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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website: www.melco-group.com

(Stock Code: 200)

JOINT DEVELOPMENT OF LAND IN ZHONGSHAN

JOINT DEVELOPMENT OF THE PROJECT LAND

The Board is pleased to announce that, on 23 June 2021, the Project Company succeeded in its bid for the land use rights in respect of the Project Land, pursuant to a public auction conducted by the Zhongshan Natural Resources Bureau (中山市自然資源局) in the PRC. The Project Company is a joint venture established in the PRC between Melco Zhongshan (an indirect wholly-owned subsidiary of the Company) and Zhongshan Yachen (a joint venture company of an indirect wholly-owned subsidiary of Agile) to hold the land use rights in respect of the Project Land and undertake the development of the Development Project.

LISTING RULES IMPLICATIONS

All of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the formation of the joint venture and the Group's participation in the Development Project are less than 5%. Accordingly, the formation of the joint venture and the Group's participation in the Development Project are not notifiable transactions for the Company under the Listing Rules.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE PROJECT LAND AND THE DEVELOPMENT PROJECT

The Board is pleased to announce that, on 23 June 2021, the Project Company succeeded in its bid for the land use rights in respect of the Project Land, pursuant to a public auction conducted by the Zhongshan Natural Resources Bureau (中山市自然資源局) in the PRC.

The Development Project involves the development of mixed-use properties on the Project Land and is expected to include residential, commercial, recreational and entertainment elements, featuring ancillary facilities such as hotels, parks and green areas. The Project Land covers a site area of approximately 504,000 square meters and comprises various plots of land that are granted for terms ranging from forty (40) years to seventy (70) years depending on use.

The aggregate consideration payable by the Project Company for the acquisition of the land use rights for the Project Land is approximately RMB4 billion (equivalent to approximately HK\$4.8 billion) (inclusive of deed tax and interest) (the “**Acquisition Price**”).

JOINT VENTURE

The Project Company

The Project Company is a joint venture established in the PRC between Melco Zhongshan (an indirect wholly-owned subsidiary of the Company) and Zhongshan Yachen (a joint venture company of an indirect wholly-owned subsidiary of Agile), to hold the land use rights in respect of the Project Land and undertake the Development Project.

Cooperation Agreement

Under the Cooperation Agreement entered into in respect of the Development Project by the Melco JV Parties, the Agile JV Parties and the Project Company, the parties have agreed that:

- (1) the Melco JV Parties shall be responsible for the development of a theme park to be constructed on the Project Land (“**Theme Park**”). Upon completion of the construction of the Theme Park, the Melco JV Parties shall, through the Project Company, independently manage and operate the Theme Park and be responsible for the operational capital needs of the Theme Park; and
- (2) the Agile JV Parties shall be responsible for the development of the remaining non-Theme Park portion of the Project Land (“**Remaining Portion**”). The Agile JV Parties shall, through the Project Company, independently engage in the investment, development, operation and management of the Remaining Portion.

Contributions by the Melco JV Parties and the Agile JV Parties to the Development Project

Under the Cooperation Agreement, the Melco JV Parties shall:

- (1) contribute an amount of RMB150 million (equivalent to approximately HK\$180 million) towards the Acquisition Price;
- (2) contribute RMB250 million (equivalent to approximately HK\$300 million) to the Project Company for the purpose of the development of the Project Land;
- (3) fund the cash contribution on the construction costs and pre-opening expenses in respect of the Theme Park which are over and above RMB1.45 billion (equivalent to approximately HK\$1.74 billion); and
- (4) fund the ongoing operational costs of the Theme Park.

Under the Cooperation Agreement, the Agile JV Parties shall:

- (1) fund the remaining amount of approximately RMB3.85 billion (equivalent to approximately HK\$4.62 billion) of the Acquisition Price;

- (2) assist the Project Company in raising funds, failing which they shall contribute to the Project Company by way of shareholder's loans, of up to RMB1.45 billion (equivalent to approximately HK\$1.74 billion) in installments to the Project Company to cover the construction costs and pre-opening expenses in respect of the Theme Park; and
- (3) be responsible for provision of all funding required for the development of the Remaining Portion.

The Melco JV Parties and the Agile JV Parties shall establish separate books and ledgers and separate bank accounts in the name of the Project Company for the Theme Park and Remaining Portion, respectively. The Cooperation Agreement includes provisions which ring fence the liabilities of the Project Company, such that there is no recourse to the Company for liabilities of the Project Company and financing obtained by the Agile JV Parties for the Remaining Portion must be on terms that do not impair the Theme Park.

Shareholdings in the Project Company and Profit-Sharing Arrangements

Notwithstanding that the Project Company is held as to 51% by Melco Zhongshan and as to 49% by Zhongshan Yachen, under the Cooperation Agreement, Melco Zhongshan is solely entitled to all profits or losses arising from its ownership and operation of the Theme Park, while Zhongshan Yachen is solely entitled to all profits or losses arising out of its ownership and operation of the Remaining Portion, except for residential units of 5,000 square meters in aggregate to be constructed on the Remaining Portion which are to be allocated by Zhongshan Yachen to Melco Zhongshan (such residential units, "**Residential Units Attributable to Melco**") free of consideration at nil cost. Melco Zhongshan has the right, prior to such residential units being offered for sale upon their completion, to select the residential units to be allocated to it.

Under the Cooperation Agreement, shareholder voting rights are to be exercised by Melco Zhongshan and Zhongshan Yachen on a 50:50 basis. Each of Melco Zhongshan and Zhongshan Yachen is entitled to appoint two (2) directors to the board of the Project Company. Melco Zhongshan is entitled to appoint the chairman of the board of directors of the Project Company.

The Cooperation Agreement provides that if the relevant government authorities approve the holding of title to, and development of, the Theme Park and the Remaining Portion through separate wholly-owned subsidiaries of the Project Company, the Melco JV Parties and the Agile JV Parties shall procure the Project Company to set up wholly-owned subsidiaries to hold the title to, and develop, the Theme Park and the Remaining Portion separately. If that were to occur, the Melco JV Parties would be entitled to appoint all the directors of the wholly-owned subsidiary responsible for the development of the Theme Park and the Agile JV Parties would be entitled to appoint all the directors of the wholly-owned subsidiary responsible for the development of the Remaining Portion.

Having regard to the arrangements under the Cooperation Agreement described above, the Project Company will not be accounted for as a subsidiary of the Company and its financial results and position will not be consolidated into the Company's financial statements.

Guarantee

The Company has agreed to provide a guarantee in favour of Agile JV Parties, to guarantee the obligations of the Melco JV Parties under the Cooperation Agreement. Similarly, Agile has agreed to provide a guarantee in favour of Melco JV Parties, to guarantee the obligations of the Agile JV Parties under the Cooperation Agreement. The letters of guarantee are required to be issued within five (5) days from the acquisition of the Project Land by the Project Company.

Exit right

If the relevant government authorities approve the transfer of title to the Theme Park from the Project Company to an affiliate of the Melco JV Parties, the Melco JV Parties may, by giving notice to the Agile JV Parties under the Cooperation Agreement, exit from the Project Company. If such right is exercised, the Melco JV Parties and the Agile JV Parties are required to procure that the Project Company transfers title to the Theme Park and the Residential Units Attributable to Melco to the relevant affiliate of the Melco JV Parties, in consideration of the Melco JV Parties transferring their equity interest in, and shareholders' advanced loans to, the Project Company to the Agile JV Parties.

EXPECTED BENEFITS

The Development Project is the first large-scale cultural and entertainment project of the Group in the PRC outside Macau. It is an opportunity for the Group to employ its deep substantive experience in the entertainment sector and to leverage on its own successful intellectual properties created in Macau to establish a new complimentary business with exciting growth prospects in the dynamic Greater Bay area. The joint venture with Agile is expected to enable the Group to benefit from Agile's extensive experience in mixed-use property developments in the PRC.

LISTING RULES IMPLICATIONS

All the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the formation of the joint venture and the Group's participation in the Development Project are less than 5%. Accordingly, the formation of the joint venture and the Group's participation in the Development Project are not notifiable transactions for the Company under the Listing Rules.

DEFINITIONS

The following terms used in this announcement shall have the following meanings:

“Acquisition Price”	has the meaning given in the section headed “The Project Land and the Development Project” in this announcement;
“Agile”	Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3383);

“Agile JV Parties”	collectively, Zhongshan Agile and Zhongshan Yachen;
“Board”	the Board of Directors of the Company;
“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 (stock code: 200);
“connected person”	has the meaning ascribed to it in the Listing Rules;
“Cooperation Agreement”	the cooperation agreement, as supplemented on 23 June 2021, entered into among Creation Elite, Melco Zhongshan, Zhongshan Agile, Zhongshan Yachen and the Project Company;
“Creation Elite”	Creation Elite Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company;
“Development Project”	joint development of the Project Land through the Project Company, as contemplated by the Cooperation Agreement;
“Group”	the Company and its subsidiaries;
“Guangzhou Changyuan”	廣州長源商業管理有限公司(Guangzhou Changyuan Business Management Co., Ltd.*), a company established in the PRC with limited liability, owned by two Independent Third Parties;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s) or company(ies) who/which is (are) independent of the Company and its connected person(s);
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Melco JV Parties”	collectively, Creation Elite and Melco Zhongshan;
“Melco Zhongshan”	新濠(中山)企業管理有限公司 (Melco (Zhongshan) Business Management Co., Ltd.*), a company established in the PRC with limited liability, a direct wholly-owned subsidiary of Creation Elite and an indirect wholly-owned subsidiary of the Company;

“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Project Company”	中山新濠雅創房地產開發有限公司 (Zhongshan Melco Yachuang Real Estate Development Co., Ltd.*), a company established in the PRC with limited liability;
“Project Land”	中國廣東省中山市南朗鎮（翠亨新區起步區）西四圍 (Xisiwei, Nanlang Town (Qibu District, Cuiheng New District), Zhongshan, Guangdong Province, the PRC), covering a site area of approximately 504,000 square meters;
“Residential Units Attributable to Melco”	the meaning given in the section headed “JOINT VENTURE – Shareholdings in the Project Company and Profit-Sharing Arrangements” in this announcement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhongshan Agile”	中山雅居樂雍景園房地產有限公司 (Zhongshan Agile Majestic Garden Real Estate Co., Ltd.*), a company established in the PRC with limited liability, an indirect wholly-owned subsidiary of Agile;
“Zhongshan Yachen”	中山雅辰企業管理有限公司 (Zhongshan Yachen Business Management Co., Ltd.*), a company established in the PRC with limited liability, owned as to 50% by each of Zhongshan Agile and Guangzhou Changyuan; and
“%”	per cent.

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

Hong Kong, 23 June 2021

** for identification purposes only*

Unless indicated otherwise, in this announcement, translations of quoted currency values are made on an approximate basis and at the rate of RMB1.00 = HK\$1.20 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; 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.