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## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code : 200)

### **CONNECTED TRANSACTION DISPOSAL BY CROWN SUB OF ITS REMAINING SHAREHOLDING IN MELCO RESORTS & ENTERTAINMENT AND RETURN OF STOCK UNDER THE STOCK LOAN AGREEMENTS TO THE COMPANY**

#### **Previous announcements**

Reference is made to the Company's announcements dated 14 December 2016 and 15 December 2016 relating to the purchase by the Company of an additional interest in Melco Resorts and the Stock Loans entered into by Melco Sub in connection with the monetisation by Crown of part of its shareholding in Melco Resorts.

#### **Disposal by Crown Sub of its remaining interest in Melco Resorts and return of stock under the Stock Loan Agreements to Melco Sub**

The Company hereby announces that Crown Sub has agreed to dispose of its remaining shareholding in Melco Resorts (representing approximately 11.2% of Melco Resorts' issued share capital) and, on completion of the Crown Disposal, a number of Melco Resorts Shares equal to the number of Melco Resorts Shares lent by Melco Sub to the Borrowers under the Stock Loans will be returned to Melco Sub.

#### **Crown Disposal and Stock Return to be effected by simultaneous Offering and Share Repurchase**

The Crown Disposal and the Stock Return will be effected by Melco Resorts issuing and selling new ADSs and Melco Resorts Shares in an underwritten public offering and using the net proceeds of the Offering to repurchase 165,303,544 Melco Resorts Shares (representing approximately 11.2% of Melco Resorts' issued share capital) from Crown Sub.

## **The Offering**

The Offering will be in respect of: (i) 15,769,248 newly issued ADSs (equivalent to 47,307,744 Melco Resorts Shares) to be issued by Melco Resorts and purchased by the Underwriters for resale in an underwritten public offering, (ii) 81,995,799 newly issued Melco Resorts Shares to be issued by Melco Resorts, purchased by the Underwriters and delivered to Melco Sub to satisfy the return obligations of the Borrowers under the Stock Loan Agreements (which are affiliates of the Underwriters) and (iii) 12,000,000 ADSs (equivalent to 36,000,000 Melco Resorts Shares) to be purchased by UBS, in its capacity as an Underwriter, which will be offered by UBS or its affiliates from time to time after the public offering pursuant to block sales, on the NASDAQ Global Select Market, in the over-the-counter market or in negotiated transactions.

## **Share Repurchase**

Melco Resorts has agreed to simultaneously repurchase an aggregate 165,303,544 Melco Resorts Shares (equal to the aggregate number of Melco Resorts Shares to be issued, either in the form of ordinary shares or ADSs, under the Offering) from Crown Sub. The aggregate consideration payable by Melco Resorts for the repurchase of those Melco Resorts Shares from Crown Sub is an amount equal to the proceeds of the Offering (being US\$1,163,185,938 (equivalent to approximately HK\$9,014,691,020)) less the amount of fees, costs and expenses incurred by Melco Resorts in connection with the Offering, which are estimated to be approximately US\$3,000,000 (equivalent to approximately HK\$23,250,000). The Share Repurchase Agreement requires Crown Sub to bear those fees, costs and expenses.

## **Inter-conditional and simultaneous completion of the Offering and the Share Repurchase**

Completion of the Offering and the Share Repurchase are inter-conditional and will occur simultaneously with each other and with the return of Melco Resorts Shares to Melco Sub under the Stock Loans. Completion is expected to occur on or around 15 May 2017.

## **Termination of Shareholders' Deed and resignation of director of Melco Resorts designated for appointment by Crown**

Upon completion of the Crown Disposal, Crown Sub will no longer be a shareholder of Melco Resorts, the director of Melco Resorts designated for appointment by Crown Sub (Mr. Robert Rankin) will resign as a director of Melco Resorts and the Shareholders' Deed will terminate. The shareholders' deed relating to a separate joint venture entity between the Company and Crown, for the Japan market, will also terminate on completion of the Crown Disposal. That separate joint venture entity has not engaged in any material business or operations.

## **No effect on the Company's economic or voting interest in Melco Resorts**

Completion of the Transaction will have no effect on the Company's economic or voting interest in Melco Resorts. Upon completion of the Crown Disposal and the Stock Return, the Company will remain interested in approximately 51.2% of the Melco Resorts Shares in issue.

The number of Melco Resorts Shares in issue immediately before and immediately after completion of the Transaction will be the same.

#### **Directors' views**

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, that the Transaction, although not in the ordinary and usual course of business of the Group, is on normal commercial terms or better (as far as the Company is concerned) and in the interests of the Company and its Shareholders as a whole.

#### **Listing Rules implications**

Melco Resorts is a Subsidiary of the Company and Crown Sub is a substantial shareholder of Melco Resorts. Therefore, Crown Sub is a connected person of the Company at the subsidiary level and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Transaction does not involve any change to the Company's economic or voting interest in Melco Resorts, or any change to the number of Melco Resorts Shares in issue immediately before and immediately after completion of the Transaction, and does not require Melco Resorts to incur any material costs, expenses or other liabilities which have not been agreed to be reimbursed or indemnified by Crown Sub or its affiliates.

The Transaction is on normal commercial terms or better (as far as the Company is concerned). The Board has approved the Transaction and the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable and that the Transaction is on normal commercial terms (or better, as far as the Company is concerned) and in the interests of the Company and its Shareholders as a whole. Therefore, the Transaction is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules (but still subject to the announcement requirements applicable to a connected transaction).

#### **PREVIOUS ANNOUNCEMENTS**

Reference is made to the Company's announcements dated 14 December 2016 and 15 December 2016 relating to the purchase by the Company of an additional interest in Melco Resorts and the Stock Loans entered into by Melco Sub in connection with the monetisation by Crown of part of its shareholding in Melco Resorts.

Unless the context otherwise requires, capitalised terms used in this announcement have the respective meanings given to them in the Company's 14 December 2016 and 15 December 2016 announcements. In addition, the definitions set forth in this announcement under the heading "Definitions" apply in this announcement.

#### **DISPOSAL BY CROWN SUB OF ITS REMAINING INTEREST IN MELCO RESORTS AND RETURN OF STOCK UNDER THE STOCK LOAN AGREEMENTS TO MELCO SUB**

Crown Sub has agreed to dispose of its remaining shareholding in Melco Resorts (representing approximately 11.2% of Melco Resorts' issued share capital) and, on

completion of the Crown Disposal, a number of Melco Resorts Shares equal to the number of Melco Resorts Shares lent by Melco Sub to the Borrowers under the Stock Loans will be returned to Melco Sub.

## **CROWN DISPOSAL AND STOCK RETURN TO BE EFFECTED BY SIMULTANEOUS OFFERING AND SHARE REPURCHASE**

The Crown Disposal and the Stock Return will be effected by Melco Resorts issuing and selling ADSs and Melco Resorts Shares in an underwritten offering and using the net proceeds of the Offering to repurchase 165,303,544 Melco Resorts Shares (representing approximately 11.2% of Melco Resorts' issued share capital) from Crown Sub.

### **The Offering**

On 8 May 2017 (after market close in Hong Kong) Melco Resorts entered into the Underwriting Agreement with the Underwriters, in respect of an underwritten offering of ADSs and Melco Resorts Shares by Melco Resorts.

The Offering agreed to be made under the Underwriting Agreement is an offering by Melco Resorts of: (i) 15,769,248 newly issued ADSs (equivalent to 47,307,744 Melco Resorts Shares) to be issued by Melco Resorts and purchased by the Underwriters for resale in an underwritten public offering, (ii) 81,995,799 newly issued Melco Resorts Shares to be issued by Melco Resorts, purchased by the Underwriters and delivered to Melco Sub to satisfy the return obligations of the Borrowers under the Stock Loan Agreements (which are affiliates of the Underwriters) and (iii) 12,000,000 ADSs (equivalent to 36,000,000 Melco Resorts Shares) to be purchased by UBS, in its capacity as an Underwriter, which will be offered by UBS or its affiliates from time to time after the public offering pursuant to block sales, on the NASDAQ Global Select Market, in the over-the-counter market or in negotiated transactions.

Completion of the Offering under the Underwriting Agreement and completion of the Share Repurchase under the Share Repurchase Agreement are inter conditional and are required to occur simultaneously. Completion under the Underwriting Agreement is also subject to other customary conditions precedent, such as delivery of legal opinions, continuing accuracy of representations and warranties and the registration statement and prospectus in relation to the Offering having been filed in accordance with applicable US laws and regulations.

On completion of the Offering under the Underwriting Agreement, the Stock Loan Agreements will terminate in accordance with their respective terms, 81,995,799 Melco Resorts Shares will be delivered to Melco Sub to satisfy the return obligations of the Borrowers under the Stock Loan Agreements and the Loan Fee payable under the Stock Loan Agreements up to the date of termination will be paid to Melco Sub.

Apart from the provisions of applicable US securities laws and regulations, there are no other restrictions which apply to the subsequent sale of the Melco Resorts Shares to be issued under the Offering.

### **The Share Repurchase**

On 8 May 2017 (after market close in Hong Kong) Melco Resorts entered into the Share Repurchase Agreement with Crown Sub and Crown, pursuant to which Melco Resorts has agreed to repurchase an aggregate 165,303,544 Melco Resorts Shares (equal to the aggregate

number of Melco Resorts Shares to be issued, either in the form of ordinary shares or ADSs, under the Offering) from Crown Sub.

The aggregate consideration payable by Melco Resorts under the Share Repurchase Agreement for the repurchase of those Melco Resorts Shares from Crown Sub is equal to the proceeds of the Offering (being US\$1,163,185,938 (equivalent to approximately HK\$9,014,691,020) less the amount of fees, costs and expenses incurred by Melco Resorts in connection with the Offering, which are estimated to be approximately US\$3,000,000 (equivalent to approximately HK\$23,250,000). The Share Repurchase Agreement requires Crown Sub to bear those fees, costs and expenses. The aggregate consideration is payable by Melco Resorts to Crown Sub in full in cash on completion under the Share Repurchase Agreement. The price per Melco Resorts Share for the purpose of the Offering was determined by agreement between Melco Resorts and the Underwriters.

The Share Repurchase Agreement provides that completion under the Share Repurchase Agreement shall take place simultaneously with completion under the Underwriting Agreement. Completion under the Share Repurchase Agreement is conditional on a termination agreement in respect of the Shareholders Deed having been executed; a termination agreement in respect of the shareholders deed relating to a separate joint venture entity between the Company and Crown, for the Japan market, having been executed; a termination agreement terminating the rights of Crown and Crown Sub under Melco Resorts' registration rights agreement having been executed; certain trademark and software licence agreements permitting the use of Crown intellectual property by Melco Resorts and its subsidiaries for a transitional period after completion having been executed; the director of Melco Resorts designated for appointment by Crown Sub (Mr. Robert Rankin) having resigned as a director of Melco Resorts; the Underwriting Agreement having been executed; a termination agreement in respect of the Swap Transactions and related security interests having been executed; the Underwriters having delivered to Melco Resorts a letter irrevocably instructing Melco Resorts to deliver 81,995,799 Melco Resorts Shares to Melco Sub to satisfy the return obligations of the Borrowers under the Stock Loans; and other customary closing conditions such as delivery of legal opinions and continuing accuracy of representations and warranties.

### **Completion of the Offering under the Underwriting Agreement and the Share Repurchase under the Share Repurchase Agreement to occur simultaneously**

Completion of the Offering under the Underwriting Agreement (including the Stock Return) and the Share Repurchase under the Share Repurchase Agreement are inter conditional and are required to occur simultaneously.

Completion is expected to occur on or around 15 May 2017.

### **Termination of Shareholders' Deed and resignation of director of Melco Resorts designated for appointment by Crown**

Upon completion of the Crown Disposal, Crown Sub will no longer be a shareholder of Melco Resorts, the director of Melco Resorts designated for appointment by Crown Sub (Mr. Robert Rankin) will resign as a director of Melco Resorts and the Shareholders' Deed will terminate. The shareholders' deed relating to a separate joint venture entity between the Company and Crown, for the Japan market, will also terminate on completion of the Crown

Disposal. That separate joint venture entity has not engaged in any material business or operations.

## **NO EFFECT ON THE COMPANY'S ECONOMIC OR VOTING INTEREST IN MELCO RESORTS**

Completion of the Transaction will have no effect on the Company's economic or voting interest in Melco Resorts. Upon completion of the Crown Disposal and the Stock Return, the Company will remain interested in approximately 51.2% of the Melco Resorts Shares in issue and Melco Resorts will continue to be a Subsidiary of the Company.

The number of Melco Resorts Shares in issue immediately before and immediately after completion of the Transaction will be the same.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Transaction facilitates the disposal by Crown Sub of its remaining interest in Melco Resorts by means of a process which, with the active involvement of Melco Resorts, is intended to ensure an orderly disposal of Crown Sub's remaining interest and eliminate or minimise any potential negative impact of the disposal on the market for, or trading in, the publicly listed securities of Melco Resorts. Having regard to its approximately 51.2% interest in Melco Resorts, the Company is expected to benefit from the Transaction accordingly.

## **DIRECTORS' VIEWS**

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, and that the Transaction, although not in the ordinary and usual course of business of the Group, is on normal commercial terms or better (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 any material interest in, or otherwise is required to abstain from voting on, the Board resolutions considering and approving the Transaction.

## **INFORMATION OF THE PARTIES**

### **The Company**

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

### **Melco Sub**

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

### **Crown**

Crown is a company incorporated under the laws of Victoria, Australia with its shares listed on the Australian Securities Exchange. Its core businesses and investments are in the integrated resorts sector.

## **Crown Sub**

Crown Sub is a wholly-owned Subsidiary of Crown. It is an investment holding company which holds Crown'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 American Depositary Receipts on the NASDAQ Global Select Market in the United States.

For the financial year ended 31 December 2016, Melco Resorts' audited profits before taxation were approximately US\$75,096,000 (equivalent to approximately HK\$581,994,000) and Melco Resorts' audited profits after taxation were approximately US\$66,918,000 (equivalent to approximately HK\$518,614,500).

For the financial year ended 31 December 2015, Melco Resorts' audited loss before taxation was approximately US\$59,777,000 (equivalent to approximately HK\$463,271,750) and Melco Resorts' audited loss after taxation was approximately US\$60,808,000 (equivalent to approximately HK\$471,262,000).

As at 31 December 2016, Melco Resorts' audited net asset value was approximately US\$3,823,414,000 (equivalent to approximately HK\$29,631,458,500).

The Company believes that the original acquisition cost per Melco Resorts Share of the Melco Resorts Shares to be repurchased from Crown Sub under the Share Repurchase Agreement is approximately the same as Crown Sub's original acquisition cost per Melco Resorts Share disclosed by the Company's 14 December 2016 announcement, but has not been able to independently verify that.

## **LISTING RULES IMPLICATIONS**

Melco Resorts is a Subsidiary of the Company and Crown Sub is a substantial shareholder of Melco Resorts. Therefore, Crown Sub is a connected person of the Company at the subsidiary level and the Transaction constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Transaction does not involve any change to the Company's economic or voting interest in Melco Resorts, or any change to the number of Melco Resorts Shares in issue immediately before and immediately after completion of the Transaction, and does not require Melco Resorts to incur any material costs, expenses or other liabilities which have not been agreed to be reimbursed or indemnified by Crown Sub or its affiliates.

The Transaction is on normal commercial terms or better (as far as the Company is concerned). The Board has approved the Transaction and the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable and that the Transaction is on normal commercial terms (or better, as far as the Company is concerned) and in the interests of the Company and its Shareholders as a whole. Therefore, the Transaction is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of

the Listing Rules (but still subject to the announcement requirements applicable to a connected transaction).

## **DEFINITIONS**

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

“Crown Disposal”	the disposal by Crown Sub of its remaining shareholding in Melco Resorts (representing approximately 11.2% of Melco Resorts’ issued share capital) pursuant to the Share Repurchase Agreement as described in this announcement
“Melco Resorts”	Melco Resorts & Entertainment Limited (formerly Melco Crown Entertainment Limited), a Subsidiary of the Company, whose shares are listed by way of American depositary shares on the NASDAQ Global Select Market in the United States
“Melco Resorts Shares”	ordinary shares in Melco Resorts
“Offering”	the offering under the Underwriting Agreement in respect of: (i) 15,769,248 newly issued ADSs (equivalent to 47,307,744 Melco Resorts Shares) to be issued by Melco Resorts and purchased by the Underwriters for resale in an underwritten public offering, (ii) 81,995,799 newly issued Melco Resorts Shares to be issued by Melco Resorts, purchased by the Underwriters and delivered to Melco Sub to satisfy the return obligations of the Borrowers under the Stock Loan Agreements (which are affiliates of the Underwriters) and (iii) 12,000,000 ADSs (equivalent to 36,000,000 Melco Resorts Shares) to be purchased by UBS, in its capacity as an Underwriter, which will be offered by UBS or its affiliates from time to time after the public offering pursuant to block sales, on the NASDAQ Global Select Market, in the over-the-counter market or in negotiated transactions
“Share Repurchase”	the repurchase by Melco Resorts of 165,303,544 Melco Resorts Shares from Crown Sub under the Share Repurchase Agreement
“Share Repurchase Agreement”	the Share Repurchase Agreement dated 8 May 2017 entered into by Melco Resorts with Crown and Crown Sub in respect of the Share Repurchase
“Stock Return”	the return of 81,995,799 Melco Resorts Shares to Melco Sub to satisfy the return obligations of the Borrowers under the Stock Loan Agreements

“Transaction”	the transaction described in this announcement involving the inter-conditional and simultaneously completing Offering and Share Repurchase, pursuant to which Crown Sub will dispose of its remaining shareholding in Melco Resorts and the obligations to return stock to Melco Sub under the Stock Loans will be fulfilled
“UBS”	UBS Securities LLC, which is an Underwriter and a party, or an affiliate of a party, to certain derivatives entered into with Crown and Crown Sub
“Underwriters”	Deutsche Bank Securities Inc, UBS Securities LLC and Morgan Stanley & Co. LLC, being the underwriters under the Underwriting Agreement
“Underwriting Agreement”	the Underwriting Agreement dated 8 May 2017 entered into by Melco Resorts with the Underwriters in respect of the Offering

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

Hong Kong, 8 May 2017

*Unless stated otherwise, translations of quoted currency values are made on an approximate basis and at the rate of US\$1.00 = HK\$7.75. Percentages and figures expressed have been rounded.*

*As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (Managing Director), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence; one Non-Executive Director, namely, 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.*