of share options granted under the MRP Amended Share Incentive Plan during the six months ended 30 June 2018 are set out below:

	Number of share options					As at 30 June 2018	Date of grant	Exercise price Peso	Exercise period (Note)
	As at 1 January 2018	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period				
Under the MRP Amended Share Incentive Plan									
Eligible participants ⁽⁷⁾	1,127,192	-	-	-	-	1,127,192	28.06.2013	8.30	2
	6,796,532	-	-	-	-	6,796,532	16.11.2015	3.46	3
	1,531,112	-	-	-	-	1,531,112	15.03.2017	5.66	4
	5,612,357	-	-	-	(190,240)	5,422,117	01.08.2017	8.98	5
	-	2,158,552	-	-	-	2,158,552	29.03.2018	7.80	6
Total	15,067,193	2,158,552	-	-	(190,240)	17,035,505			

Notes:

1. The vesting period of the share options is from the date of grant until the commencement of the exercise period.
2. 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.
3. 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.
4. The share options granted on 15 March 2017 are exercisable from 29 April 2019 to 14 March 2027.
5. The share options granted on 1 August 2017 are exercisable from 1 August 2020 to 31 July 2027.
6. The share options granted on 29 March 2018 are divided into 2 tranches exercisable from 29 March 2020 and 29 March 2021 respectively to 28 March 2028.
7. The category "Eligible participants" represents the directors (other than the Directors), employees or consultants of Melco Resorts Philippines.

On 29 March 2018, Melco Resorts Philippines granted a total of 2,158,552 share options to eligible participants under the MRP Amended Share Incentive Plan. The validity period of the share options granted is ten years, from 29 March 2018 to 28 March 2028. The share options entitle the grantees to subscribe for a total of 2,158,552 MRP Shares at an exercise price of Peso7.80 per share. The closing price of the MRP Shares immediately before the date on which the share options were granted was Peso7.80. The estimated fair value of the 2,158,552 share options granted was approximately Peso8,396,767. The fair value per share option granted during the six months ended 30 June 2018 was Peso3.89.

The Black-Scholes valuation model was used to estimate the fair value of the share options. 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	29 March 2018
Valuation model	Black-Scholes
Exercise price	Peso7.80
Expected volatility	45%
Expected life	5.6 years
Risk-free rate	5.69%
Expected dividend yield	0%

Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Melco Resorts Philippines' common shares trading on The Philippine Stock Exchange, Inc. and the shares of a peer group of publicly traded companies. Expected life is based upon the vesting term, and expected term adopted by Melco Resorts. The risk-free interest rate used for each period presented is based on the Philippine government bond yield at the time of grant for the period equal to the expected life.

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 months ended 30 June 2018 are set out below:

Category of participants	Number of awarded shares					As at 30 June 2018	Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
Directors								
Mr. Ho, Lawrence	2,200,000	-	(2,200,000)	-	-	-	10.04.2017	10.04.2018
Yau Lung	-	2,200,000	(2,200,000)	-	-	-	10.04.2018	10.04.2018
	-	2,200,000	-	-	-	2,200,000	10.04.2018	10.04.2019
	2,200,000	4,400,000	(4,400,000)	-	-	2,200,000		
Mr. Evan Andrew	849,000	-	(849,000)	-	-	-	01.09.2016	02.08.2018 ⁽¹⁾
Winkler	849,000	-	(849,000)	-	-	-	01.09.2016	02.08.2019 ⁽¹⁾
	71,000	-	(71,000)	-	-	-	10.04.2017	10.04.2018
	71,000	-	(71,000)	-	-	-	10.04.2017	10.04.2019 ⁽¹⁾
	71,000	-	(71,000)	-	-	-	10.04.2017	10.04.2020 ⁽¹⁾
	592,000	-	(592,000)	-	-	-	07.06.2017	02.08.2018 ⁽¹⁾
	592,000	-	(592,000)	-	-	-	07.06.2017	02.08.2019 ⁽¹⁾
	-	2,194,000 ⁽²⁾	(2,194,000)	-	-	-	10.04.2018	10.04.2018
	3,095,000	2,194,000	(5,289,000)	-	-	-		
Mr. Chung Yuk Man,	32,000	-	(32,000)	-	-	-	08.04.2015	08.04.2018
Clarence	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	10.04.2018
	20,000	-	-	-	-	20,000	10.04.2017	10.04.2019
	19,000	-	-	-	-	19,000	10.04.2017	10.04.2020
	-	12,000	(12,000)	-	-	-	10.04.2018	10.04.2018
	-	12,000	-	-	-	12,000	10.04.2018	10.04.2019
	-	12,000	-	-	-	12,000	10.04.2018	10.04.2020
	-	12,000	-	-	-	12,000	10.04.2018	10.04.2021
	165,000	48,000	(101,000)	-	-	112,000		

Category of participants	Number of awarded shares					As at 30 June 2018	Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period			
Mr. Tsui Che Yin, Frank	32,000	-	(32,000)	-	-	-	08.04.2015	08.04.2018
	18,000	-	(18,000)	-	-	-	08.04.2016	08.04.2018
	18,000	-	-	-	-	18,000	08.04.2016	08.04.2019
	-	2,000	(2,000)	-	-	-	10.04.2018	10.04.2018
	-	2,000	-	-	-	2,000	10.04.2018	10.04.2019
	-	1,000	-	-	-	1,000	10.04.2018	10.04.2020
	-	1,000	-	-	-	1,000	10.04.2018	10.04.2021
	68,000	6,000	(52,000)	-	-	22,000		
Mr. Ng Ching Wo	3,000	-	(3,000)	-	-	-	08.04.2015	08.04.2018
	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	10.04.2018
	4,000	-	-	-	-	4,000	10.04.2017	10.04.2019
	4,000	-	-	-	-	4,000	10.04.2017	10.04.2020
	-	3,000	(3,000)	-	-	-	10.04.2018	10.04.2018
	-	3,000	-	-	-	3,000	10.04.2018	10.04.2019
	-	3,000	-	-	-	3,000	10.04.2018	10.04.2020
	-	3,000	-	-	-	3,000	10.04.2018	10.04.2021
	19,000	12,000	(12,000)	-	-	19,000		
Mr. Chow Kwong Fai, Edward	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	10.04.2018
	3,000	-	-	-	-	3,000	10.04.2017	10.04.2019
	2,000	-	-	-	-	2,000	10.04.2017	10.04.2020
	-	2,000	(2,000)	-	-	-	10.04.2018	10.04.2018
	-	2,000	-	-	-	2,000	10.04.2018	10.04.2019
	-	2,000	-	-	-	2,000	10.04.2018	10.04.2020
	-	2,000	-	-	-	2,000	10.04.2018	10.04.2021
		12,000	8,000	(7,000)	-	-	13,000	

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period	As at 30 June 2018		
Mr. Sham Sui Leung, Daniel*	3,000	-	(3,000)	-	-	-	08.04.2015	08.04.2018
	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	10.04.2018
	3,000	-	-	-	(3,000)	-	10.04.2017	10.04.2019
	3,000	-	-	-	(3,000)	-	10.04.2017	10.04.2020
	-	3,000	(3,000)	-	-	-	10.04.2018	10.04.2018
	-	3,000	-	-	(3,000)	-	10.04.2018	10.04.2019
	-	3,000	-	-	(3,000)	-	10.04.2018	10.04.2020
	-	2,000	-	-	(2,000)	-	10.04.2018	10.04.2021
		16,000	11,000	(12,000)	-	(15,000)	-	
Dr. Tyen Kan Hee, Anthony	3,000	-	(3,000)	-	-	-	08.04.2015	08.04.2018
	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	10.04.2018
	4,000	-	-	-	-	4,000	10.04.2017	10.04.2019
	4,000	-	-	-	-	4,000	10.04.2017	10.04.2020
	-	3,000	(3,000)	-	-	-	10.04.2018	10.04.2018
	-	3,000	-	-	-	3,000	10.04.2018	10.04.2019
	-	3,000	-	-	-	3,000	10.04.2018	10.04.2020
	-	3,000	-	-	-	3,000	10.04.2018	10.04.2021
		19,000	12,000	(12,000)	-	-	19,000	
Sub-total	5,594,000	6,691,000	(9,885,000)	-	(15,000)	2,385,000		

Category of participants	Number of awarded shares						Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Lapsed during the period	Reclassified during the period	As at 30 June 2018		
Employees	60,700	-	(31,200)	(29,500)	-	-	08.04.2015	08.04.2018
	54,000	-	(38,750)	(15,250)	-	-	08.04.2016	08.04.2018
	61,000	-	-	(24,250)	13,000	49,750	08.04.2016	08.04.2019
	38,000	-	(20,000)	(18,000)	-	-	10.04.2017	10.04.2018
	38,000	-	-	(18,000)	14,000	34,000	10.04.2017	10.04.2019
	37,000	-	-	(18,000)	14,000	33,000	10.04.2017	10.04.2020
	-	46,000	(46,000)	-	-	-	10.04.2018	10.04.2018
	-	43,000	-	-	-	43,000	10.04.2018	10.04.2019
	-	40,000	-	-	-	40,000	10.04.2018	10.04.2020
	-	39,000	-	-	-	39,000	10.04.2018	10.04.2021
Sub-total	288,700	168,000	(135,950)	(123,000)	41,000	238,750		
Consultants	38,000	-	(38,000)	-	-	-	08.04.2015	08.04.2018
	20,000	-	(20,000)	-	-	-	08.04.2016	08.04.2018
	18,000	-	-	(3,000)	(12,000)	3,000	08.04.2016	08.04.2019
	15,000	-	(15,000)	-	-	-	10.04.2017	10.04.2018
	14,000	-	-	-	(11,000)	3,000	10.04.2017	10.04.2019
	14,000	-	-	-	(11,000)	3,000	10.04.2017	10.04.2020
	-	-	-	-	3,000	3,000	10.04.2018	10.04.2019
	-	-	-	-	3,000	3,000	10.04.2018	10.04.2020
	-	-	-	-	2,000	2,000	10.04.2018	10.04.2021
Sub-total	119,000	-	(73,000)	(3,000)	(26,000)	17,000		
Total	6,001,700	6,859,000	(10,093,950)	(126,000)	-	2,640,750		

* Mr. Sham Sui Leung, Daniel retired as a director of the Company with effect from the conclusion of the annual general meeting held on 7 June 2018

Notes:

- The vesting dates of these awarded shares were modified from 2 August 2018, 2 August 2019, 10 April 2019 and 10 April 2020 to 10 April 2018 with effect from 10 April 2018. These awarded shares are subject to a lock-up period from 10 April 2018 to 1 January 2020 within which Mr. Evan Andrew Winkler shall not dispose of the vested awarded shares.
- The 2,194,000 awarded shares, being the Replacement Share Award, are subject to a lock-up period from 10 April 2018 to 1 January 2020 within which Mr. Evan Andrew Winkler shall not dispose of the vested awarded shares.

(b) Share Subscription Scheme

No share award was granted or outstanding under the Share Subscription Scheme during the six months ended 30 June 2018.

(II) Melco Resorts

Movements of the restricted shares, which were granted under the Melco Resorts Amended 2011 Share Incentive Plan during the six months ended 30 June 2018, are set out below:

(i) Restricted shares granted to the Directors

Name of Director	Number of restricted shares				As at 30 June 2018	Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Cancelled during the period			
Mr. Ho, Lawrence Yau Lung	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
	137,979	-	-	-	137,979	08.09.2017	08.09.2019
	-	265,689	-	-	265,689	29.03.2018	29.03.2020
	-	265,692	-	-	265,692	29.03.2018	29.03.2021
	<u>1,548,873</u>	<u>531,381</u>	<u>(562,284)</u>	<u>-</u>	<u>1,517,970</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
	-	5,175	-	-	5,175	29.03.2018	29.03.2019
	-	5,175	-	-	5,175	29.03.2018	29.03.2020
	-	5,178	-	-	5,178	29.03.2018	29.03.2021
		<u>24,273</u>	<u>15,528</u>	<u>(8,091)</u>	<u>-</u>	<u>31,710</u>	
Mr. Chung Yuk Man, Clarence	5,523	-	(5,523)	-	-	30.03.2015	30.03.2018
	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
	-	7,311	-	-	7,311	16.03.2018	16.03.2020
	-	5,175	-	-	5,175	29.03.2018	29.03.2019
	-	5,175	-	-	5,175	29.03.2018	29.03.2020
	-	5,178	-	-	5,178	29.03.2018	29.03.2021
	<u>43,692</u>	<u>22,839</u>	<u>(20,562)</u>	<u>-</u>	<u>45,969</u>		
Total	<u>1,616,838</u>	<u>569,748</u>	<u>(590,937)</u>	<u>-</u>	<u>1,595,649</u>		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares				As at 30 June 2018	Date of award	Vesting date
	As at	Awarded	Vested	Cancelled			
	1 January 2018	during the period	during the period	during the period			
Other eligible participants ⁽³⁾	11,093	-	(11,093)	-	-	28.03.2014	04.01.2018
	19,122	-	(19,122)	-	-	30.03.2015	04.01.2018
	600,084	-	(590,406)	(5,745)	3,933 ⁽¹⁾	30.03.2015	30.03.2018
	24,060	-	(24,060)	-	-	18.03.2016	04.01.2018
	917,508	-	(890,511)	(22,260)	4,737 ⁽²⁾	18.03.2016	18.03.2018
	917,508	-	-	(35,343)	882,165	18.03.2016	18.03.2019
	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
	1,384,869	-	-	(50,169)	1,334,700	31.03.2017	30.03.2020
	34,248	-	-	-	34,248	30.05.2017	30.05.2020
	81,057	-	-	-	81,057	08.09.2017	08.09.2019
	-	20,352	-	-	20,352	16.03.2018	16.03.2020
	-	15,525	-	-	15,525	29.03.2018	29.03.2019
	-	600,042	-	(3,750)	596,292	29.03.2018	29.03.2020
	-	600,615	-	(3,756)	596,859	29.03.2018	29.03.2021
Total	4,248,050	1,236,534	(1,567,556)	(121,023)	3,796,005		

Notes:

1. The contractual right to vesting of 3,933 restricted shares has been terminated when the relevant employees notified of their resignation before the vesting date of 30 March 2018. Such 3,933 unvested restricted shares are to be cancelled when the termination date of their employment becomes effective.
2. The contractual right to vesting of 4,737 restricted shares has been terminated when the relevant employees notified of their resignation before the vesting date of 18 March 2018. Such 4,737 unvested restricted shares are to be cancelled when the termination date of their employment becomes effective.
3. The category "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 months ended 30 June 2018, are set out below:

(i) Restricted shares granted to the Directors

Name of Director	Number of restricted shares				As at 30 June 2018	Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Cancelled during the period			
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
	5,462,546	-	-	-	5,462,546		
Mr. Chung Yuk Man, Clarence	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
	374,922	-	-	-	374,922	01.08.2017	01.08.2018
	374,922	-	-	-	374,922	01.08.2017	01.08.2019
	374,922	-	-	-	374,922	01.08.2017	01.08.2020
	-	669,320	-	-	669,320	29.03.2018	29.03.2019
	-	669,321	-	-	669,321	29.03.2018	29.03.2020
	-	669,321	-	-	669,321	29.03.2018	29.03.2021
5,939,848	2,007,962	-	-	7,947,810			
Total	11,402,394	2,007,962	-	-	13,410,356		

(ii) Restricted shares granted to other eligible participants

	Number of restricted shares				As at 30 June 2018	Date of award	Vesting date
	As at 1 January 2018	Awarded during the period	Vested during the period	Cancelled during the period			
Other eligible participants ^(Note)	1,699,134	-	-	-	1,699,134	16.11.2015	16.11.2018
	14,685,592	-	-	(2,020,902)	12,664,690	30.09.2016	30.09.2018
	14,685,637	-	-	(2,020,915)	12,664,722	30.09.2016	30.09.2019
	1,674,485	-	-	-	1,674,485	15.03.2017	24.04.2019
	562,382	-	-	-	562,382	01.08.2017	01.08.2018
	562,382	-	-	-	562,382	01.08.2017	01.08.2019
	3,374,357	-	-	(95,490)	3,278,867	01.08.2017	01.08.2020
	-	669,320	-	-	669,320	29.03.2018	29.03.2019
	-	1,207,553	-	-	1,207,553	29.03.2018	29.03.2020
	-	1,207,559	-	-	1,207,559	29.03.2018	29.03.2021
	-	463,362	-	-	463,362	06.06.2018	06.06.2019
	-	463,363	-	-	463,363	06.06.2018	06.06.2020
	-	463,363	-	-	463,363	06.06.2018	06.06.2021
Total	37,243,969	4,474,520	-	(4,137,307)	37,581,182		

Note: The category of "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 2018, 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	-	19.20%	2
Lasting Legend Ltd.	Beneficial owner	119,303,024	-	7.78%	2
Great Respect Limited	Beneficial owner	306,382,187	-	19.98%	4
Vistra Trust (BVI) Limited	Trustee	306,382,187	-	19.98%	4
	Trustee	413,830,630	-	26.98%	5
Mr. Ho, Lawrence Yau Lung	Beneficial owner	42,339,132	3,700,000	3.00%	7
	Interest of controlled corporations	473,521,077	-	30.88%	3
	Beneficiary of a trust	306,382,187	-	19.98%	4
Ms. Lo Sau Yan, Sharen	Interest of spouse	822,242,396	3,700,000	53.86%	6, 7
Southeastern Asset Management, Inc.	Investment manager	91,709,077	-	5.98%	-

Notes:

- As at 30 June 2018, the total number of issued shares of the Company was 1,533,619,055.
- 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 19.20%, 7.78%, 3.31%, 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 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 2018, 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 CODE

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 months ended 30 June 2018.

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 Code of Securities Dealings throughout the six months ended 30 June 2018.

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 2017 Annual Report are set out below:

Name of Director

Details of Changes

Mr. Evan Andrew Winkler

Change of title from "Managing Director" to "President and Managing Director" of the Company with effect from 7 May 2018.

Mr. Chow Kwong Fai, Edward

Appointed as a member of the Audit Committee of the Company with effect from 7 June 2018.

Dr. Tyen Kan Hee, Anthony	Appointed as an independent non-executive director of Ourgame International Holdings Limited (stock code: 6899), a company listed on the Hong Kong Stock Exchange, with effect from 27 March 2018.
Mr. Sham Sui Leung, Daniel	Retired as an Independent Non-executive Director and ceased as the Chairman of the Remuneration Committee and a member of the Audit Committee and Corporate Governance Committee of the Company with effect from the conclusion of the annual general meeting of the Company held on 7 June 2018.

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 months ended 30 June 2018.

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

During the six months ended 30 June 2018, the Company repurchased a total of 4,224,000 shares of the Company at an aggregate consideration of HK\$114,713,300 (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\$
April 2018	4,224,000	28.20	25.30	114,713,300

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 months ended 30 June 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

INDEPENDENT REVIEW

The interim results for the six months ended 30 June 2018 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 Messrs. Ernst & Young, the Company's auditor, whose independent review report is included in this report.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND CHAIRMAN AND MEMBERS OF THE REMUNERATION COMMITTEE

Following the retirement of Mr. Sham Sui Leung, Daniel as an Independent Non-executive Director (the "INED") on 7 June 2018, (i) the number of INEDs of the Company has fallen below the minimum number of three and the number of INEDs cannot represent at least one-third of the Board, as required under Rules 3.10(1) and 3.10A of the Listing Rules and (ii) the chairman position of the Remuneration Committee has vacated and the number of INEDs on the Remuneration Committee does not meet the majority requirement under Rule 3.25 of the Listing Rules.

On 27 August 2018, the Board has resolved:

- (1) to appoint Ms. Karuna Evelyne Shinsho as an INED and a member of the Remuneration Committee with effect from 28 August 2018; and
- (2) to appoint Mr. Chow Kwong Fai, Edward as a member and the chairman of the Remuneration Committee with effect from 28 August 2018.

Subsequent to the above appointments, the number of INEDs will be restored to the minimum number of three and the number of INEDs can represent one-third of the Board, as required under Rules 3.10(1) and 3.10A of the Listing Rules and the number of INEDs on the Remuneration Committee will be in compliance with the majority requirement under Rule 3.25 of the Listing Rules.

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 (President and Managing Director) and Mr. Chung Yuk Man, Clarence; two Non-executive Directors, namely, Mr. Tsui Che Yin, Frank and Mr. Ng Ching Wo; and two INEDs, namely, Mr. Chow Kwong Fai, Edward 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, 27 August 2018

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ho, Lawrence Yau Lung
(*Chairman and Chief Executive Officer*)

Mr. Evan Andrew Winkler
(*President and 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

Dr. Tyen Kan Hee, Anthony

Ms. Karuna Evelyne Shinsho^Δ

EXECUTIVE COMMITTEE

Mr. Ho, Lawrence Yau Lung (*Chairman*)

Mr. Evan Andrew Winkler

Mr. Chung Yuk Man, Clarence

Mr. Geoffrey Stuart Davis^{*}

Mr. Leung Hoi Wai, Vincent^{*}

AUDIT COMMITTEE

Dr. Tyen Kan Hee, Anthony (*Chairman*)

Mr. Ng Ching Wo

Mr. Chow Kwong Fai, Edward

REMUNERATION COMMITTEE

Mr. Chow Kwong Fai, Edward (*Chairman*)^Δ

Mr. Ng Ching Wo

Dr. Tyen Kan Hee, Anthony

Ms. Karuna Evelyne Shinsho^Δ

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*)

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. Geoffrey Stuart Davis^{*}

COMPANY SECRETARY

Mr. Leung Hoi Wai, Vincent

REGISTERED OFFICE

38th Floor

The Centrium

60 Wyndham Street

Central

Hong Kong

AUDITOR

Ernst & Young

* non-voting co-opted members

Δ appointed on 28 August 2018

LEGAL ADVISORS

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