

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

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for, or offer to sell or a solicitation of any offer to buy securities in Hong Kong, the United States or elsewhere.



Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website: www.melco-group.com

(Stock Code: 200)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 75% SHAREHOLDING INTEREST IN INTEGRATED CASINO RESORT IN CYPRUS TO A LISTED SUBSIDIARY – MELCO RESORTS & ENTERTAINMENT LIMITED

ENTRY INTO OF THE SPA

On 24 June 2019 (after trading hours of the Stock Exchange), the Company entered into the SPA with Melco Resorts, pursuant to which the Company conditionally agreed to sell, and Melco Resorts conditionally agreed to purchase, the Company's entire 75% shareholding in ICR Holdings.

ICR Holdings is a joint venture investment holding company established for the purpose of developing and operating the Project. Melco Resorts is a listed subsidiary of the Company, whose American depository shares are listed on the NASDAQ Global Select Market in the United States.

The Consideration payable by Melco Resorts under the SPA for the Sale Shares is US\$375,000,000 (approximately HK\$2,925,000,000), which shall be satisfied by way of the allotment and issue of Melco Resorts Shares by Melco Resorts to the Company at Completion. The basis of determination of the number of Melco Resorts Share is described below in this announcement.

Completion of the Transaction is conditional on the fulfilment (or waiver by Melco Resorts) of the conditions to Completion as described below in this announcement.

ICR Holdings will continue to be a subsidiary of the Company after Completion and the financial results of ICR Holdings will continue to be consolidated with the financial statements of the

Group after Completion via the Group's equity holdings in Melco Resorts.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Melco Resorts is an integrated resort operator and an owner and developer of casino gaming and entertainment resort facilities in multiple jurisdictions around the world, including Macau and the Philippines. The Directors believe that the sale of the Sale Shares in ICR Holdings to Melco Resorts is an opportunity for the Group to rationalize its structure in order to increase efficiency in developing and operating the Project by Melco Resorts. This would also enable the Group to manage and centralize its assets and resources on resorts development and operations more effectively. The Transaction will further strengthen the Company's equity position in Melco Resorts and thereby increase the shareholder value of the Company.

The Directors consider the terms of the Transaction are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction is 5% or more but all of the applicable percentage ratios are less than 25%, the Transaction is a discloseable transaction for the Company and subject to the reporting and announcement requirements applicable to a discloseable transaction under Chapter 14 of the Listing Rules.

ENTRY INTO OF THE SPA

On 24 June 2019 (after trading hours of the Stock Exchange), the Company entered into the SPA with Melco Resorts, pursuant to which the Company conditionally agreed to sell, and Melco Resorts conditionally agreed to purchase, the Company's entire 75% shareholding in ICR Holdings.

The Consideration payable by Melco Resorts under the SPA for the Sale Shares is US\$375,000,000 (approximately HK\$2,925,000,000), which shall be satisfied by way of the allotment and issue of Melco Resorts Shares by Melco Resorts to the Company at Completion. The basis of determination of the number of Melco Resorts Share is described below in this announcement.

SUMMARY OF PRINCIPAL TERMS OF THE SPA

- Parties : (1) The Company, as seller; and
(2) Melco Resorts, as purchaser.
- Subject matter : The Company agrees to sell, and Melco Resorts agrees to purchase, the Sale Shares representing 75% of the issued share capital of ICR Holdings. Details of ICR Holdings are set out in the section headed "Information in relation to ICR Holdings" in this announcement.

Consideration : US\$375,000,000 (approximately HK\$2,925,000,000), which shall be satisfied by the issue of 55,500,738 Melco Resorts Shares, which are equivalent to 18,500,246 ADSs, or approximately 4.0% of the total issued shares of Melco Resorts as at the date of this announcement, by Melco Resorts to the Company at Completion, calculated by dividing the US\$375,000,000 (approximately HK\$2,925,000,000) consideration by the 20-day volume weighted average price of the Melco Resorts Shares immediately prior to the date of the SPA.

The Consideration was determined after arm's length negotiations between the Company and Melco Resorts. The Company arrived at the Consideration having regard to a number of factors, including (i) the financial position of ICR Holdings, (ii) historical investment of approximately €165,000,000 (equivalent to approximately HK\$1,435,500,000) made by the Company in ICR Holdings, (iii) the growth potential of the Project and (iv) other reasons for and benefits of the Transaction as set out in the section headed "Reasons for and Benefits of the Transaction" in this announcement.

The Melco Resorts Shares to be issued as consideration are restricted securities that have not been registered under the Securities Act or any applicable state securities laws. Absent an effective registration under the Securities Act, those Melco Resorts Shares may only be transferred to the Company, or outside the United States in accordance with Regulation S under the Securities Act, or pursuant to an exemption from registration under the Securities Act.

Conditions to Completion : (1) Melco Resorts having received written consents of each of the Cyprus National Gaming and Casino Supervision Commission and the Council of Ministers of the Republic of Cyprus, each approving the Transaction and confirming that no objections have been raised by either the Cyprus National Gaming and Casino Supervision Commission or the Council of Ministers of the Republic of Cyprus; and

(2) The Company delivering, or causing to be delivered, customary completion documents, including the execution of a new shareholders' agreement of ICR Holdings by parties (other than Melco Resorts and its designee), to Melco Resorts.

- Pre-Completion obligations of the Company : Pending Completion, the Company has agreed to certain obligations including, without limitation, to procure each member of the ICR Group to carrying on their respective businesses only in the ordinary course; not to create any encumbrance over the Sale Shares; to maintain limits on incurring any capital expenditure or liabilities in excess of agreed thresholds, and not to acquire or dispose of a whole or any substantial or material part of their respective businesses.
- Completion date : The Company and Melco Resorts have agreed to use all reasonable endeavours to procure that the conditions to Completion described above are satisfied as soon as practicable and in any event no later than 20 September 2019, or any other date agreed in writing by the Company and Melco Resorts. Completion shall take place on (i) the fifth Business Day following the satisfaction (or waiver by Melco Resorts) of the conditions, or (ii) any other date agreed in writing by the Company and Melco Resorts.
- Post-Completion obligations of the Company : From Completion, the Company shall cooperate with Melco Resorts to ensure maintenance of insurance policies of the ICR Group and carry out certain other customary post-completion obligations such as the registration of the share transfer with the relevant authority in Cyprus and the subsequent delivery of the updated register of members and related corporate documents of ICR Holdings to Melco Resorts.
- Termination : Prior to Completion, Melco Resorts shall have the right to terminate the SPA by written notice upon the occurrence of certain material breaches of the SPA by the Company.
- Governing law and jurisdiction : The laws and courts of Hong Kong.

FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE TRANSACTION

ICR Holdings will continue to be a subsidiary of the Company after Completion and the financial results of ICR Holdings will continue to be consolidated with the financial statements of the Group after Completion via the Group's equity holdings in Melco Resorts.

Accordingly, the Transaction is not expected to result in recording any gain or loss in the consolidated statement of profit or loss in the consolidated financial statements of the Group for the year ending 31 December 2019.

As the Consideration will be settled by Melco Resorts Shares to be allotted and issued by Melco Resorts to the Company, no cash proceeds will be received by the Company from the Transaction.

INFORMATION IN RELATION TO THE PARTIES

The Company

The Company, through its subsidiaries, is principally engaged in leisure, gaming and entertainment and other investments.

Melco Resorts

Melco Resorts is a listed subsidiary of the Company, whose ADSs are listed on the NASDAQ Global Select Market in the United States. Melco Resorts, through its subsidiaries, is principally engaged in businesses in the leisure, gaming and entertainment sectors.

Melco Resorts, apart from being an integrated resort operator and an owner and developer of casino gaming and entertainment resort facilities in Macau and Philippines, also holds equity interests in Crown Resorts Limited, a company listed on the Australian Securities Exchange and which operates leading integrated resorts in Australia and a high-end licensed casino in London, the United Kingdom.

As at the date of this announcement, the Group holds approximately 54.05% of the total issued shares of Melco Resorts. Immediately after Completion, it is expected that the Group will hold approximately 55.80% of the total issued shares of Melco Resorts as enlarged by the allotment and issue of the Melco Resorts Shares (assuming there is no change in the total issued shares of Melco Resorts from the date of the SPA up to the Completion).

As at the date of this announcement, each of Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer of the Company and Melco Resorts), Mr. Evan Andrew Winkler (President and a director of the Company and Melco Resorts) and Mr. Chung Yuk Man, Clarence (a director of the Company and Melco Resorts), owns 8,651,213 shares of Melco Resorts, 21,357 shares of Melco Resorts and 277,633 shares of Melco Resorts, representing approximately 0.62%, 0.002% and 0.02% of the total issued shares of Melco Resorts, respectively.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the Directors have any interest in Melco Resorts. Melco Resorts is not a connected person (as defined in the Listing Rules) of the Company.

INFORMATION IN RELATION TO ICR HOLDINGS

ICR Holdings is a joint venture investment holding company and through its subsidiary holds a gaming license to develop and operate the Project. The City of Dreams Mediterranean, which upon completion, is expected to be the largest and premier integrated destination resort in Europe, is currently scheduled to open in 2021. ICR Holdings is currently operating one casino and two satellite casinos in Cyprus, the first of which opened in Limassol in June 2018 as the first licensed casino in Cyprus and will continue to operate until the opening of the City of Dreams Mediterranean. ICR Holdings commenced the operation of two satellite casinos in Nicosia and Larnaca in December 2018 and expects to open two additional satellite casinos in Paphos and Ayia Napa in 2019. The ICR Group holds a 30-year casino gaming license, which commenced from June 2017 and as to which the first 15 years are exclusive.

As at the date of this announcement, ICR Holdings is a subsidiary of the Company. The Company owns 75% of the issued share capital of ICR Holdings, and The Cyprus Phassouri (Zakaki) Limited, a third party independent of the Company and connected persons (as defined in the Listing Rules) of the Company, owns the remaining 25%.

For the financial period from 7 November 2017 (being the date of incorporation of ICR Holdings) to 31 December 2017, ICR Holdings' audited consolidated net loss before and after taxation was approximately €3,170,000 (equivalent to approximately HK\$27,579,000).

For the financial year ended 31 December 2018, as extracted from its management accounts, ICR Holdings' unaudited consolidated net loss before taxation was approximately €10,986,000 (equivalent to approximately HK\$95,578,200) and ICR Holdings' unaudited consolidated net loss after taxation was approximately €11,584,000 (equivalent to approximately HK\$100,780,800).

As at 31 December 2018, ICR Holdings' unaudited net asset value, as extracted from its management accounts, was approximately €198,590,000 (equivalent to approximately HK\$1,727,733,000).

REASONS FOR AND BENEFITS OF THE TRANSACTION

Melco Resorts is an integrated resort operator and an owner and developer of casino gaming and entertainment resort facilities in multiple jurisdictions around the world, including Macau and the Philippines. The Directors believe that the sale of the Sale Shares in ICR Holdings to Melco Resorts is an opportunity for the Group to rationalize its structure in order to increase efficiency in developing and operating the Project by Melco Resorts. This would also enable the Group to manage and centralize its assets and resources on resorts development and operations more effectively. The Transaction will further strengthen the Company's equity position in Melco Resorts and thereby increase the shareholder value of the Company.

The Directors consider the terms of the Transaction are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction is 5% or more but all of the applicable percentage ratios are less than 25%, the Transaction is a discloseable transaction for the Company and subject to the reporting and announcement requirements applicable to a discloseable transaction under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise defined, the following terms used in this announcement shall have the following meanings:

“ADS(s)”	American depositary share(s) of Melco Resorts
“Board”	the board of Directors

“Business Day”	a day (other than Saturday or Sunday) on which banks in Cyprus, Hong Kong and Macau are open for ordinary banking business
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and having its shares listed on the Main Board of the Stock Exchange
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the provisions of the SPA
“Consideration”	the consideration for the sale and purchase of the Sale Shares under the SPA
“Cyprus”	the Republic of Cyprus
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ICR Group”	ICR Holdings and its subsidiaries
“ICR Holdings”	ICR Cyprus Holdings Limited, a company incorporated in Cyprus and a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Melco Resorts”	Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company, with its shares listed by way of American depositary shares on the NASDAQ Global Select Market in the United States
“Melco Resorts Shares”	the ordinary shares of Melco Resorts (three (3) of which equivalent to one (1) ADS) to be allotted and issued by Melco Resorts to the Company as the Consideration under the SPA, credited as fully paid and non-assessable and free and clear of any encumbrance, except for restrictions arising under the Securities Act or created by virtue of the transactions contemplated under the SPA
“Project”	the development and operation of the City of Dreams Mediterranean, an integrated casino resort in Limassol, Cyprus, and up to four satellite casino premises in Cyprus
“Sale Shares”	750,000 ordinary shares in ICR Holdings owned by the Company, representing 75% of the issued share capital of ICR Holdings
“Securities Act”	United States Securities Act of 1933, as amended

“SPA”	the Share Purchase Agreement dated 24 June 2019 amongst the Company and Melco Resorts, relating to the sale by the Company and purchase by Melco Resorts of the Sale Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the sale and purchase of the Sale Shares in accordance with the provisions of the SPA
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“€”	Euro, the official currency of the European Union
“%”	per cent.

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

Hong Kong, 24 June 2019

Unless indicated otherwise, in this announcement, translations of quoted currency values are made on an approximate basis and at the rate of (i) US\$1.00 = HK\$7.80 and (ii) €1.00 = HK\$8.70 for illustration purposes only. Percentages and figures expressed have been rounded.

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (President and Managing Director) and Mr. Chung Yuk Man, Clarence; two Non-executive Directors, namely Mr. Tsui Che Yin, Frank and Mr. Ng Ching Wo; and two Independent Non-executive Directors, namely Mr. Chow Kwong Fai, Edward and Ms. Karuna Evelyne Shinsho.