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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)

### **DISCLOSEABLE TRANSACTION**

#### **SHARE REPURCHASE BY A LISTED SUBSIDIARY – MELCO RESORTS & ENTERTAINMENT LIMITED**

##### **SHARE REPURCHASE BY MELCO RESORTS & ENTERTAINMENT LIMITED**

The Board announces that on 18 August 2022 (after trading hours of the Stock Exchange), the Company, Melco Resorts (a listed subsidiary of the Company indirectly owned as to approximately 55.86% by the Company through Melco Leisure) and Melco Leisure (a wholly-owned subsidiary of the Company), entered into the Share Repurchase Agreement, pursuant to which Melco Resorts agreed to repurchase 9,995,799 Ordinary Shares and 25,000,000 restricted ADSs (representing 75,000,000 Ordinary Shares), representing approximately 5.84% of Melco Resorts' issued shares in aggregate as at the date of this announcement, from Melco Leisure. The aggregate Consideration payable by Melco Resorts in cash at Closing for the Share Repurchase is US\$152,709,118.87 (equivalent to approximately HK\$1,191,131,000), less the amount of fees, costs and expenses incurred by Melco Resorts in connection with the Share Repurchase. Closing shall take place on the date that is five Business Days after the day on which the last of the conditions precedent is satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), where applicable, or at such other time as is mutually agreed in writing by Melco Resorts and Melco Leisure.

Immediately before the Share Repurchase, Melco Leisure holds Ordinary Shares and ADSs representing approximately 55.86% of the issued shares of Melco Resorts in aggregate. Following Closing of the Share Repurchase and the cancellation of certain Repurchase Shares repurchased by Melco Resorts, Melco Leisure's interest in Melco Resorts will be reduced to approximately 50.36% of the issued shares of Melco Resorts. Melco Resorts will continue to be a subsidiary of the Company, and the financial results of Melco Resorts will continue to be consolidated in the financial statements of the Company.

## **LISTING RULES IMPLICATIONS**

Melco Resorts is a consolidated subsidiary of the Company. Under Rule 14.24 of the Listing Rules, in the case of a transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition and the disposal. The disclosure and approval requirements applicable to a disposal of an interest in Melco Resorts, as a result of the Share Repurchase, determine the classification of the Share Repurchase under the Listing Rules.

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

## **SHARE REPURCHASE BY MELCO RESORTS & ENTERTAINMENT LIMITED**

### **Principal Terms of the Share Repurchase Agreement**

The principal terms of the Share Repurchase Agreement are summarized below:

- Date of the Share Repurchase Agreement : 18 August 2022
- Parties : (1) Melco Resorts, as purchaser. Melco Resorts is a subsidiary indirectly owned as to approximately 55.86% by the Company through Melco Leisure (a direct wholly owned subsidiary of the Company) as at the date of this announcement. Further information on Melco Resorts is set forth below in this announcement.
- (2) Melco Leisure, as selling shareholder. Melco Leisure is a direct wholly owned subsidiary of the Company. Melco Leisure is the legal and beneficial owner of the Repurchase Shares. Further information on Melco Leisure is set forth below in this announcement.
- (3) The Company.
- Subject matter : Melco Resorts agreed to repurchase 9,995,799 Ordinary Shares and 25,000,000 restricted ADSs (representing 75,000,000 Ordinary Shares), representing approximately 5.84% of Melco Resorts' issued shares in aggregate as at the date of this announcement, from Melco Leisure.

Consideration : The aggregate Consideration payable by Melco Resorts in cash at Closing for the Share Repurchase is US\$152,709,118.87 (equivalent to approximately HK\$1,191,131,000), less the amount of fees, costs and expenses incurred by Melco Resorts in connection with the Share Repurchase.

Melco Resorts intends to finance the Share Repurchase through a combination of internal financial resources and bank borrowings.

Basis of determination of the Consideration : The Consideration has been determined after arm's length negotiations between the parties on normal commercial terms, after taking into account, among other things, (i) the recent trading prices of the ADSs on Nasdaq prior to the date of the Share Repurchase Agreement, (ii) market conditions at the time of the negotiations, and (iii) the reasons for and benefits of the Share Repurchase as described in the paragraph headed "Reasons for and Benefits of the Share Repurchase" below.

Conditions precedent : Closing is conditional upon the satisfaction or waiver (other than those conditions that by their nature are to be satisfied at the Closing), where applicable, of the following conditions:

- (i) no governmental authority shall have enacted, issued, promulgated, enforced or entered any law or governmental order that has or would have the effect of making Closing illegal;
- (ii) all authorizations, consents, orders and approvals of all governmental authorities required under applicable law to consummate the Closing having been obtained and to the knowledge of Melco Resorts are in full force and effect;
- (iii) the audit and risk committee of Melco Resorts having received a solvency opinion from an independent financial advisory firm and having determined that it is satisfied with Melco Resorts' solvency after giving effect to the Share Repurchase under the terms of the Share Repurchase Agreement; and
- (iv) other customary closing conditions such as (a) all necessary corporate and shareholders' approvals having been obtained, (b) continuing accuracy of representations and warranties and (c) performance of,

or compliance with, the agreements and covenants of each of the parties under the Share Repurchase Agreement.

Closing : Closing shall take place on the date that is five Business Days after the day on which the last of the conditions precedent is satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), where applicable, or at such other time as is mutually agreed in writing by Melco Resorts and Melco Leisure. Closing is currently expected to occur on or around 25 August 2022.

Governing law : Laws of Hong Kong.

## **FINANCIAL EFFECTS AND USE OF PROCEEDS FROM THE SHARE REPURCHASE**

Immediately before the Share Repurchase, Melco Leisure holds Ordinary Shares and ADSs representing approximately 55.86% of the issued shares of Melco Resorts in aggregate. Following Closing of the Share Repurchase and the cancellation of certain Repurchase Shares by Melco Resorts, Melco Leisure's interest in Melco Resorts will be reduced to approximately 50.36% of the issued shares of Melco Resorts. Melco Resorts will continue to be a subsidiary of the Company, and the financial results of Melco Resorts will continue to be consolidated in the financial statements of the Company.

Accordingly, the Share Repurchase is not expected to result in the recording of 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 2022.

Melco Leisure will deposit the net proceeds from the Share Repurchase (after deducting all fees, costs and expenses) into a designated bank account, the amount of which can only be applied towards the repayment of the principal and accrued but unpaid interest under an existing bank facility.

## **REASONS FOR AND BENEFITS OF THE SHARE REPURCHASE**

As described in this announcement above, the net proceeds from the Share Repurchase will be deposited in a designated bank account for the repayment of the principal and payment of interest under an existing bank facility. Accordingly, the Directors consider the Share Repurchase to be an opportunity to facilitate the financing arrangements of the Company and the Group as a whole.

The Directors consider that the terms of the Share Repurchase are fair and reasonable and that the Share Repurchase is on normal commercial terms (as far as the Company is concerned) and in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge and information, no Director has a material interest in, or otherwise is required to abstain from voting on, the resolutions of the Board considering and approving the Share Repurchase. Mr. Ho, Lawrence Yau Lung, Mr. Evan Andrew Winkler, Mr. Chung Yuk Man and Mr. John William Crawford are also directors of Melco Leisure and Melco Resorts, and are interested in certain shares of Melco Resorts. Having regard to those interests, Mr. Ho, Lawrence Yau Lung, Mr. Evan Andrew Winkler, Mr. Chung Yuk Man and Mr. John William Crawford voluntarily abstained from voting on the resolutions of the Board considering and approving the Share Repurchase.

## **INFORMATION ON THE PARTIES**

### **The Company**

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

### **Melco Leisure**

Melco Leisure is a direct wholly-owned subsidiary of the Company. It is an investment holding company which holds, among others, the Company's interest in Melco Resorts.

### **Melco Resorts**

Melco Resorts is principally engaged in businesses in the leisure, gaming and entertainment sectors. Melco Resorts has its shares listed by way of ADSs on the Nasdaq Global Select Market in the United States.

Set out below is the financial information of Melco Resorts extracted from its audited consolidated financial statements for the two financial years ended 31 December 2021 and 31 December 2020 published in the 2021 annual report of Melco Resorts:

- (1) For the financial year ended 31 December 2021, Melco Resorts' audited loss before income tax was approximately US\$953,579,000 (equivalent to approximately HK\$7,437,916,200) and Melco Resorts' audited net loss was approximately US\$956,464,000 (equivalent to approximately HK\$7,460,419,200).
- (2) For the financial year ended 31 December 2020, Melco Resorts' audited loss before income tax was approximately US\$1,457,527,000 (equivalent to approximately HK\$11,368,710,600) and Melco Resorts' audited net loss was approximately US\$1,454,614,000 (equivalent to approximately HK\$11,345,989,200).
- (3) As at 31 December 2021, Melco Resorts' audited total equity was approximately US\$819,885,000 (equivalent to approximately HK\$6,395,103,000).

## **LISTING RULES IMPLICATIONS**

Melco Resorts is a consolidated subsidiary of the Company. Under Rule 14.24 of the Listing Rules, in the case of a transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition and the disposal. The disclosure and approval requirements applicable to a disposal of an interest in Melco Resorts, as a result of the Share Repurchase, determine the classification of the Share Repurchase under the Listing Rules.

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

## **DEFINITIONS**

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

“ADSs”	American Depositary Shares, each comprising three Ordinary Shares;
“Board”	the board of Directors;
“Business Day”	any day other than a Saturday, a Sunday or a day on which banks in Hong Kong, New York, the Cayman Islands or the British Virgin Islands are authorized or obligated by law or executive order to close, or a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.;
“Closing”	closing of the Share Repurchase in accordance with the Share Repurchase Agreement;
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and having its shares listed and traded on the Main Board of the Stock Exchange;
“Consideration”	the consideration payable by Melco Resorts to Melco Leisure for the Share Repurchase, described under the paragraph headed “Principal Terms of the Share Repurchase Agreement – Consideration” in this announcement;

“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Melco Leisure”	Melco Leisure and Entertainment Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company. Further information on Melco Leisure is set forth in the section headed “Information on the Parties” in this announcement;
“Melco Resorts”	Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands with limited liability and an approximately 55.86% owned subsidiary of the Company, whose ordinary shares are listed by way of ADSs on the Nasdaq Global Select Market in the United States. Further information on Melco Resorts is set forth in the section headed “Information on the Parties” in this announcement;
“Ordinary Shares”	ordinary shares in Melco Resorts of par value US\$0.01 per share;
“Repurchase Shares”	collectively, 9,995,799 Ordinary Shares and 25,000,000 ADSs (representing 75,000,000 Ordinary Shares), representing approximately 5.84% of Melco Resorts’ issued shares in aggregate as at the date of this announcement;
“Shareholders”	holders of shares in the Company;
“Share Repurchase”	the repurchase by Melco Resorts of the Repurchase Shares from Melco Leisure under the Share Repurchase Agreement;
“Share Repurchase Agreement”	the Share Repurchase Agreement dated 18 August 2022 entered into by and among the Company, Melco Leisure and Melco Resorts in respect of the Share Repurchase;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“US\$” United States dollar, the lawful currency of the United States of America; and

“%” per cent.

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

Hong Kong, 18 August 2022

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