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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)

### **SHARE PURCHASE AND AWARD PROGRAM ESTABLISHED BY A LISTED SUBSIDIARY – MELCO RESORTS & ENTERTAINMENT LIMITED**

#### **PARTICIPATION OF CONNECTED PERSON IN THE SHARE PURCHASE AND AWARD PROGRAM – CONNECTED TRANSACTION**

##### *Share Purchase and Award Program Established by Melco Resorts*

Melco Resorts has newly established the Share Purchase and Award Program and invited eligible employees to participate in the program.

Melco Resorts' Share Purchase and Award Program applies to eligible employees who agreed in 2020, at the height of the COVID-19 pandemic, to participate in the Group's voluntary no-paid leave program, one of a series of measures taken by the Group to proactively manage costs in the face of the unprecedented challenges of the pandemic.

Under the Share Purchase and Award Program, an eligible employee is invited to use a portion of his or her base salary during the term of the Share Purchase and Award Program, which runs from July 2021 to June 2022, to acquire Restricted Shares.

The principal reasons for the Share Purchase and Award Program are to:

- a) recognize the dedication and commitment of those eligible employees who participated in the Group's voluntary no-paid leave program in 2020/2021, during the unprecedented circumstances of the COVID-19 pandemic, consistent with the Group's belief that its employees are the single most important ingredient to delivering future success;
- b) provide eligible employees the opportunity to benefit from the Group's long-term growth;

- c) encourage vaccination against COVID-19; and
- d) continue to proactively manage costs.

#### *Participation of Mr. Ho in the Share Purchase and Award Program*

Mr. Ho volunteered to forego part of his cash compensation since February 2020 and has since May 2020 foregone the entire amount of his cash compensation for the remainder of 2020 and subsequently extended to 30 June 2021.

Mr. Ho, as an eligible employee under the Share Purchase and Award Program, has committed to continue not to receive his base salary for the 12-month period of the Share Purchase and Award Program, from July 2021 to June 2022, and to participate in the Share Purchase and Award Program in an amount equal to the full extent of his base salary.

#### *Implications under the Listing Rules*

Mr. Ho is a connected person of the Company, and the purchase of Restricted Shares by, and the grant of Restricted Shares to, Mr. Ho under the Share Purchase and Award Program constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. One or more applicable percentage ratios exceeds 0.1% but each of the applicable percentage ratios is less than 5%. Accordingly, the purchase of Restricted Shares by, and grant of Restricted Shares to, Mr. Ho are subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

### **Share Purchase and Award Program Established by Melco Resorts**

Melco Resorts has newly established the Share Purchase and Award Program and invited eligible employees to participate in the program.

The Share Purchase and Award Program applies to eligible employees who agreed in 2020, at the height of the COVID-19 pandemic, to participate in the Group's voluntary no-paid leave program, one of a series of measures taken by the Group to proactively manage costs in the face of the unprecedented challenges of the pandemic. To be eligible to participate in the Share Purchase and Award Program, employees must, amongst other conditions, have participated in the Group's voluntary no-paid leave program to an extent which exceeds relevant thresholds specified in the Share Purchase and Award Program.

### **Reasons for Establishing the Share Purchase and Award Program**

The principal reasons for the Share Purchase and Award Program are to:

- a) recognize the dedication and commitment of those eligible employees who participated in the Group's voluntary no-paid leave program in 2020/2021, during the unprecedented circumstances of the COVID-19 pandemic, consistent with the Group's belief that its employees are the single most important ingredient to delivering future success;
- b) provide eligible employees the opportunity to benefit from the Group's long-term growth;

- c) encourage vaccination against COVID-19; and
- d) continue to proactively manage costs.

### **Terms of the Share Purchase and Award Program**

Under the Share Purchase and Award Program, an eligible employee is invited to use a portion of his or her base salary during the term of the Share Purchase and Award Program, which runs from July 2021 to June 2022, to acquire Restricted Shares. In exchange for the base salary so applied, an eligible employee will (a) purchase Restricted Shares with a value equal to 100% of the amount of base salary so applied and (b) receive an additional grant of Restricted Shares under the Melco Resorts Share Incentive Plan with a value equal to 100% of the amount of base salary so applied, both determined by reference to the closing price of ADS as of 7 July 2021. The salary remittance will be made on a monthly basis, while the Restricted Shares acquired will settle or vest (as the case may be) on a quarterly basis.

The maximum amount of Restricted Shares which may be issued under the Share Purchase and Award Program represents less than 0.50% of the total issued shares of Melco Resorts as at the date of this announcement.

### **Participation of Mr. Ho in the Share Purchase and Award Program**

Mr. Ho volunteered to forego part of his cash compensation since February 2020 and has since May 2020 foregone the entire amount of his cash compensation for the remainder of 2020 and subsequently extended to 30 June 2021.

Mr. Ho, as an eligible employee under the Share Purchase and Award Program, has committed to continue not to receive his base salary for the 12-month period of the Share Purchase and Award Program, from July 2021 to June 2022, and to participate in the Share Purchase and Award Program in an amount equal to the full extent of his base salary.

As a result, in accordance with the terms of the Share Purchase and Award Program which are applicable to all eligible employees, Mr. Ho will acquire Restricted Shares from Melco Resorts, in the forms of a purchase and a grant of Restricted Shares under the Melco Resorts Share Incentive Plan, in aggregate of 416,016 ADSs (equivalent to 1,248,048 Melco Resorts Shares).

The Restricted Shares, when issued and fully paid, will rank pari passu among themselves and with those shares then in issue. The Restricted Shares purchased by or granted to Mr. Ho will settle or vest (as the case may be) on a quarterly basis. The Restricted Shares acquired are not transferable and may not be sold, pledged or otherwise transferred until settled or vested (as the case may be). The Restricted Shares Mr. Ho acquired represent approximately 0.09% of Melco Resorts' issued shares as at the date of this announcement.

Based on the closing price of US\$16.05 per ADS as quoted on the Nasdaq Global Select Market on 7 July 2021, the market value of the Restricted Shares Mr. Ho acquired is approximately US\$6.68 million (equivalent to approximately HK\$52.10 million).

The number of Restricted Shares purchased by and granted to Mr. Ho is determined with reference to the terms of the Share Purchase and Award Program summarized above in this

announcement, which are equally applicable to all eligible employees, and the amount of Mr. Ho's base salary in respect of the duration of the Share Purchase and Award Program, from July 2021 to June 2022, agreed by Mr. Ho to be used to acquire Restricted Shares.

### **Reasons for and Benefits to the Company as a result of the Acquisition of Restricted Shares by Mr. Ho under the Share Purchase and Award Program**

The purchase of Restricted Shares by, and the grant of Restricted Shares to, Mr. Ho was made under the Share Purchase and Award Program, the terms of which apply equally to all eligible employees. The reasons for the Share Purchase and Award Program are set forth above in this announcement under the heading "Share Purchase and Award Program Established by Melco Resorts". Of those reasons, the principal reason and benefit of the participation of Mr. Ho in the Share Purchase and Award Program is the proactive management of costs and conservation of cash as the Group's operation emerges from the restrictions associated with COVID-19.

The Directors (including the independent non-executive Directors) consider that the terms of the purchase of Restricted Shares by, and the grant of Restricted Shares to, Mr. Ho are fair and reasonable, on normal commercial terms or better (as far as the Company is concerned) and in the ordinary and usual course of business of the Group, and that the purchase and grant are in the interests of the Company and its shareholders as a whole.

The Company confirms that Mr. Ho, who has a material interest in the aforesaid purchase and grant of Restricted Shares, abstained from voting at the relevant Board meeting on the resolution in relation to such purchase and grant. None of the other Directors has a material interest, or otherwise is required to abstain from voting on, the Board resolution in relation to such purchase and grant.

### **Information about Melco Resorts and the Company**

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

Melco Resorts is a developer, owner and operator of integrated resort facilities in Asia and Europe. The ADSs of Melco Resorts are listed on the Nasdaq Global Select Market in the US. Melco Resorts is a subsidiary of the Company and will continue to be a subsidiary of the Company following the issue of Restricted Shares to be made under the Share Purchase and Award Program.

For the financial year ended 31 December 2020, Melco Resorts' audited loss before taxation was approximately US\$1,457,527,000 (equivalent to approximately HK\$11,368,710,600) and Melco Resorts' audited loss after taxation was approximately US\$1,454,614,000 (equivalent to approximately HK\$11,345,989,200).

For the financial year ended 31 December 2019, Melco Resorts' audited profits before taxation was approximately US\$402,567,000 (equivalent to approximately HK\$3,140,022,600) and Melco Resorts' audited profits after taxation was approximately US\$394,228,000 (equivalent to approximately HK\$3,074,978,400).

As at 31 December 2020, Melco Resorts' audited net asset value was approximately US\$1,838,071,000 (equivalent to approximately HK\$14,336,953,800).

The acquisition of Restricted Shares by Mr. Ho under the Share Purchase and Award Program will not result in any gain or loss accrued to the Group's accounts on the acquisition date. The Group measures the cost of Restricted Shares to Mr. Ho based on the acquisition date fair value and will recognize such cost over the settlement/vesting period.

### **Implications under the Listing Rules**

Mr. Ho is a substantial shareholder, the Chairman and Chief Executive Officer of the Company. He is also the Chairman and Chief Executive Officer of Melco Resorts. As such, Mr. Ho is a connected person of the Company, and the purchase of Restricted Shares by, and grant of Restricted Shares to, Mr. Ho under the Share Purchase and Award Program constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Based on the closing price of US\$16.05 per ADS as quoted on the Nasdaq Global Select Market on 7 July 2021 and the number of Restricted Shares purchased by and granted to Mr. Ho, one or more applicable percentage ratios exceeds 0.1% but each of the applicable percentage ratios is less than 5%. Accordingly, the aforementioned purchase of Restricted Shares by, and grant of Restricted Shares to, Mr. Ho are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement, under Chapter 14A of the Listing Rules.

### **Definitions**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“ADSs”	American depositary shares of Melco Resorts
“Board”	the board of Directors
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Melco Resorts”	Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands with limited liability and a subsidiary of the Company, with its ADSs listed on the Nasdaq Global Select Market in the US

“Melco Resorts Shares”	shares of Melco Resorts, three of which are equivalent to one ADS
“Melco Resorts Share Incentive Plan”	a share incentive plan adopted by Melco Resorts as approved by shareholders of Melco Resorts and effective from 7 December 2011, and subsequently amended and approved by shareholders of Melco Resorts and the Company in December 2016
“Mr. Ho”	Mr. Ho, Lawrence Yau Lung, substantial shareholder, Chairman and Chief Executive Officer of the Company
“Restricted Shares”	restricted Melco Resorts Shares
“Share Purchase and Award Program”	the Share Purchase and Award Program established by Melco Resorts on 7 July 2021 having the features summarized above in this announcement and for the reasons set forth above in this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US”	The United States of America
“US\$”	United States dollars, the lawful currency of the US
“%”	per cent.

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

Hong Kong, 8 July 2021

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.80. 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.*