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## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

Website: [www.melco-group.com](http://www.melco-group.com)

(Stock Code: 200)

### **VOLUNTARY ANNOUNCEMENT**

#### **BUSINESS UPDATE IN RESPECT OF STUDIO CITY FINANCE LIMITED**

This is a voluntary announcement made by Melco International Development Limited (“**Melco International**”).

In its Form 6-K dated 4 January 2021 furnished by Melco Resorts & Entertainment Limited (“**Melco Resorts**”) with the United States Securities and Exchange Commission, Melco Resorts disclosed, in connection with a proposed issue of senior notes by Studio City Finance Limited (“**Studio City Finance**”), a summary of recent developments in respect of Studio City Finance. Relevant extracts of such summary are reproduced below for the information of Melco International’s shareholders.

In the extracts of the summary of recent developments in respect of Studio City Finance reproduced below “**we**,” “**us**,” “**our**,” and “**Group**” refer to Studio City Finance, a wholly-owned subsidiary of Studio City International Holdings Limited, and Studio City Finance’s consolidated subsidiaries, collectively.

#### **Summary of Recent Developments in respect of Studio City Finance**

In December 2019, an outbreak of Covid-19 was identified and has since spread throughout much of the world. The Covid-19 outbreak had an adverse effect on our results of operations and financial condition for the nine months ended 30 September 2020, which has persisted into the fourth quarter of 2020 and is expected to persist into at least a portion of 2021.

Our casino operations in Macau were closed for a 15-day period in February 2020 and resumed operations on a reduced basis on 20 February 2020. Certain health safeguards, such as limiting the number of seats per table game, slot machine spacing, temperature checks, mask protection, and health declarations were implemented and remain in effect at the present time. Additionally, visitation to Macau has fallen significantly since the outbreak of Covid-19. According to the Statistics and Census Service of Macau, a department of the government of Macau, total visitation from mainland China to Macau decreased by 85.9% in the nine months ended 30 September 2020, compared to the same periods in 2019 and by 77.0% and 71.0% in

October 2020 and November 2020, respectively, as compared to the same periods in 2019. The decrease in visitation is driven by the outbreak's strong deterrent effect on travel and social activities, the Chinese government's suspension or reduced availability of its visa and group tour schemes that allow mainland Chinese residents to travel to Macau, quarantine measures, travel and entry restrictions and conditions in Macau, Hong Kong and certain cities and regions in mainland China, the suspension of ferry services and other modes of transportation regionally. At present, bans on entry or enhanced quarantine requirements remain in place for people attempting to enter Macau, depending on various conditions such as the usual visa requirements, their Covid-19 test results, purpose of visit, recent travel history and/or other conditions as applicable. Quarantine requirements for those traveling between Hong Kong and Macau have been announced to remain effective until at least 31 March 2021. On 21 December 2020, the Macau government announced that generally, individuals who have been to countries and regions other than mainland China and Taiwan in the preceding 21 days are required to undergo a mandatory 21-day quarantine upon entry into Macau from mainland China, Taiwan or Hong Kong. Foreigners continue to be unable to enter Macau, except if they have been in mainland China in the preceding 21 days and are eligible for an exemption application.

While most of the abovementioned travel restrictions and quarantine requirements continue to weigh on visitation to Macau, beginning in June 2020 certain of these restrictions are being eased as certain regions gradually recover from the Covid-19 outbreak. Quarantine-free travel, subject to Covid-19 safeguards such as testing and the usual visa requirements, was reintroduced between Macau and an increasing number of areas and cities within the PRC in progressive phases from June to August 2020, commencing with an area in Guangdong Province, which is adjacent to Macau, and expanding to additional areas and major cities within Guangdong Province, followed by most other areas of the PRC. On 23 September 2020, mainland China authorities fully resumed the Individual Visit Scheme exit visa program, which permits individual PRC citizens from nearly 50 PRC cities to travel to Macau for tourism purposes. Despite these developments, our operations continue to be impacted by significant travel bans, restrictions, and quarantine requirements imposed by the governments in Macau, Hong Kong, and certain provinces in China on visitors traveling to and from Macau, and such bans, restrictions and requirements have been, and may continue to be, modified by the relevant authorities from time to time as Covid-19 developments unfold. Additionally, health-related precautionary measures remain in place at our properties in Macau, which could continue to impact visitation and customer spending. We are currently unable to determine when these measures will be lifted from additional regions and lifted measures may be reintroduced if there are adverse developments in the Covid-19 situation in Macau and other regions with access to Macau.

As the disruptions from the Covid-19 outbreak are ongoing, any recovery from such disruptions will depend on future developments, such as the successful development and distribution and widespread acceptance of safe and effective vaccines, the development of effective treatments for Covid-19, duration of travel and visa restrictions and customer sentiment and behaviour, including the length of time before customers resume traveling and participating in entertainment and leisure activities at high-density venues and the impact of potential higher unemployment rates, declines in income levels and loss of personal wealth resulting from the Covid-19 outbreak on consumer behaviour related to discretionary spending and traveling, all of which are highly uncertain. In recent weeks, a number of Covid-19 vaccines have been

approved in various countries. However, the production, distribution and administration of any such vaccines on a widespread basis may take a significant amount of time, and there can be no assurances as to the long-term safety and efficacy of such vaccines or if the current vaccines will be effective against new strains of the coronavirus that causes Covid-19. Moreover, even if the Covid-19 pandemic subsides, there is no guarantee that travel and consumer sentiment will rebound quickly or at all.

As of 30 November 2020, we held cash and cash equivalents of US\$98.6 million and restricted cash of US\$0.1 million. Restricted cash represents certain bank account balances required to be maintained in accordance with the terms of the 2016 credit facility. We also had a HK\$233.0 million (US\$30.1 million) revolving credit facility under the 2016 credit facility, all of which was available for drawdown as of 30 November 2020, subject to certain conditions precedent. As of 30 November 2020, the total principal amount of our outstanding indebtedness was US\$1.60 billion, consisting primarily of the 2019 notes with a principal amount of US\$600 million due February 2024, the 2020 6.0% notes with a principal amount of US\$500 million due July 2025 and the 2020 6.5% notes with a principal amount of US\$500 million due January 2028. In August 2020, Studio City International Holdings Limited completed a US\$500 million private placement of shares. The net proceeds from this private placement of US\$499.3 million was injected as equity to Studio City Finance by way of a capital contribution in December 2020.

We expect that gross gaming revenues in Macau will continue to be negatively impacted by the significant travel bans or restrictions, visa restrictions and quarantine and social distancing requirements so long as these restrictions remain in place. We have taken various mitigating measures to manage through the Covid-19 outbreak challenges, such as implementing a cost reduction program to minimize cash outflow of non-essential items and rationalizing our capital expenditure program with deferrals and reductions which benefits our balance sheet. As a result of the implementation of these measures and reflecting a revenue mix based on our current results, we expect to achieve break-even Adjusted EBITDA upon reaching approximately 30% to 35% of our historical gross gaming revenues run-rate and upon reaching approximately 25% to 30% of our historical gross gaming revenues run-rate before certain corporate shared service charges and fees, among other items, billed by Melco Resorts and its subsidiaries to Studio City Finance. Studio City Casino's combined gross gaming revenues during October and November 2020 increased by approximately 146% compared to those in the third quarter of 2020.

Although Macau's gross gaming revenues decreased by 69.7% from US\$9,039.5 million in the fourth quarter of 2019 to US\$2,735.5 million in the fourth quarter of 2020, and total visitation from mainland China to Macau decreased by 74.2% from approximately 4.4 million in October and November 2019 to approximately 1.1 million in October and November 2020, Macau's gross gaming revenue in the fourth quarter of 2020 increased by 347.0% from US\$612.0 million in the third quarter of 2020, and the total visitation to Macau from mainland China in November and October increased by 42.7% and 30.8%, respectively, from approximately 412,000 in September 2020.

## **General Information**

Melco Resorts is a listed subsidiary of Melco International with its American depositary shares listed on the Nasdaq Global Select Market in the United States.

Studio City International Holdings Limited is a listed subsidiary of Melco International with its American depositary shares listed on the New York Stock Exchange in the United States. Studio City Finance is a wholly-owned subsidiary of Studio City International Holdings Limited.

Studio City Casino refers to the gaming areas being operated within Studio City, a cinematically-themed integrated resort in Cotai, Macau.

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

Hong Kong, 4 January 2021

*As at the date of this announcement, the board of directors of Melco International 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; one Non-executive Director, namely Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. John William Crawford, Mr. Tsui Che Yin, Frank and Ms. Karuna Evelyne Shinsho.*