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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

Website : <http://www.melco-group.com>

(Stock Code : 200)

DISCLOSEABLE TRANSACTION

INTEGRATED CASINO RESORT IN CYPRUS – JOINT VENTURE INVESTMENT AGREEMENTS ENTERED INTO

Joint venture investment agreements entered into for integrated casino resort in Cyprus

The Company is pleased to announce that on 18 December 2017 the Company entered into definitive joint venture investment agreements with CPZ for the development and operation of the integrated casino resort in Limassol, Cyprus and up to four satellite casino premises in Cyprus, referred to in the Company's previous announcements dated 16 March 2016, 5 October 2016, 26 June 2017 and 11 September 2017.

On completion of the Subscription Agreement, the Company will own 75% of the equity in the Project holding company and CPZ will hold the remaining 25%. That compares to the Company's current shareholding of 70.74%, and CPZ's current shareholding of 29.26%, announced by the Company on 11 September 2017.

Further details of the joint venture investment agreements entered into are set forth below in this announcement.

Reasons and benefits for establishing the joint venture and entering into the joint venture investment agreements

The Company considers that this unique opportunity to develop and operate integrated casino resorts in Cyprus is an attractive business opportunity for the Melco Group, consistent with the Melco Group's broader objective of establishing itself as a global entertainment and gaming operator. Partnering with CPZ, a strong local partner and member of the CNS Group, is expected to be highly beneficial to the development of the Project.

The directors of the Company believe that the terms of the joint venture investment agreements described in this announcement are fair and reasonable and in the interests of the Company's shareholders as a whole.

Listing Rules implications

In respect of the formation of joint venture transaction resulting from the entry into of the joint venture investment agreements described below in this announcement, one of the applicable percentage ratios is 5% or more but all the applicable percentage ratios are less than 25%. Accordingly, the formation of joint venture transaction resulting from the entry into of the joint venture investment agreements is a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

In respect of the acquisition by the Company of an additional 4.26% of the equity in ICR Holdings resulting from the Company's subscription for new shares in ICR Holdings under the Subscription Agreement, all of the applicable percentage ratios are less than 5%. Accordingly, that acquisition is not a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

In respect of the acquisition by ICR Holdings (a subsidiary of the Company) of the real estate agreed to be contributed to the ICR Group by CPZ under the Subscription Agreement, as referred to below in this announcement, all of the applicable percentage ratios are less than 5%. Accordingly, that acquisition is also not a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

Previous announcements

Reference is made to the announcements by Melco International Development Limited (the "**Company**") dated 16 March 2016, 5 October 2016, 26 June 2017 and 11 September 2017, relating to the development of an integrated casino resort in Limassol, Cyprus (the "**ICR**") and up to four satellite casino premises in Cyprus (the "**Project**"), pursuant to a licence granted by the Cyprus Government (the "**ICR Licence**") announced by the Company on 26 June 2017.

Entry into of joint venture investment agreements

The Company is pleased to announce that on 18 December 2017, the following joint venture investment agreements were entered into in relation to the Project:

- Subscription Agreement between the Company, The Cyprus Phassouri (Zakaki) Limited ("**CPZ**") and ICR Cyprus Holdings Limited ("**ICR Holdings**"), relating to the subscription for shares by the Company and CPZ in ICR Holdings, which is the Project holding company ("**Subscription Agreement**").
- Shareholders' Agreement between the Company, CPZ and ICR Holdings, relating to the operation and management of ICR Holdings and its subsidiaries ("**Shareholders' Agreement**").

Subscription Agreement

Pursuant to the Subscription Agreement:

- (a) CPZ has agreed to contribute the real estate on which the ICR will be developed, in consideration for the issue by ICR Holdings of new shares such that, on completion of the Subscription Agreement, CPZ will own 25% of the equity in ICR Holdings.
- (b) The Company has agreed to pay an aggregate amount of €160 million (equivalent to approximately HK\$1,459,200,000), in cash, for the issue of new shares by ICR Holdings such that, on completion of the Subscription Agreement, the Company will own 75% of the equity in ICR Holdings. Such amount is payable by the Company in instalments. The first instalment of €25 million (equivalent to approximately HK\$228,000,000) is payable on completion of the Subscription Agreement. The remaining amount is payable as required for the development of the Project, in accordance with calls made by the board of directors of ICR Holdings (“**ICR Holdings Board**”), but must be paid in full by no later than the earlier of (i) 18 months after completion of the Subscription Agreement (subject to the application of a grace period of three months), (ii) the date of financial closing of the senior debt financing for the Project, as described below and (iii) any drawdown under the debt financing for the Project described below.

The subscription price payable by the Company under the Subscription Agreement for its shares in ICR Holdings was determined on the basis of arm’s length negotiations between the Company and CPZ, having regard to the financing requirements of the Project and the valuation of the real estate agreed to be contributed to the ICR Group by CPZ.

ICR Holdings and its two subsidiaries, described below, are all recently established and, prior to the consummation of the transactions contemplated by the joint venture investment agreements described in this announcement, have not conducted any business apart from participating in the tender process for the ICR Licence (as described in the Company’s previous announcements) and do not have any material assets other than the ICR Licence announced by the Company on 26 June 2017.

The respective shareholdings of the Company and CPZ in ICR Holdings on completion of the Subscription Agreement will be 75% and 25% respectively, as compared to their current respective shareholdings of 70.74% and 29.26% as announced by the Company on 11 September 2017.

Completion under the Subscription Agreement is subject to each party to the Subscription Agreement obtaining its required corporate authorisations, the entry into of the Shareholders’ Agreement and the adoption of new articles of association of ICR Holdings in the agreed form. Completion under the Subscription Agreement is expected to take place on or before 31 December 2017.

Shareholders' Agreement

The Shareholders' Agreement, which will become effective on the date of completion under the Subscription Agreement, provides for the operation and management of ICR Holdings and its subsidiaries (the "**ICR Group**"). The subsidiaries of ICR Holdings are currently Integrated Casino Resorts Cyprus Limited ("**ICRC**") and ICR Cyprus Resort Development Co. Limited ("**ICRD**"). ICRC is directly wholly owned by ICR Holdings. ICRD is directly wholly owned by ICRC and indirectly wholly owned by ICR Holdings. ICRD will own the real estate on which the ICR will be developed, which CPZ has agreed to contribute in consideration for the new shares in ICR Holdings to be issued to CPZ under the Subscription Agreement.

Pursuant to the Shareholders' Agreement, the ICR Holdings Board will have a maximum of six directors. The Company will have the right to appoint four directors, subject to a scale reduction if the Company and its affiliates cease to hold at least 50% of the issued share capital of ICR Holdings. CPZ will have the right to appoint one director for so long as CPZ and its affiliates continue to hold at least 10% of the issued share capital of ICR Holdings. For so long as the Company or any of its affiliates is responsible for the management of the casino within the ICR, or holds any preference shares in ICRC, the Company will also have the right to appoint one additional director to the ICR Holdings Board.

The Shareholders' Agreement provides for the Chairman of ICR Holdings to be appointed annually by the Company, provided that the Company holds at least 10% of the issued share capital of ICR Holdings, and for day-to-day management of the operations of ICR Holdings to be conducted by an executive Property President to be appointed and supervised by the ICR Holdings Board. The Property President will not be a director of ICR Holdings.

The Shareholders' Agreement includes customary shareholders' reserved matters, restrictions and other provisions regarding share transfers and deadlock resolution provisions. The Shareholders' Agreement contemplates a future initial public offering of ICR Holdings, to create a substantial public ownership interest in ICR Holdings.

The Shareholders' Agreement contemplates that Melco Resorts & Entertainment Limited ("**Melco Resorts**"), or a designated subsidiary of Melco Resorts, will be responsible for the management of the Project and provide certain other services to ICRD pursuant to a number of services agreements to be entered into. Those services include development management services in relation to the design, construction and development process for the ICR, pre-opening and related services, corporate management services and the provision of intellectual property and proprietary systems. Melco Resorts is a subsidiary of the Company, in which the Company holds an approximately 51.22% shareholding.

The Shareholders' Agreement also provides for the future subscription by the Company of preference shares to be issued by ICRC, such subscription to be completed no later than the execution of the commercial agreements referred to in the paragraph immediately above.

In addition to the equity contributions agreed to be made under the Subscription Agreement described above, the Shareholders' Agreement contemplates that additional third party funding of up to €200 million (equivalent to approximately HK\$1,824,000,000) of senior bank debt and up to €237 million (equivalent to approximately HK\$2,161,440,000) of third party high yield debt will be raised by the ICR Group. To the extent there is a shortfall in the amount of senior bank debt available, an amount of up to €50 million (equivalent to approximately HK\$456,000,000) of senior debt may instead be provided by the Company and CPZ, on a pro rata basis in accordance with their respective shareholdings in ICR Holdings, or by the Company on terms acceptable to the Company. To the extent there is a shortfall in the amount of third party high yield debt available, the Company will fund the shortfall up to an amount of €237 million (equivalent to approximately HK\$2,161,440,000) on terms acceptable to the Company. The Shareholders' Agreement provides that following the opening of the ICR, the ICR shall be self-financing and neither the Company nor CPZ shall be required to contribute further capital or debt financing to ICR Holdings.

Reasons and benefits for establishing the joint venture and entering into the joint venture investment agreements

The Company considers that this unique opportunity to develop and operate integrated casino resorts in Cyprus is an attractive business opportunity for the Melco Group, consistent with the Melco Group's broader objective of establishing itself as a global entertainment and gaming operator. Partnering with CPZ, a strong local partner and member of the CNS Group, is expected to be highly beneficial to the development of the Project.

The directors of the Company believe that the terms of the joint venture investment agreements described in this announcement are fair and reasonable and in the interests of the Company's shareholders as a whole.

Information in relation to CPZ

CPZ is a member of the CNS Group which, amongst others, conducts different businesses including real estate, telecommunications, dairy, large scale farming and export and mining in Cyprus.

To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiry, CPZ and the ultimate beneficial owner of CPZ are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Information in relation to the Company

The Company and its subsidiaries (the "Melco Group") are principally engaged in leisure, gaming and entertainment and other investments.

Listing Rules implications

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In respect of the acquisition by ICR Holdings (a subsidiary of the Company) of the real estate agreed to be contributed to the ICR Group by CPZ under the Subscription Agreement, as referred to above in this announcement, all of the applicable percentage ratios are less than 5%. Accordingly, that acquisition is also not a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

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

Hong Kong, 18 December 2017

Translations of quoted currency values are made on an approximate basis and at the rate of €1.00 = HK\$9.12.

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 (Managing Director) and Mr. Chung Yuk Man, Clarence; two Non-executive Directors, namely Mr. Tsui Che Yin, Frank and Mr. Ng Ching Wo; and three Independent Non-executive Directors, namely Mr. Chow Kwong Fai, Edward, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.