

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

- REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934
OR
- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2018
OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
OR
- SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
Date of event requiring this shell company report
Commission file number 001-38699

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

Cayman Islands

(Jurisdiction of incorporation or organization)

36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
(Address of principal executive offices)

Company Secretary, Tel +852 2598 3600, Fax +852 2537 3618

36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
American depositary shares each representing four Class A ordinary shares	The New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None.
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None.
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

241,818,016 Class A ordinary shares and 72,511,760 Class B ordinary shares outstanding as of December 31, 2018

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued
by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

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INTRODUCTION

In this annual report on Form 20-F, unless otherwise indicated:

- “2012 Notes” refers to the 8.50% senior notes due 2020 in an aggregate principal amount of US\$825,000,000 issued by Studio City Finance on November 26, 2012 and as to which no amount remains outstanding following the redemption of all remaining outstanding amounts in March 2019;
- “2012 Notes Tender Offer” refers to the conditional tender offer by Studio City Finance to purchase for cash any and all of the outstanding 2012 Notes commenced in January 2019 and which expired in February 2019;
- “2013 Project Facility” refers to the senior secured project facility, dated January 28, 2013 and as amended from time to time, entered into between, among others, Studio City Company, as borrower, and certain subsidiaries as guarantors, comprising a term loan facility of HK\$10,080,460,000 (approximately US\$1,300 million) and revolving credit facility of HK\$775,420,000 (approximately US\$100 million), and which has been amended, restated and extended by the 2016 Credit Facility;
- “2016 Credit Facility” refers to the facility agreement dated November 23, 2016 with, among others, Bank of China Limited, Macau Branch, to amend, restate and extend the 2013 Project Facility to provide for senior secured credit facilities in an aggregate amount of HK\$234.0 million, which consist of a HK\$233.0 million (approximately US\$29.8 million) revolving credit facility and a HK\$1.0 million (approximately US\$128,000) term loan facility;
- “2016 Notes” refers to the (i) 5.875% senior secured notes due 2019 in an aggregate principal amount of US\$350,000,000, or the 2016 5.875% Notes, and (ii) 7.250% senior secured notes due 2021 in an aggregate principal amount of US\$850,000,000, or the 2016 7.250% Notes, both issued by Studio City Company on November 30, 2016;
- “2019 Notes” refers to the 7.25% senior notes due 2024 in an aggregate principal amount of US\$600,000,000 issued by Studio City Finance on February 11, 2019;
- “ADSs” refers to our American depositary shares, each of which represents four Class A ordinary shares;
- “Altrira Macau” refers to an integrated casino and hotel development located in Taipa, Macau, that caters to Asian VIP rolling chip customer;
- “Articles” refers to our amended and restated memorandum and articles of association adopted on October 15, 2018;
- “board” and “board of directors” refer to the board of directors of our Company or a duly constituted committee thereof;
- “China” and “PRC” refer to the People’s Republic of China, excluding Hong Kong, Macau and Taiwan from a geographical point of view;
- “City of Dreams” refers to a casino, hotel, retail and entertainment integrated resort located in Cotai, Macau, which currently features casino areas and four luxury hotels, including a collection of retail brands, a wet stage performance theater and other entertainment venues;
- “Cotai” refers to an area of reclaimed land located between the islands of Taipa and Coloane in Macau;
- “DICJ” refers to the Direcção de Inspeção e Coordenação de Jogos (the Gaming Inspection and Coordination Bureau), a department of the Public Administration of Macau;
- “Greater China” refers to mainland China, Hong Kong and Macau, collectively;
- “HK\$” and “H.K. dollar(s)” refer to the legal currency of Hong Kong;
- “Hong Kong” refers to the Hong Kong Special Administrative Region of the PRC;
- “Macau” refers to the Macau Special Administrative Region of the PRC;

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- “Master Service Providers” refer to certain of our affiliates with whom we entered into a master service agreement and a series of work agreements with respect to the non-gaming services at the properties in Macau, and that are also subsidiaries of Melco Resorts, including Melco Crown (COD) Developments Limited (now known as COD Resorts Limited), Altira Developments Limited (now known as Altira Resorts Limited), the Gaming Operator, MPEL Services Limited (now known as Melco Resorts Services Limited), Golden Future (Management Services) Limited, MPEL Properties (Macau) Limited, Melco Crown Security Services Limited (now known as Melco Resorts Security Services Limited), MCE Travel Limited (now known as Melco Resorts Travel Limited), MCE Transportation Limited and MCE Transportation Two Limited (now known as MCO Transportation Two Limited);
- “MCO Cotai” refers to MCO Cotai Investments Limited (formerly known as MCE Cotai Investments Limited), a subsidiary of Melco Resorts and a shareholder of our Company;
- “Melco International” refers to Melco International Development Limited, a Hong Kong-listed company;
- “Melco Resorts” refers to Melco Resorts & Entertainment Limited, a Cayman Islands company and with its American depository shares listed on the NASDAQ Global Select Market;
- “Melco Resorts Macau” or the “Gaming Operator” refers to Melco Resorts (Macau) Limited, a company incorporated under the laws of Macau that is a subsidiary of Melco Resorts, the holder of a subconcession under the Subconcession Contract and the operator of Studio City Casino. The equity interest of the Gaming Operator is 90% owned by Melco Resorts and 10% owned by Mr. Lawrence Ho, the managing director of the Gaming Operator;
- “MOP” or “Macau Pataca(s)” refers to the legal currency of Macau;
- “MSC Cotai” refers to our subsidiary, MSC Cotai Limited, which is a company incorporated in the British Virgin Islands with limited liability;
- “New Cotai” refers to New Cotai, LLC, a Delaware limited liability company;
- “New Cotai Holdings” refers to New Cotai Holdings, LLC, a Delaware limited liability company;
- “Renminbi” and “RMB” refer to the legal currency of China;
- “Studio City” refers to a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau;
- “Studio City Casino” refers to the gaming areas being operated within Studio City;
- “Studio City Company” refers to our subsidiary, Studio City Company Limited, which is a company incorporated in the British Virgin Islands with limited liability;
- “Studio City Developments” refers to our subsidiary, Studio City Developments Limited, a Macau company;
- “Studio City Entertainment” refers to our subsidiary, Studio City Entertainment Limited, a Macau company;
- “Studio City Finance” refers to our subsidiary, Studio City Finance Limited, which is a company incorporated in the British Virgin Islands with limited liability;
- “Studio City Hotels” refers to our subsidiary, Studio City Hotels Limited, a Macau company;
- “Studio City Investments” refers to our subsidiary, Studio City Investments Limited, which is a company incorporated in the British Virgin Islands with limited liability;
- “Subconcession Contract” refers to the subconcession contract executed between the Gaming Operator and Wynn Resorts (Macau) S.A., or Wynn Resorts Macau, on September 8, 2006, that provides for the terms and conditions of the subconcession granted to the Gaming Operator by Wynn Resorts Macau;

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- “US\$” and “U.S. dollar(s)” refer to the legal currency of the United States;
- “U.S. GAAP” refers to the U.S. generally accepted accounting principles; and
- “we,” “us,” “our,” “our Company” and “the Company” refer to Studio City International Holdings Limited and, as the context requires, its predecessor entities and its consolidated subsidiaries.

This annual report on Form 20-F includes our audited consolidated financial statements for the years ended December 31, 2016, 2017 and 2018 and as of December 31, 2017 and 2018.

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY

“average daily rate” or “ADR”	calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day
“cage”	a secure room within a casino with a facility that allows patrons to carry out transactions required to participate in gaming activities, such as exchange of cash for chips and exchange of chips for cash or other chips
“chip”	round token that is used on casino gaming tables in lieu of cash
“concession”	a government grant for the operation of games of fortune and chance in casinos in Macau under an administrative contract pursuant to which a concessionaire, or the entity holding the concession, is authorized to operate games of fortune and chance in casinos in Macau
“dealer”	a casino employee who takes and pays out wagers or otherwise oversees a gaming table
“drop”	the amount of cash to purchase gaming chips and promotional vouchers that is deposited in a gaming table’s drop box, plus gaming chips purchased at the casino cage
“drop box”	a box or container that serves as a repository for cash, chip purchase vouchers, credit markers and forms used to record movements in the chip inventory on each table game
“electronic gaming table”	table with an electronic or computerized wagering and payment system that allow players to place bets from multiple-player gaming seats
“gaming machine”	slot machine and/or electronic gaming table
“gaming machine handle”	the total amount wagered in gaming machines
“gaming machine win rate”	gaming machine win (calculated before non-discretionary incentives (including the point-loyalty programs) as administered by the Gaming Operator and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle
“gaming promoter”	an individual or corporate entity who, for the purpose of promoting rolling chip and other gaming activities, arranges customer transportation and accommodation, provides credit in its sole discretion if authorized by a gaming operator and arranges food and beverage services and entertainment in exchange for commissions or other compensation from a gaming concessionaire or subconcessionaire
“integrated resort”	a resort which provides customers with a combination of hotel accommodations, casinos or gaming areas, retail and dining facilities, MICE space, entertainment venues and spas
“junket player”	a player sourced by gaming promoters to play in the VIP gaming rooms or areas
“marker”	evidence of indebtedness by a player to the casino or gaming operator
“mass market patron”	a customer who plays in the mass market segment
“mass market segment”	consists of both table games and gaming machines played by mass market players primarily for cash stakes

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“mass market table games drop”	the amount of table games drop in the mass market table games segment
“mass market table games hold percentage”	mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including the point-loyalty programs) as administered by the Gaming Operator and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop
“mass market table games segment”	the mass market segment consisting of mass market patrons who play table games
“MICE”	Meetings, Incentives, Conventions and Exhibitions, an acronym commonly used to refer to tourism involving large groups brought together for an event or specific purpose
“net rolling”	net turnover in a non-negotiable chip game
“non-negotiable chip”	promotional casino chip that is not to be exchanged for cash
“non-rolling chip”	chip that can be exchanged for cash, used by mass market patrons to make wagers
“occupancy rate”	the average percentage of available hotel rooms occupied, including complimentary rooms, during a period
“premium direct player”	a rolling chip player who is a direct customer of the concessionaires or subconcessionaires and is attracted to the casino through direct marketing efforts and relationships with the gaming operator
“progressive jackpot”	a jackpot for a gaming machine or table game where the value of the jackpot increases as wagers are made; multiple gaming machines or table games may be linked together to establish one progressive jackpot
“revenue per available room” or “REVPAR”	calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy
“rolling chip” or “VIP rolling chip”	non-negotiable chip primarily used by rolling chip patrons to make wagers
“rolling chip patron”	a player who primarily plays on a rolling chip or VIP rolling chip tables and typically plays for higher stakes than mass market gaming patrons
“rolling chip segment”	consists of table games played in private VIP gaming rooms or areas by rolling chip patrons who are either premium direct players or junket players
“rolling chip volume”	the amount of non-negotiable chips wagered and lost by the rolling chip market segment
“rolling chip win rate”	rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including the point-loyalty programs) as administered by the Gaming Operator and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume
“slot machine”	traditional slot or electronic gaming machine operated by a single player
“subconcession”	an agreement for the operation of games of fortune and chance in casinos between the entity holding the concession, or the concessionaire, and a

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subconcessionaire, pursuant to which the subconcessionaire is authorized to operate games of fortune and chance in casinos in Macau

“table games win”

the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues

“VIP gaming room”

gaming rooms or areas that have restricted access to rolling chip patrons and typically offer more personalized service than the general mass market gaming areas

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements that relate to future events, including our future operating results and conditions, our prospects and our future financial performance and condition, all of which are largely based on our current expectations and projections. The forward-looking statements are contained principally in the sections entitled “Item 3. Key Information — D. Risk Factors,” “Item 4. Information on the Company” and “Item 5. Operating and Financial Review and Prospects.” Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performances or achievements expressed or implied by the forward-looking statements. See “Item 3. Key Information — D. Risk Factors” for a discussion of some risk factors that may affect our business and results of operations. Moreover, because we operate in a heavily regulated and evolving industry, may become highly leveraged and operate in Macau, a high-growth market with intense competition, new risk factors may emerge from time to time. It is not possible for our management to predict all risk factors, nor can we assess the impact of these factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those expressed or implied in any forward-looking statement.

In some cases, forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. We have based the forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, among other things, statements relating to:

- our goals and strategies;
- the expected growth of the gaming and leisure market in Macau and visitation in Macau;
- our ability to successfully operate Studio City;
- our ability to obtain all required governmental approval, authorizations and licenses for the remaining project;
- our ability to obtain adequate financing for the remaining project;
- our ability to develop the remaining project in accordance with our business plan, completion time and within budget;
- our compliance with conditions and covenants under the existing and future indebtedness;
- construction cost estimates for the remaining project, including projected variances from budgeted costs;
- our ability to enter into definitive contracts with contractors with sufficient skill, financial strength and relevant experience for the construction of the remaining project;
- capital and credit market volatility;
- our ability to raise additional capital, if and when required;
- increased competition from other casino hotel and resort projects in Macau and elsewhere in Asia, including the three concessionaires (SJM, Wynn Resorts Macau and Galaxy) and subconcessionaires (including MGM Grand Paradise, S.A., or MGM Grand, and Venetian Macau Limited, or Venetian Macau) in Macau;
- government policies and regulation relating to the gaming industry, including gaming license approvals and the legalization of gaming in other jurisdictions, and leisure market in Macau;
- the uncertainty of tourist behavior related to spending and vacationing at casino resorts in Macau;
- fluctuations in occupancy rates and average daily room rates in Macau;

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- the liberalization of travel restrictions on PRC citizens and convertibility of the Renminbi;
- the completion of infrastructure projects in Macau;
- our ability to retain and increase our customers;
- our ability to offer new services and attractions;
- our future business development, financial condition and results of operations;
- the expected growth in, market size of and trends in the market in Macau;
- expected changes in our revenues, costs or expenditures;
- our expectations regarding demand for and market acceptance of our brand and business;
- our ability to continue to develop new technologies and/or upgrade our existing technologies;
- growth of and trends of competition in the gaming and leisure market in Macau;
- general economic and business conditions globally and in Macau; and
- other factors described under “Item 3. Key Information — D. Risk Factors.”

The forward-looking statements made in this annual report on Form 20-F relate only to events or information as of the date on which the statements are made in this annual report on Form 20-F. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this annual report on Form 20-F and the documents that we referenced in this annual report on Form 20-F and have filed as exhibits with the U.S. Securities and Exchange Commission, or the SEC, completely and with the understanding that our actual future results may be materially different from what we expect.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following selected consolidated statement of operations data for the years ended December 31, 2018, 2017 and 2016 and balance sheet data as of December 31, 2018 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this annual report beginning on page F-1. The Company adopted a new revenue recognition standard issued by the Financial Accounting Standards Board (the “New Revenue Standard”) on January 1, 2018 under the modified retrospective method. Results for the periods beginning on or after January 1, 2018 are presented under the New Revenue Standard, while prior year amounts are not adjusted and continue to be reported in accordance with the previous basis.

The selected consolidated statement of operations data for the years ended December 31, 2015 and 2014 and the balance sheet data as of December 31, 2016 and 2015 have been derived from our consolidated financial statements not included in this annual report. The consolidated balance sheet data as of December 31, 2014 was not included in this section because Studio City did not commence operations until October 2015. Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. You should read the selected consolidated financial data in conjunction with our consolidated financial statements and related notes and “Item 5. Operating and Financial Review and Prospects” included elsewhere in this annual report. The historical results are not necessarily indicative of the results of operations to be expected in the future.

	Year Ended December 31,				
	2018 (2)	2017	2016	2015 (1)	2014 (1)
	<i>(In thousands of US\$, except for share and per share data)</i>				
Consolidated Statements of Operations Data:					
Total revenues	\$ 571,213	\$ 539,814	\$ 424,531	\$ 69,334	\$ 1,767
Total operating costs and expenses	\$ (433,351)	\$ (459,364)	\$ (479,297)	\$ (258,611)	\$ (30,152)
Operating income (loss)	\$ 137,862	\$ 80,450	\$ (54,766)	\$ (189,277)	\$ (28,385)
Net loss	\$ (20,745)	\$ (76,437)	\$ (242,789)	\$ (232,560)	\$ (66,036)
Net income attributable to participation interest	\$ (853)	\$ —	\$ —	\$ —	\$ —
Net loss attributable to Studio City International Holdings Limited	\$ (21,598)	\$ (76,437)	\$ (242,789)	\$ (232,560)	\$ (66,036)
Net loss attributable to Studio City International Holdings Limited per Class A ordinary share (4):					
Basic and diluted	\$ (0.113)	\$ (0.422)	\$ (1.339)	\$ (1.283)	\$ (0.419)
Net loss attributable to Studio City International Holdings Limited per ADS (3)(4):					
Basic and diluted	\$ (0.451)	\$ (1.687)	\$ (5.357)	\$ (5.132)	\$ (1.676)
Weighted average Class A ordinary shares outstanding used in net loss attributable to Studio City International Holdings Limited per Class A ordinary share calculation (4):					
Basic and diluted	191,533,455	181,279,400	181,279,400	181,279,400	157,590,200

- (1) We commenced operations in October 2015.
- (2) We adopted the New Revenue Standard on January 1, 2018 under the modified retrospective method. Amounts for the periods beginning on or after January 1, 2018 are presented under the New Revenue Standard, while prior year amounts are not adjusted and continue to be reported in accordance with the previous basis. There was no material impact on our results of operations for the year ended December 31, 2018 as a result of the adoption of the New Revenue Standard.
- (3) Each ADS represents four Class A ordinary shares.
- (4) In connection with the Company’s initial public offering on October 22, 2018, the Company underwent a series of organizational transactions. For the calculation of net loss attributable to Studio City International Holdings Limited per Class A ordinary share for periods prior to the initial public offering, including the year ended December 31, 2018 for which a portion of the period preceded initial public offering, the Company has retrospectively presented net loss attributable to Studio City International Holdings Limited

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per Class A ordinary share and the share capital as if the organizational transactions had occurred at the beginning of the earliest period presented. Such retrospective presentation reflects the redesignation of the then issued 18,127.94 ordinary shares of US\$1 par value each into 181,279,400 Class A ordinary shares of US\$0.0001 par value each for the years ended December 31, 2017, 2016 and 2015; and the redesignation of the weighted average number of ordinary shares outstanding of 15,759.02 ordinary shares of US\$1 par value each used in net loss per share calculation into 157,590,200 Class A ordinary shares of US\$0.0001 par value each for the year ended December 31, 2014. For periods prior to the initial public offering date, the retrospective presentation does not include the exchange of 72,511,760 Class A ordinary shares into 72,511,760 Class B ordinary shares of US\$0.0001 par value each and the issuance of 115,000,000 Class A ordinary shares in the initial public offering.

	As of December 31,			
	2018 (1)	2017	2016	2015
	<i>(In thousands of US\$)</i>			
Summary Consolidated Balance Sheets Data:				
Total current assets	459,041	460,927	397,218	661,074
Cash and cash equivalents	345,854	348,399	336,783	285,067
Bank deposits with original maturities over three months	—	9,884	—	—
Restricted cash	31,582	34,400	34,333	301,096
Amounts due from affiliated companies	42,339	37,826	1,578	40,837
Total non-current assets	2,343,297	2,466,640	2,624,781	2,731,509
Property and equipment, net	2,175,858	2,280,116	2,419,410	2,518,578
Land use right, net	121,544	125,672	128,995	132,318
Restricted cash	129	130	130	—
Total assets	<u>2,802,338</u>	<u>2,927,567</u>	<u>3,021,999</u>	<u>3,392,583</u>
Total current liabilities	438,972	178,070	193,439	327,213
Accrued expenses and other current liabilities	62,825	155,840	156,495	214,004
Current portion of long-term debts, net	347,740	—	—	74,630
Amounts due to affiliated companies	21,953	19,508	33,462	34,763
Long-term debt, net	1,261,904	1,999,354	1,992,123	1,982,573
Other long-term liabilities	4,017	9,512	19,130	23,097
Total liabilities	<u>1,705,937</u>	<u>2,187,524</u>	<u>2,205,519</u>	<u>2,333,236</u>
Total shareholders' equity (1)	843,472	740,043	816,480	1,059,347
Participation interest	252,929	—	—	—
Total shareholders' equity and participation interest (1)	<u>1,096,401</u>	<u>740,043</u>	<u>816,480</u>	<u>1,059,347</u>
Total liabilities, shareholders' equity and participation interest (1)	<u>2,802,338</u>	<u>2,927,567</u>	<u>3,021,999</u>	<u>3,392,583</u>

(1) We adopted the New Revenue Standard on January 1, 2018 under the modified retrospective method and recognized an increase to the opening balance of accumulated losses of US\$3.3 million due to the cumulative effect of adopting the New Revenue Standard.

Exchange Rate Information

Our reporting currency is the U.S. Dollar and functional currencies are the U.S. Dollar, Hong Kong Dollar and Macau Pataca. This annual report on Form 20-F contains translations of certain Macau Pataca, Hong Kong Dollar and Renminbi amounts into U.S. Dollars for the convenience of the reader. Unless otherwise stated, all translations of Hong Kong Dollar and Renminbi amounts into U.S. Dollars in this annual report on Form 20-F were made at the rates of HK\$7.8315 to US\$1.00 and RMB6.8785 to US\$1.00, respectively.

The H.K. dollar is freely convertible into other currencies (including the U.S. dollar). Since October 17, 1983, the H.K. dollar has been officially linked to the U.S. dollar at the rate of HK\$7.80 to US\$1.00. The market exchange rate has not deviated materially from the level of HK\$7.80 to US\$1.00 since the peg was first

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established. However, in May 2005, the Hong Kong Monetary Authority broadened the trading band from the original rate of HK\$7.80 per U.S. dollar to a rate range of HK\$7.75 to HK\$7.85 per U.S. dollar. The Hong Kong government has stated its intention to maintain the link at that rate and, acting through the Hong Kong Monetary Authority, has a number of means by which it may act to maintain exchange rate stability. However, no assurance can be given that the Hong Kong government will maintain the link at HK\$7.75 to HK\$7.85 per U.S. dollar or at all.

The noon buying rate on December 31, 2018 in New York City for cable transfers in H.K. dollars per U.S. dollars, provided in the H.10 weekly statistical release of the Federal Reserve Board of the United States as certified for customs purposes by the Federal Reserve Bank of New York, was HK\$7.8305 to US\$1.00. On March 22, 2019, the noon buying rate was HK\$7.8466 to US\$1.00. We make no representation that any H.K. dollar or U.S. dollar amounts could have been, or could be, converted into U.S. dollar or H.K. dollar, as the case may be, at any particular rate, the rates stated below, or at all.

The following table sets forth information concerning the noon buying rate for H.K. dollars for the period indicated.

Period	Noon Buying Rate			
	Period End	Average (1)	High	Low
March 2019 (through March 22, 2019)	7.8466	7.8493	7.8499	7.8466
February 2019	7.8496	7.8477	7.8496	7.8460
January 2019	7.8463	7.8411	7.8463	7.8308
December 2018	7.8305	7.8194	7.8321	7.8043
November 2018	7.8244	7.8286	7.8365	7.8205
October 2018	7.8393	7.8375	7.8433	7.8260
September 2018	7.8259	7.8364	7.8496	7.8080
2018	7.8305	7.8376	7.8499	7.8043
2017	7.8128	7.7926	7.8267	7.7540
2016	7.7534	7.7620	7.8270	7.7505
2015	7.7507	7.7524	7.7686	7.7495
2014	7.7531	7.7545	7.7669	7.7495

- (1) Annual averages are calculated from month-end rates. Monthly averages are calculated using the average of the daily rates during the relevant period.

On March 22, 2019, the noon buying rate for Renminbi was RMB6.7162 to US\$1.00.

The Pataca is pegged to the H.K. dollar at a rate of HK\$1.00 = MOP1.03. All translations from Patacas to U.S. dollars in this annual report on Form 20-F were made at the exchange rate of MOP8.0665 = US\$1.00. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Patacas.

We make no representation that the Macau Pataca, Hong Kong Dollar, Renminbi or U.S. Dollar amounts referred to in this annual report on Form 20-F could have been, or could be, converted into U.S. Dollars, Macau Patacas, Renminbi and Hong Kong Dollars, as the case may be, at any particular rate or at all.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Our business, financial condition and results of operations can be affected materially and adversely by any of the following risk factors.

Risks Relating to Our Business

We have a short operating history compared to many of our competitors and are therefore subject to significant risks and uncertainties. Our short operating history may not be indicative of our future operating results and prospects.

We have a short business operating history compared to many of our competitors, and there is limited historical information available about us upon which you can base your evaluation of our business and prospects. Studio City commenced operations in October 2015. As a result, you should consider our business and prospects in light of the risks, expenses, uncertainties and challenges that we may face given our short operating history in the intensely competitive market of the gaming business. The historical performance at the other casinos operated by the Gaming Operator should not be taken as an indication of Studio City Casino's future performance or the performance of our remaining project once it commences operations.

We may encounter risks and difficulties frequently experienced by companies with early stage operations, and those risks and difficulties may be heightened by challenging market conditions of the gaming business in Macau and other challenges our business faces. Certain of these risks relate to our ability to:

- operate, support, expand and develop our operations and our facilities;
- respond to economic uncertainties;
- respond to competitive market conditions;
- fulfill conditions precedent to draw down or roll over funds from current and future credit facilities;
- comply with covenants under our existing and future debt issuances and credit facilities;
- respond to changing financial requirements and raise additional capital, as required;
- complete the development of our remaining project for Studio City on time and in compliance with the conditions under the relevant land concession contract;
- obtain the necessary authorizations, approvals and licenses from the relevant governmental authorities for the development of our remaining project for Studio City;
- attract and retain customers and qualified staff;
- maintain effective control of our operating costs and expenses;
- maintain internal personnel, systems, controls and procedures to assure compliance with the extensive regulatory requirements applicable to our business as well as regulatory compliance as a public company; and
- assure compliance with, and respond to changes in, the regulatory environment and government policies.

If we are unable to successfully manage one or more of such risks, we may be unable to operate our businesses in the manner we contemplate and generate revenues in the amounts and at the rate we anticipate. If any of these events were to occur, it may have a material adverse effect on our business, prospects, financial condition, results of operation and cash flows.

Because neither we nor any of our subsidiaries hold a gaming license in Macau, Studio City Casino is operated by the Gaming Operator through the Services and Right to Use Arrangements under the Gaming Operator's subconcession. Any failure by the Gaming Operator to comply with its obligations as a subconcessionaire or any failure by the Gaming Operator or us to comply with its or our respective obligations under the Services and Right to Use Arrangements, including any regulatory requirements thereunder, may have a material adverse effect on the operation of Studio City Casino.

The Gaming Operator and our subsidiary, Studio City Entertainment, have entered into the Services and Right to Use Arrangements under which the Gaming Operator has agreed to operate Studio City Casino since we do not hold a gaming license in Macau. Under such arrangements, the Gaming Operator deducts gaming tax and the costs incurred in connection with its operations from Studio City Casino's gross gaming revenues. We receive the residual amount and recognize such residual amount as revenues from provision of gaming related services.

The Services and Right to Use Arrangements were approved by the Macau government and are subject to the satisfaction of certain conditions imposed by the Macau government on the Gaming Operator and us in connection with granting its approval. Such conditions include but are not limited to Studio City Entertainment being subject to Macau government supervision applicable to gaming concessionaires and subconcessionaires. As a substantial part of our revenues and cash flows are generated from the Gaming Operator's operation of Studio City Casino, any failure by the Gaming Operator to comply with any statutory, contractual or any other duties imposed on it as a subconcessionaire or any failure by the Gaming Operator or us to comply with its or our respective obligations under the Services and Right to Use Arrangements, including but not limited to any conditions imposed by the Macau government in granting its approval for our entry into the Services and Right to Use Arrangements, may result in the approval for the Services and Right to Use Arrangements being revoked by the Macau government and consequently an inability to receive any amounts thereunder or provide any gaming facilities at Studio City and thus have a material adverse effect on the operation of Studio City Casino including its suspension or cessation, and may cause the suspension or termination of the Gaming Operator's subconcession. In 2008, the Macau government announced that services agreements with respect to gaming activities would no longer be approved or authorized. As a result, if the Services and Right to Use Arrangements or the Gaming Operator's subconcession is terminated, we may not be able to enter into an arrangement for the operation of Studio City Casino with another concessionaire or subconcessionaire on terms that are as comparable or acceptable to us or at all. For details of the terms of the Services and Right to Use Arrangements, see "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions."

Furthermore, the Gaming Operator has exclusive access to the customer database of the gaming operations at Studio City Casino and in the event of termination of the arrangement under the Services and Right to Use Arrangements, we may not be able to gain access to such database.

Any material dispute with the Gaming Operator or any failure by the Gaming Operator to comply with its obligations under its subconcession or by the Gaming Operator or us to comply with its or our respective obligations under the Services and Right to Use Arrangements, including but not limited to any conditions imposed by the Macau government in granting its approval for our entry into the Services and Right to Use Arrangements, may have a material adverse effect on the operation of Studio City Casino and in turn affect our financial condition and results of operations.

We rely on services provided by subsidiaries of Melco Resorts, including hiring and training of personnel for Studio City.

According to the Services and Right to Use Arrangements, the Gaming Operator, a subsidiary of Melco Resorts, is responsible for the operation of the Studio City Casino facilities, including hiring, employing, training

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and supervising casino personnel. The Gaming Operator deducts gaming tax and the costs incurred in connection with its operations, including staff costs from Studio City Casino's gross gaming revenues. We expect the Gaming Operator to continue managing all recruitment and training-related matters for staff that have been deployed at Studio City Casino.

In addition, under the Management and Shared Services Arrangements, we receive certain services from certain members of the Melco Resorts group. We rely on the Master Service Providers to recruit, allocate, train, manage and supervise a substantial majority of the staff who are all solely dedicated to our property to perform our corporate and administrative functions and carry out other non-gaming activities, including food and beverage management, retail management, hotel management, entertainment projects, mall development and sales and marketing activities, among others. In addition, pursuant to the Management and Shared Services Arrangements, certain shared services staff including certain senior management from the Master Service Providers are not solely dedicated to our property and may not devote all of their time and attention to the operation of Studio City. These shared services staff work for other properties owned by Melco Resorts, which may directly and indirectly compete with us. Any expansion of the business of Melco Resorts, whether effectuated through the Gaming Operator or other companies, could divert the attention and time of these shared services staff from the operations of Studio City and adversely affect us.

If the Gaming Operator or the Master Service Providers are unable to attract and retain a sufficient number of qualified staff or to provide satisfactory services to us or the costs of qualified staff increase significantly, our business, financial condition and results of operations could be materially and adversely affected.

The costs associated with the Services and Right to Use Arrangements and the Management and Shared Services Arrangements may not be indicative of the actual costs we could have incurred as an independent company.

Under the Services and Right to Use Arrangements, the Gaming Operator deducts gaming tax and the costs of operation of Studio City Casino. We receive the residual gross gaming revenues and recognize these amounts as our revenues from provision of gaming related services.

Under the Management and Shared Services Arrangements, certain of our corporate and administrative functions as well as operational activities are administered by staff employed by certain subsidiaries of Melco Resorts, including senior management services, centralized corporate functions and operational and venue support services. Payment arrangements for the services are provided for in the individual work agreements and may vary depending on the services provided. Corporate services are charged at pre-negotiated rates, subject to a base fee and cap. Senior management service fees and staff costs on operational services are allocated to us based on percentages of efforts on the services provided to us. Other costs in relation to shared office equipment are allocated based on a percentage of usage.

We believe the costs incurred under the Services and Right to Use Arrangements and the allocation methods under the Management and Shared Services Arrangements are reasonable and the consolidated financial statements reflect our cost of doing business. However, such allocations may not be indicative of the actual expenses we would have incurred had we operated as an independent company.

We face concentration risk in relation to our sole operation of Studio City.

We are dependent upon the operation of Studio City to generate our revenue and cash flows. Given that our operations are conducted only at Studio City in Macau, we are subject to greater risks than a company with several operating properties in several markets. These risks include, but are not limited to:

- dependence on the gaming, tourism and leisure market in Macau;

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- limited diversification of our business and sources of revenue;
- a decline in economic and political conditions in Macau, China or Asia, or an increase in competition within the gaming industry in Macau or generally in Asia;
- inaccessibility to Macau due to inclement weather, road construction or closure of primary access routes;
- a decline in air, land or ferry passenger traffic to Macau due to higher ticket costs, fears concerning travel or otherwise;
- travel restrictions to Macau and austerity measures imposed now or in the future by the governments in China or other countries in Asia;
- tightened control of cross-border fund transfers and/or foreign exchange regulations or policies effected by the Chinese or Macau governments;
- measures taken by the Chinese government to deter gaming activities or marketing of gaming activities to mainland Chinese residents;
- changes in Macau governmental laws and regulations, or interpretations thereof;
- natural and other disasters, including typhoons, outbreaks of infectious diseases or terrorism, affecting Macau;
- relaxation of regulations on gaming laws in other regional economies that could compete with the Macau market;
- government restrictions on growth of gaming markets, including policies on gaming table allocation and caps; and
- a decrease in gaming activities and other spending at Studio City Casino.

Any of these conditions or events could have a material adverse effect on our business, cash flow, financial condition, results of operations and prospects.

In addition, as Macau is a limited gaming concession market nearing its land capacity for the development of integrated resorts, opportunities to expand our operations, if any, may be limited.

The Gaming Operator has informed us that it will cease the operation of VIP rolling chip tables at the Studio City Casino on January 15, 2020. The discontinuation of such VIP rolling chip operations is likely to materially and adversely affect our financial condition and results of operations.

VIP rolling chip operations, including both junket and premium direct VIP offerings, were introduced at Studio City Casino in early November 2016. Such VIP rolling chip operations are operated by the Gaming Operator under the Services and Right to Use Arrangements. The VIP tables used in such operations were initially allocated by the Macau government for operation by the Gaming Operator at gaming areas of the Gaming Operator's other properties in Macau. In January 2019, the Gaming Operator informed us that it will cease VIP rolling chip operations at the Studio City Casino on January 15, 2020.

The 250 mass market gaming tables permitted to be operated at the Studio City Casino by the Gaming Operator are designated for mass market purposes only and there is no assurance or expectation that such tables may be operated as VIP rolling chip tables in the future as the Macau government has determined that tables authorized for mass market gaming operations may not be utilized for VIP gaming operations. Amounts received from the Studio City Casino VIP gaming operations, as determined under the Services and Right to Use Arrangements, amounted to US\$36.6 million and US\$35.7 million in 2017 and 2018, respectively.

We expect the discontinuation of the VIP rolling chip operations at Studio City Casino to have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Studio City Casino's VIP rolling chip operations, while they continue, may cause volatility in our financial condition and results of operations due to changes in the economic and regulatory environments and Studio City Casino's ability to attract and retain VIP rolling chip players.

Studio City Casino has and, while it continues to conduct VIP rolling chip operations until those operations cease pursuant to the notice we received from the Gaming Operator in January 2019, is expected to incur costs associated with the VIP rolling chip operations, while the expected revenues to be generated from the VIP rolling chip operations may be volatile primarily due to high bets and the resulting high winnings and losses. Gross win per VIP table per day was approximately US\$40,000 and US\$38,000 in 2017 and 2018, respectively. VIP rolling chip operations are also more vulnerable to changes in the economic environment and therefore inherently more volatile than mass market operations. For example, according to statistics compiled from the DICJ, VIP rolling chip gross gaming revenues declined slightly in Macau from 2015 to 2016 while mass market gross gaming revenues increased slightly during the same period. Moreover, VIP rolling chip operations involve commissions to the gaming promoters and, as a result, the margins associated with VIP rolling chip operations are usually lower than the margins for mass market operations and may also be volatile from period-to-period due to significant variances in winnings and losses. As a result, Studio City Casino's business, results of operations and cash flows may become more volatile, while it continues to conduct VIP rolling chip operations, compared to that of other casinos with only mass market gaming operations.

Further, the VIP rolling chip players pool is limited and we cannot assure you that the existing VIP rolling chip players at Studio City Casino will be recurring players. If Studio City Casino loses its existing VIP rolling chip players or fails to attract new VIP rolling chip players while VIP rolling chip operations are ongoing, our revenues and cash flows from the provision of gaming-related services could be materially and adversely affected. In addition, the VIP rolling chip segment may be particularly susceptible to certain changes in government policies, regulations and enforcement actions. For instance, the anti-corruption campaign of the Chinese government has had a negative effect on the VIP rolling chip segment in Macau. Any further campaigns may negatively affect the numbers of VIP rolling chip players in Macau and in turn, materially and adversely affect our business.

We have a history of net losses and may not achieve profitability in the future.

Studio City may not be financially successful or generate the cash flows that we anticipate. We had net losses attributable to Studio City International Holdings Limited of US\$21.6 million, US\$76.4 million, US\$242.8 million and US\$232.6 million for the years ended December 31, 2018, 2017, 2016 and 2015, respectively, primarily because Studio City only commenced operations in October 2015 and is still in its ramp-up period. In addition, we incurred negative operating cash flows of US\$113.1 million in 2015.

We expect our costs and expenses to increase in absolute amounts due to (i) the continued expansion of our operations, which will cause us to incur increased costs and expenses associated with the operation of our businesses; and (ii) the continued development of our remaining project.

We also expect that our capital expenditures will continue to increase as we continue to expand our existing operations and develop our remaining project. These efforts may be more costly than we expect and our revenue may not increase sufficiently to offset these expenses. We may continue to take actions and make investments that do not generate optimal short-term financial results and may even result in increased operating losses in the short term with no assurance that we will eventually achieve the intended long-term benefits or profitability. These factors may adversely affect our ability to achieve profitability and service debt obligations and interest payments under any of our existing or future financing facilities.

We have a substantial amount of existing indebtedness and may incur additional indebtedness, which could have significant effects on our business and future operations.

We have a substantial amount of existing indebtedness. As of December 31, 2018, we had total outstanding indebtedness of approximately US\$1,625.1 million, representing the outstanding principal balances of our

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existing notes and credit facility. In addition, on February 11, 2019, Studio City Finance issued US\$600.0 million in aggregate principal amount of the 2019 Notes, the net proceeds of which were partly used to pay the tendering noteholders from the 2012 Notes Tender Offer in February 2019, which amounted to US\$216.5 million in aggregate principal amount of the 2012 Notes, and to redeem the remaining outstanding principal amount of the 2012 Notes in March 2019, which amounted to US\$208.5 million in aggregate principal amount. See “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Indebtedness.” Significant interest and principal payments are required to meet our obligations under the existing indebtedness. Our substantial indebtedness could have important consequences for you and significant effects on our business and future operations. For example:

- if we fail to meet our payment obligations or otherwise default under the agreements governing our existing indebtedness, the applicable lenders or note holders under our indebtedness will have the right to accelerate the repayment of such indebtedness and exercise other rights and remedies against us;
- we may be limited in our ability to obtain additional financing, if needed, to fund our working capital requirements, capital expenditures, debt service, general corporate or other obligations, including our obligations with respect to the existing indebtedness;
- we are required to use all or a substantial portion of our cash flow from operations of Studio City to service our indebtedness, which will reduce the available cash flow to fund our operations, capital expenditures and other general corporate purposes;
- we may be limited in our ability to respond to changing business and economic conditions and to withstand competitive pressures, which may affect our financial condition;
- under certain existing indebtedness, the interest rates we pay in respect of the indebtedness which we are not required to hedge will fluctuate with the current market rates and, accordingly, our interest expense will increase if market interest rates increase;
- we may be placed at a competitive disadvantage to our competitors who are not as highly leveraged; and
- in the event that we or one of our subsidiaries were to default, it may result in the loss of all or a substantial portion of our and/or our subsidiaries’ assets over which our creditors have taken or will take security.

Under the terms of the indentures governing our existing indebtedness, we will be permitted to incur additional indebtedness if certain conditions are met, some of which may be senior secured indebtedness. If we incur additional indebtedness, certain risks described above will be exacerbated.

If we are unable to comply with our existing and/or future indebtedness obligations and other agreements, there could be a default under those agreements. If that occurs, lenders could terminate their respective commitments to lend to us or terminate their respective agreements, and holders of our debt securities could accelerate repayment of debt and declare all outstanding amounts due and payable, as the case may be. Furthermore, existing agreements governing our indebtedness contain, and future agreements governing our indebtedness are likely to contain, cross-acceleration or cross-default provisions. As a result, our default under any such agreement may cause the acceleration of repayment of other indebtedness, or result in a default under agreements governing our other indebtedness. If any of these events occur, our assets and cash flows may not be sufficient to repay in full all of our indebtedness and we may not be able to find alternative financing. Even if we are able to obtain alternative financing, it may not be on terms that are comparable or acceptable to us.

Certain covenants under our agreements governing our existing indebtedness restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions.

Certain covenants under our agreements governing our existing indebtedness impose operating and financial restrictions on us. The restrictions that are imposed under these debt instruments include, among other things, limitations on our ability to:

- pay dividends or distributions on account of our equity interests;
- make specified restricted payments;
- incur additional debt;
- engage in other businesses or make investments;
- create liens on assets;
- enter into transactions with affiliates;
- merge or consolidate with another company;
- transfer and sell assets;
- issue preferred stock;
- create dividend and other payment restrictions affecting subsidiaries; and
- designate restricted and unrestricted subsidiaries.

Certain of our credit facilities and debt instruments are secured by mortgages, assignment of land use rights, leases or equivalents, security over shares, charges over bank accounts, security over assets and other customary security over the assets of our subsidiaries. In the event of a default under such credit facilities and debt instruments, the holders of such secured indebtedness would first be entitled to payment from their collateral security and only then would holders of certain of our subsidiaries' unsecured debt be entitled to payment from their remaining assets.

As a result of these covenants and restrictions, we will be limited in how we conduct our business, and we may be unable to raise additional financing to compete effectively or to take advantage of new business opportunities. Future indebtedness or other contracts could contain financial or other covenants more restrictive than those contained in the agreements governing the existing indebtedness. In addition, general economic conditions, industry conditions and other events beyond our control may also affect our ability to comply with these provisions. If we fail to abide by such covenants, we may be unable to maintain our current financing arrangements, obtain suitable future financings or avoid an event of default which may adversely impact our cash flows, existing operations and future development.

We generate a portion of our revenues from, and are subject to risks in operating, non-gaming offerings.

We generate a portion of our revenues from non-gaming offerings and our financial performance in part depends on our ability to attract new and repeat customers to the non-gaming facilities at Studio City. Both visitation and the level of spending at our themed attractions, hotel, retail shops, restaurants and other leisure and entertainment facilities are key drivers of revenues and profitability, and reductions in either could have a material adverse effect on our business, prospects, results of operations and cash flows. In addition, the cessation of the operation of VIP tables by the Gaming Operator at Studio City Casino in January 2020, or any reduction in such operation prior to such cessation, could have a material adverse effect on visitation and the level of spending at our leisure and entertainment facilities as rolling chip patrons have become increasingly significant growth drivers for our high-end retail and fine-dining offerings. We do not have a long track record in operating these non-gaming facilities and may not be able to attract new and recurring customers to our non-gaming facilities at Studio City. Our success in non-gaming offerings depends on, among others, the effectiveness of our

advertising and marketing initiatives, the attractiveness and safety of our entertainment facilities as compared to other resorts in Macau, the compliance with legal and regulatory requirements for our retail, entertainment and food and beverage outlets and our continued cooperation with the popular retail brands and restaurants. Moreover, many of our attractions which draw in large numbers of visitors, such as the Golden Reel and Batman Dark Flight may become obsolete in terms of technology or otherwise fail to continue to attract sufficient number of visitors. We cannot assure you that we will be financially successful in our non-gaming offerings or be able to maintain the average daily rate, occupancy rate and REVPAR of Studio City hotel or visitation to Studio City in general, which may adversely affect our ability to generate the cash flows that we anticipate and impact our operations and financial condition.

Studio City Casino's gaming operations could be impacted by the reputation and integrity of the parties engaged in business activities at Studio City Casino and we cannot assure you that these parties will always maintain high standards of conduct or suitability throughout the term of Studio City Casino's association with them. Failure to do so may potentially cause the Gaming Operator, us and our shareholders to suffer harm to our and our shareholders' reputation, as well as impaired relationships with, and possibly sanctions from, gaming regulators.

The reputation and integrity of the parties who are or will be engaged in gaming activities at Studio City Casino are important to the continued operations of the casino in compliance with Gaming Operator's subconcession and our own reputation. For parties that engage in gaming related activities, where relevant, the gaming regulators are expected to undertake their own probity checks and will reach their own suitability findings in respect of the activities and parties with which Studio City Casino may be associated. In addition, we conduct, and we expect that the Gaming Operator will conduct, an internal due diligence and evaluation process prior to the engagement of such parties. However, notwithstanding such regulatory probity checks, the Gaming Operator's due diligence and our own due diligence, we cannot assure you that the parties with whom Studio City Casino is or will be associated will always maintain the high standards that gaming regulators, the Gaming Operator and we require or that such parties will maintain their suitability throughout the term of Studio City Casino's association with them. If Studio City Casino were to be associated with any party whose probity was in doubt, this may reflect negatively on the Gaming Operator and our own probity when assessed by gaming regulators. A party associated with Studio City Casino may fall below the gaming regulators' suitability standards.

In particular, the reputation of the gaming promoters operating in Studio City Casino is important to the Gaming Operator's ability to continue to operate in compliance with its subconcession and our own reputation. While we endeavor, and we expect that the Gaming Operator also endeavors, to ensure high standards of probity and integrity in such gaming promoters, we cannot assure you that such gaming promoters will always maintain such high standards. If the probity of a gaming promoter associated with Studio City Casino was in doubt or such promoter failed to operate in compliance with Macau laws consistently, this may be considered by regulators or investors to reflect negatively on the Gaming Operator's and on our own probity and compliance records. Such a gaming promoter may fall below the Gaming Operator's or our standards of probity, integrity and legal compliance. There can also be no assurance that any allegation against, or negative publicity relating to, the gaming promoters operating in Studio City Casino or the Gaming Operator's or our standards of probity, integrity and legal compliance will not have a material adverse impact on our reputation and business operations.

If any of the above were to occur, we, the Gaming Operator and our shareholders may suffer harm to our, the Gaming Operator's and our shareholders' reputation, as well as impaired relationships with, and possibly sanctions from, gaming regulators with authority over operations.

We are developing the remaining project for Studio City under the terms of a land concession contract which require us to fully develop the land on which Studio City is located by July 24, 2021. If we do not complete development by that time and the Macau government does not grant us an extension of the development period, we could be forced to forfeit all or part of our investment in Studio City, along with our interest in the land on which Studio City is located and the buildings and structures on such land.

Land concessions in Macau are issued by the Macau government and generally have terms of 25 years and are renewable for further consecutive periods of ten years. Land concessions further stipulate a period within which the development of the land must be completed. In accordance with the Studio City land concession contract, the land on which Studio City is located must be fully developed by July 24, 2021. While we opened Studio City in October 2015, development for the remaining land of Studio City is still ongoing and in the early stages. There is no guarantee we will complete the development of the remaining project for the land of Studio City by the deadline. In the event that additional time is required to complete the development of the remaining project for Studio City, we will have to apply for an extension of the relevant development period which shall be subject to Macau government review and approval at its discretion. While the Macau government may grant extensions if we meet certain legal requirements and the application for the extension is made in accordance with the relevant rules and regulations, there can be no assurance that the Macau government will grant us any necessary extension of the development period or not exercise its right to terminate the Studio City land concession. In the event that no extension is granted or the Studio City land concession is terminated, we could lose all or substantially all of our investment in Studio City, including our interest in land and buildings and may not be able to continue to operate Studio City as planned, which will materially adversely affect our business and prospects, results of operations and financial condition.

Future development of the remaining project is subject to significant risks and uncertainties.

Under our current plan for the remaining project, the remaining project is expected to consist of two hotel towers with approximately 900 rooms and suites and a gaming area. In addition, we currently envision the remaining project to also contain a waterpark with indoor and outdoor areas. Other non-gaming attractions expected to be part of the remaining project include MICE space, retail and food and beverage outlets and a cineplex.

The development and construction risks of this remaining project at Studio City include:

- failure or delay in obtaining the necessary permits, authorizations, approvals and licenses from the relevant governmental authorities, including for any extension of the development period;
- lack of sufficient, or delays in availability of, financing;
- changes to plans and specifications;
- engineering problems, including defective plans and specifications;
- changes in laws and regulations, or in the interpretation and enforcement of laws and regulations, applicable to leisure, real estate development or construction projects;
- costs in relation to compliance with environmental rules and regulations in our development plans;
- shortages of, and price increases in, energy, materials and skilled and unskilled labor, and inflation in key supply markets;
- labor disputes or work stoppages;
- shortage of qualified contractors and suppliers or inability to enter into definitive contracts with contractors with sufficient skills, financial resources and experience on commercially reasonable terms, or at all;
- disputes with and defaults by or between suppliers, contractors and subcontractors and other counter-parties;

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- personal injuries to workers and other persons;
- environmental, health and safety issues, including site accidents and the spread of viruses;
- fires, typhoons and other natural disasters, including weather interferences or delays; and
- other unanticipated circumstances or cost increases.

We are in the early stages of development of the remaining project. However, there is no assurance that our expected development plan will be successful and that we will be able to secure commercial terms favorable to us from our potential business or financing sources. In addition, we expect that our capital expenditures and depreciation and amortization expenses will increase as we continue to develop our remaining project. As of December 31, 2018, we have incurred approximately US\$39.6 million of aggregate costs relating to the development of our remaining project, primarily related to the initial design and planning costs. Based on our current plan for the remaining project, we currently expect a project budget of approximately US\$1.35 billion to US\$1.40 billion for the development of the remaining project (exclusive of any pre-opening costs and financing costs) and an estimated construction period of approximately 32 months. As we obtain additional debt and/or equity financing, our leverage may intensify, our financing-related costs may increase and your equity interest in us may be diluted, as the case may be. Furthermore, there is no guarantee that we may be able to respond adequately to competitive or unfavorable market conditions to successfully operate and capitalize on our investment in the remaining project when it commences operations.

The occurrence of any of these development or construction risks could increase the total costs, delay or prevent the construction or opening or otherwise affect the design and features of the remaining project at Studio City. We cannot guarantee that our construction costs or total project costs for the remaining project at Studio City will not increase above our budget. Any failure to complete the remaining project on time or within our budget could have a material adverse effect on our business and prospects, financial condition, results of operations and cash flows.

We may not be able to obtain adequate financing on satisfactory terms for our existing business and/or remaining project, or at all.

In the past, we have funded our capital investment projects primarily through credit facilities and other debt financings. We will require additional funding in the future for the expansion of our current business and/or development of our remaining project, which may be substantial and which we may raise through a combination of credit, debt and equity financings. We may be required to seek the approval or consent of or notify the relevant government authorities or third parties in order to obtain such financings. We cannot assure you that we would be able to obtain such required approval or consent from the relevant government authorities or third parties with respect to such financing in a timely manner or at all.

Any financing related to the remaining project at Studio City will also be subject to, among others, the terms of our existing and any future financings. In addition, our ability to obtain credit, debt or equity financing on acceptable terms depends on a variety of factors that are beyond our control, including market conditions, investors' and lenders' perceptions of, and demand for, bond, bank and equity securities of gaming companies, credit availability and interest rates. For example, changes in ratings outlooks may subject us to ratings agency downgrades, which could make it more difficult for us to obtain financing on acceptable terms.

As a result, we cannot assure you that we will be able to obtain sufficient funding on terms satisfactory to us, or at all, to finance our existing business and/or remaining project. If we are unable to obtain such funding, our business, cash flow, financial condition, results of operations and prospects could be materially and adversely affected. We continue to explore opportunities and may, from time to time, seek to obtain new financings or refinance our outstanding debt through the international markets. Any such financing, and our evaluation thereof, will depend on the prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Our results of operations are subject to seasonality and other fluctuations.

We are subject to seasonality and other fluctuations in our business. Our revenue is also largely affected by promotional and marketing activities and revenue may increase as a result of these activities. Launch of new promotions or the timing of such promotions may further cause our quarterly results to fluctuate and differ from historical patterns. Our results of operations will likely fluctuate due to these and other factors, some of which are beyond our control, including but not limited to: (i) fluctuations in overall consumer demand for gaming and hospitality, leisure and resort during certain months and holidays; (ii) introduction of new policies or regulatory measures; and (iii) macro-economic conditions and their effect on discretionary consumer spending. Because of these and other factors as well as the short operating history of our business, it is difficult for us to accurately identify recurring seasonal trends in our business. In addition, our rapid growth has masked certain fluctuations that might otherwise be apparent in our results of operations. When our growth stabilizes, the seasonality in our business may become more pronounced. If we fail to accurately identify the seasonal trends in our business and match our customer services and supplies in an effective manner, it may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Macau's infrastructure may not adequately support the development of Macau's gaming and leisure industry, which may adversely affect our expected performance.

Macau consists of a peninsula and two islands and is connected to China by two border crossings. Macau has an international airport and connections to China and Hong Kong by road, ferry and helicopter. To support Macau's planned future development as a gaming and leisure destination, the frequency of bus, car, air and ferry services to Macau will need to increase. While various projects are under development to improve Macau's internal and external transportation links, including the Macau Light Rapid Transit and capacity expansion of border crossings, these projects may not be approved, financed or constructed in time to handle the projected increase in demand for transportation or at all, which could impede the expected increase in visitation to Macau and adversely affect Studio City. For example, there has been a delay in the development of the Macau Light Rapid Transit, and the benefits expected to be brought by Studio City's proximity to one of the planned Cotai hotel-casino resort stops may not be fully realized until the commencement of operations of such light rail stop. Any further delays or termination of Macau's transportation infrastructure projects may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

Furthermore, the expected reduction in travel time from Hong Kong as well as throughout China to Macau following the completion of the Hong Kong-Zhuhai-Macau Bridge, which opened to traffic on October 23, 2018, may not materialize, and may not result in increased traffic to Macau and to Studio City as a result.

Health and safety or food safety incidents at Studio City may lead to reputational damage and financial exposures.

We provide goods and services to a significant number of customers on a daily basis at Studio City. In particular, with the number of attractions, entertainment and food and beverage offerings in Studio City, there are risks of health and safety incidents or adverse food safety events, such as food poisoning, slip and fall accidents or surges in crowd flow at popular ingress and egress points. While we have a number of measures and controls in place aimed at managing such risks, we cannot guarantee that our insurance is adequate to cover all losses, which may subject us to incur additional costs and damages, and negatively impact our financial performance. Such incidents may also lead to reduced customer flow and reputational damage to Studio City.

Our information technology and other systems are subject to cyber security risks, including misappropriation of customer information or other breaches of information security, as well as regulatory and other risks.

We rely on information technology and other systems (including those maintained by third-parties with whom we contract to provide data services) to maintain and transmit large volumes of customer information,

credit card settlements, credit card funds transmissions, mailing lists and reservations information and other personally identifiable information. We also maintain important internal company data such as personally identifiable information about our staff and information relating to our operations. The systems and processes we have implemented to protect customers, staff and company information are subject to the rapidly changing risks of compromised security and may therefore become outdated. Despite our preventive efforts, we are subject to the risks of compromised security, including cyber and physical security breaches, system failure, computer viruses, technical malfunction, inadequate system capacity, power outages, natural disasters and inadvertent, negligent or intentional misuse, disclosure or dissemination of information or data by customers, company staff or employees of third-party vendors as well as ransomware attacks that encrypt, exfiltrate or otherwise render data unusable or unavailable. These risks can also be manifested in a variety of other ways, including through methods which may not yet be known to the cyber security community, and have become increasingly difficult to anticipate and prevent.

The steps we take to deter and mitigate these risks may not be successful and our insurance coverage for protecting against cyber security risks may not be sufficient. Our third-party information system service providers face risks relating to cyber security similar to ours, and we do not directly control any of such service providers' information security operations. A significant theft, loss or fraudulent use of customer or company data maintained by us or by a third-party service provider could have an adverse effect on our reputation, cause a material disruption to our operations and management team, and result in remediation expenses, regulatory penalties and litigation by customers and other parties whose information was subject to such attacks, all of which could have a material adverse effect on our business, prospects, results of operations and cash flows. If our information technology systems become damaged or otherwise cease to function properly, our sales and results of operations may be adversely affected and we may have to make significant investments to repair or replace them. Furthermore, any extended downtime from power supply disruptions or information technology system outages which may be caused by cyber security attacks or other reasons at Studio City may lead to an adverse impact on our operating results if we are unable to deliver services to customers for an extended period of time.

Despite the security measures we currently have in place, our facilities and systems and those of our third-party service providers may be vulnerable to security breaches, acts of vandalism, phishing attacks, computer viruses, misplaced or lost data, programming or human errors and other events. Cyber-attacks are becoming increasingly more difficult to anticipate and prevent due to their rapidly evolving nature and, as a result, the technology we use to protect our systems could become outdated. The occurrence of any of the cyber incidents described above could have a material adverse effect on our business, results of operations and cash flows.

Any perceived or actual electronic or physical security breach involving the misappropriation, loss, or other unauthorized disclosure of confidential or personally identifiable information, whether by us or by a third party, could disrupt our business, damage our reputation and relationships with our customers and staff, expose us to risks of litigation, significant fines and penalties and liability, result in the deterioration of our customers' and staff's confidence in us, and adversely affect our business, results of operations and financial condition. Any perceived or actual unauthorized disclosure of personally identifiable information of our staff, customers or website visitors could harm our reputation and credibility and reduce our ability to attract and retain staff and customers. As these threats develop and grow, we may find it necessary to make significant further investments to protect our data and infrastructure, including the implementation of new computer systems or upgrades to existing systems, deployment of additional personnel and protection-related technologies, engagement of third-party consultants, and training of employees.

Failure to protect the integrity and security of company staff and customer information and comply with applicable privacy regulations may result in damage to reputation and/or subject us to fines, penalties, lawsuits, restrictions on our use or transfer of data and other risks.

Our businesses collect, use and transmit large volumes of data, including credit card numbers and personal data in various information systems relating to our customers and staff, and such personal data may be

collected and/or used in, and transmitted to or from, multiple jurisdictions. Our customers and staff have a high expectation that we will adequately protect their personal information. Such collection, use and/or transmission of personal data are governed by privacy laws and regulations and such laws and regulations change often, vary significantly by jurisdiction and often are newly enacted. For example, the European Union (EU)'s General Data Protection Regulation ("GDPR"), which became effective in May 2018, requires companies to meet new and more stringent requirements regarding the handling of personal data. The GDPR also captures data processing by non-EU firms with no EU establishment as long as such non-EU firms' processing relates to "offering goods or services" or the "monitoring" of individuals in the EU. As GDPR is a newly enacted law, there is limited precedence on the interpretation and application of GDPR. In addition, we must also comply with other industry standards such as those for the credit card industry and other applicable data security standards.

Compliance with applicable privacy regulations may increase our operating costs and/or adversely impact our ability to market our products, properties and services to our customers and guests. For example, these laws and regulations may restrict information sharing in ways that make it more difficult to obtain or share information concerning at risk individuals. In addition, non-compliance with applicable privacy regulations by us (or in some circumstances non-compliance by third parties engaged by us) may result in damage of reputation and/or subject us to fines, penalties, payment of damages, lawsuits, criminal liability or restrictions on our use or transfer of data. Failure to meet the GDPR requirements, for example, may result in penalties of up to four percent of worldwide revenue.

Negative press or publicity about us or our directors, officers or affiliates may lead to government investigations, result in harm to our business, brand or reputation and have a material and adverse effect on our business.

Unfavorable publicity regarding us or our directors, officers or affiliates whether substantiated or not, may have a material and adverse effect on our business, brand and reputation. Such negative publicity may require us to engage in a defensive media campaign, which may divert our management's attention, result in an increase in our expenses and adversely impact our results of operations or financial condition. The continued expansion in the use of social media over recent years has compounded the potential scope of the negative publicity that could be generated. Any negative press or publicity could also lead to government or other regulatory investigations, including causing regulators to take action against us or the Gaming Operator, including actions that could affect the ability or terms upon which the Gaming Operator holds its subconcession, its or our suitability to continue as a shareholder of certain subsidiaries and/or the suitability of key personnel to remain with the Gaming Operator. If any of these events were to occur, it would cause a material adverse effect on our business and prospects, financial condition and results of operations.

If qualified management and personnel cannot be retained at Studio City, our business could be significantly harmed.

We place substantial reliance on the gaming, project development and hospitality industry experience and knowledge of the Macau market possessed by members of our board of directors, our senior management team as well as other management personnel who serve Studio City under the Management and Shared Services Arrangements. We may experience changes in our key management in the future for reasons beyond our control. Loss of Mr. Lawrence Ho's services or the services of the other members of our board of directors or key management personnel could hinder our ability to effectively manage our business and implement our growth and development strategies. Finding suitable replacements for members of our board of directors or senior management could be difficult, and competition for personnel of similar experience could be intense in Macau. In addition, we do not currently carry key person insurance on any members of our senior management team.

Operation of Studio City also requires extensive operational management and staff. The supply of experienced skilled and unskilled personnel in Macau is severely limited. Many of the personnel occupy sensitive positions requiring qualifications sufficient to meet gaming regulatory and other requirements or are required to

possess other skills for which substantial training and experience may be needed. Moreover, competition to recruit and retain qualified gaming and other personnel is likely to intensify further as competition in the Macau integrated resort market increases. In addition, concessionaires and subconcessionaires are not currently allowed under the Macau government's policy to hire non-Macau resident dealers and supervisors. We cannot assure you that a sufficient number of qualified individuals will be attracted and retained to operate Studio City or that costs to recruit and retain such personnel will not increase significantly. In addition, the Gaming Operator has recently been subject to certain labor demands and rallies. The inability to attract, retain and motivate qualified staff by the Gaming Operator and Master Service Providers could have a material adverse effect on our business.

In addition, recruitment efforts for the operations of Studio City may be adversely impacted by Macau government's policies with respect to the approval and renewal of work permits for non-resident workers. In its policy address for the financial year of 2016, the Macau government disclosed that it had turned down 59 renewal applications of non-resident skilled workers for the gaming industry in the period from January to August 2015, a three-fold increase on the number of applications declined the previous year. In its policy address for 2017, the Macau government announced that it would continue to submit the applications for employment of non-resident workers to a rigorous exam and to stimulate the promotion of local workers to management positions in the gaming industry, signaling a tighter control on the employment of non-resident workers. Further, in its policy addresses for 2018 and 2019, the Macau government has stressed once again that it will continue to monitor the proportion of management positions held by local workers in gaming operators and implement measures to ensure that such proportion is kept at a percentage not lower than 85% for senior and mid-management positions.

As we develop our remaining project, the construction of such project is subject to hazards that may cause personal injury or loss of life that expose us to liabilities and possible losses.

The construction of large-scale properties, such as the remaining project for Studio City, can be dangerous. Construction workers at such sites are subject to hazards that may cause personal injury or loss of life, thereby subjecting the contractors and us to liabilities, possible losses, delays in completion of the projects and negative publicity. We believe, and require that, our contractors take safety precautions that are consistent with industry practice, but these safety precautions may not be adequate to prevent serious personal injuries or loss of life, damage to property or delays. We are in the early stages of development of the remaining project. However, if accidents occur during the construction of our remaining project, there may be serious delays, including delays imposed by regulators, liabilities and possible losses which may not be covered by insurance, and our business, prospects and reputation may be materially and adversely affected.

Any simultaneous planning, design, construction and development of our remaining project may stretch our management's time and resources, which could lead to delays, increased costs and other inefficiencies in the development of these projects.

There may be overlap in the planning, design, development and construction periods of our remaining project. Members of our senior management will be involved in planning and developing our remaining project at the same time, in addition to overseeing our day-to-day operations. Our management may be unable to devote sufficient time and attention to the remaining project, as well as Studio City, which may result in delays in the construction or opening of any of our future projects, cause construction cost overruns or cause the performance of Studio City to be lower than expected, which could have a material adverse effect on our business, financial condition and results of operations.

Our contractors may face difficulties in finding sufficient labor at an acceptable cost, which could cause delays and increase construction costs after we commence development of our remaining project.

The contractors we retain to construct our projects may face difficulties and competition in finding qualified construction labor and managers as more projects commence construction in Macau and as substantial

construction activity continues in China. Immigration and labor regulations in Macau may cause our contractors to be unable to recruit sufficient laborers from China to make up for any shortage in available labor in Macau and to help reduce the costs of construction, which could cause delays and increase the construction costs of our remaining project.

The possible infringement of key intellectual property used in our business, the dissemination of proprietary information used in our business or the infringement or alleged infringement of intellectual property rights belonging to third parties could adversely affect our business.

As part of our branding strategy, we have applied for or registered a number of trademarks (including “Studio City” trademarks and “Where Cotai Begins” trademarks) in Macau, Hong Kong and other jurisdictions for use in connection with Studio City. Where possible, we intend to continue to register trademarks as we develop, review and implement our branding strategy for Studio City. We intend to take steps to safeguard our intellectual property from infringement by third parties, such as taking actions against trademark and copyright violations, if and when necessary, and our staff and/or staff of the Gaming Operator or its affiliates or its designees are subject to confidentiality provisions in their employment agreements. Despite such measures, we cannot assure you that we will be successful in defending against the infringement of intellectual property to be used in our business or that any proprietary information to be used in our business will not be disseminated to our competitors, which could have an adverse effect on our future results of operations. In addition, our current and any future trademarks are subject to expiration and we cannot guarantee that we will be able to renew all of them prior to expiration. Our inability to renew the registration of certain trademarks and the loss of such trademarks could have an adverse effect on our business, financial condition, results of operations and cash flows.

We face the potential risk of claims that we have infringed the intellectual property rights of third parties, which could be expensive and time-consuming to defend, cause us to cease using certain intellectual property rights or selling or providing certain products or services, result in us being required to pay significant damages or to enter into costly royalty or licensing agreements in order to obtain the right to use a third party’s intellectual property rights (if available at all), any of which could have a negative impact on the operation of Studio City and harm our future prospects. Furthermore, if litigation were to result from such claims, our business could be interrupted.

We may not have sufficient insurance coverage.

We currently have various insurance policies providing certain coverage typically required by gaming and hospitality operations in Macau. These insurance policies provide coverage that is subject to policy terms, conditions and limits. Certain of these policies have been obtained by us and certain of these policies have been obtained by Melco Resorts. We cannot assure you that we or, in the case of policies obtained by Melco Resorts, Melco Resorts will be able to renew such insurance coverage on equivalent premium costs, terms, conditions and limits upon their expiration. The cost of coverage may in the future become so high that insurance policies we deem necessary for the operation of our projects may not be obtainable on commercially practicable terms, or at all, or policy limits may need to be reduced or exclusions from our coverage expanded.

We cannot assure you that any such insurance policies we or Melco Resorts obtained or may obtain will be adequate to protect us from material losses. Certain acts and events could expose us to significant uninsured losses. In addition to the damages caused directly by a casualty loss such as fire or natural disasters, we may suffer a disruption of our business as a result of these events or be subject to claims by third parties who may be injured or harmed. While we intend to continue carrying business interruption insurance and general liability insurance, such insurance may not be available on commercially reasonable terms, or at all, and, in any event, may not be adequate to cover all losses that may result from such events.

There is limited available insurance in Macau and our insurers in Macau may need to secure reinsurance in order to provide adequate cover for our property and development projects. Our credit agreements,

the Subconcession Contract and certain other material agreements require a certain level of insurance to be maintained, which must be obtained in Macau, unless otherwise authorized by the respective counter-parties. Failure to maintain adequate coverage could be an event of default under our credit agreements or the Subconcession Contract and may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Studio City Entertainment's tax exemption from complementary tax on income received from the Gaming Operator under the Services and Right to Use Arrangements will expire in 2021.

Companies in Macau are subject to complementary tax of 12% of taxable income, as defined in relevant tax laws. The Macau government granted to Studio City Entertainment, one of our subsidiaries, a Macau complementary tax exemption until 2021 on profits generated from income received from the Gaming Operator, to the extent that such income results from gaming operations within Studio City Casino and has been subject to gaming tax. We cannot assure you that the complementary tax exemption to Studio City Entertainment will be extended beyond its expiration date. If the tax exemption cannot be extended and we are held liable for complementary tax, it may have a material adverse effect on our financial condition.

From time to time, we may be involved in legal and other proceedings arising out of our operations.

We may be involved in disputes with various parties involved in the construction and operation of Studio City, including contractual disputes with contractors, consultants, suppliers, retailers, food and beverage operators and construction workers. See "Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Legal and Administrative Proceedings." Regardless of the outcome, these disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development schedule and the diversion of resources and management's attention. In addition, we may be involved in a variety of litigation, regulatory proceedings and investigation arising out of our business, which are inherently unpredictable. Ultimate judgments or settlements for such proceedings could increase our costs and thereby lower our profitability or have a material adverse effect on our liquidity. We cannot assure you that we will be able to obtain the appropriate and sufficient types or levels of insurance for Studio City. We may also have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decisions that result in penalties, suspension or restrictions on our operations, and/or delay the development of our remaining project at Studio City or closure of outlets at Studio City that are currently in operation. In such cases, our business, financial condition, results of operations and cash flows could be materially and adversely affected.

In addition, if we are unsuccessful in defending against any claims alleging that we received misappropriated or misapplied funds, this may require further improvements to our existing anti-money laundering procedures, systems and controls and our business operations may be subject to greater scrutiny from relevant regulatory authorities, all of which may increase our compliance costs. We cannot assure you that any provisions we have made for such matters will be sufficient.

Any failure or alleged failure to comply with the U.S. Foreign Corrupt Practices Act, or FCPA, could result in penalties, which could harm our reputation and have an adverse effect on our business, results of operations and financial condition.

We are subject to regulations imposed by the FCPA, which prohibits companies and any individuals or entities acting on their behalf from offering or making improper payments or providing benefits to foreign officials for the purpose of obtaining or keeping business, along with various other anti-corruption laws. There has been a general increase in FCPA enforcement activities in recent years by the SEC and the U.S. Department of Justice. Both the number of FCPA cases and sanctions imposed have risen significantly. While we have adopted a compliance program to manage our obligations under the FCPA, we cannot assure you that our staff, contractors and agents will continually adhere to the compliance program. Should they not follow the program,

we could be subject to investigations, prosecutions and other legal proceedings and actions which could result in civil penalties, administrative remedies and criminal sanctions, any of which may result in a material adverse effect on our reputation, cause us to lose customer relationships or lead to other adverse consequences on our business, prospects, results of operations and financial condition. In addition, as a U.S. listed company, certain U.S. laws and regulations apply to our operations and compliance with those laws and regulations increases our cost of doing business.

Fluctuation in the value of the H.K. dollar, U.S. dollar, Macau Pataca or RMB may adversely affect our indebtedness, expenses and profitability.

Although the majority of the revenues from the operation of Studio City are denominated in H.K. dollars, we have certain expenses and revenues denominated in Macau Patacas. In addition, a certain portion of our indebtedness and certain expenses are denominated in U.S. dollars, and the costs associated with repaying such debt and servicing interest payments are denominated in U.S. dollars. The value of the H.K. dollar and Macau Patacas against the U.S. dollar may fluctuate and may be affected by, among other things, changes in political and economic conditions. Although the exchange rate between the H.K. dollar and the U.S. dollar has been pegged since 1983 and the Macau Pataca is pegged to the H.K. dollar, we cannot assure you that the H.K. dollar will remain pegged to the U.S. dollar and that the Macau Pataca will remain pegged to the H.K. dollar. In addition, the currency market for Macau Patacas is relatively small and undeveloped and therefore our ability to convert large amounts of Macau Patacas into U.S. dollars over a relatively short period of time may be limited. As a result, we may experience difficulty in converting Macau Patacas into U.S. dollars, which could hinder our ability to service a portion of our indebtedness and certain expenses denominated in U.S. dollars. On the other hand, to the extent that we are required to convert U.S. dollar financings into H.K. dollars or Macau Patacas for our operations, fluctuations in the exchange rates between H.K. dollars or Macau Patacas against the U.S. dollar could have an adverse effect on the amounts we receive from the conversion.

Furthermore, the depreciation of RMB against U.S. dollar or H.K. dollar will affect the purchasing power of visitors from the PRC, which in turn may affect the visitation and level of spending at Studio City. To date we have not engaged in hedging transactions with respect to foreign exchange exposure of our revenues and expenses in our day-to-day operations. Instead, we plan to maintain a certain amount of our operating funds in the same currencies in which we have obligations, thereby reducing our exposure to currency fluctuations. However, we may occasionally enter into foreign exchange transactions as part of financing transactions and capital expenditure. We will consider our overall policy on hedging for foreign exchange risk from time to time. Any significant fluctuations in the exchange rates mentioned above may have a material adverse effect on our revenues and financial condition.

The audit reports included in this annual report have been prepared by auditors whose work may not be inspected fully by the Public Company Accounting Oversight Board and, as such, you may be deprived of the benefits of such inspection.

Our independent registered public accounting firms that issue the audit reports included in our annual reports filed with the SEC as auditors of companies that are traded publicly in the United States and firms registered with the Public Company Accounting Oversight Board (United States), or the PCAOB, are required by the laws of the United States to undergo regular inspections by the PCAOB to assess their respective compliance with the laws of the United States and professional standards.

Many other clients of our auditors have substantial operations within mainland China, and the PCAOB has been unable to complete inspections of the work of our auditors, and/or their affiliated independent registered public accounting firms in mainland China, without the approval of the Chinese authorities. Thus, our auditors, and/or their affiliated independent registered public accounting firms in mainland China, and their audit work are not currently inspected fully by the PCAOB. On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulation in their oversight of financial statement audits of U.S.-listed companies with significant operation in China. However, it remains unclear what further actions the SEC and PCAOB will take to address the problem.

Inspections of other firms that the PCAOB has conducted outside mainland China have identified deficiencies in those firms' audit procedures and quality control procedures, which can be addressed as part of the inspection process to improve future audit quality. The lack of PCAOB inspections in mainland China prevents the PCAOB from regularly evaluating our auditors' audit procedures and quality control procedures as they relate to their work, and/or their affiliated independent registered public accounting firms' work, in mainland China. As a result, investors may be deprived of the benefits of such regular inspections.

The inability of the PCAOB to conduct full inspections of auditors in mainland China makes it more difficult to evaluate the effectiveness of our auditors' audit procedures and quality control procedures as compared to auditors who primarily work in jurisdictions where the PCAOB has full inspection access. Investors may lose confidence in our reported financial information and the quality of our financial statements.

Risks Relating to the Gaming Industry in Macau

The Subconcession Contract expires in 2022 and if the Gaming Operator is unable to secure an extension of its subconcession, or a new concession or subconcession, in 2022, or if the Macau government were to exercise its redemption right, the Gaming Operator would be unable to operate Studio City Casino.

The Subconcession Contract expires on June 26, 2022. Unless it is extended beyond this date, a new concession or subconcession is granted and/or legislation on reversion of casino premises is amended, Studio City Casino's gaming related equipment operated by the Gaming Operator under its subconcession will automatically revert to the Macau government without compensation. In addition, under the Subconcession Contract, from 2017, the Macau government has the right to redeem the Subconcession Contract by providing the Gaming Operator with at least one year's prior notice. The Macau government has not issued formal guidelines or policies with respect to the renewal or extension of subconcessions. In the event the Gaming Operator is not able to renew or extend the Subconcession Contract on terms favorable or acceptable to it, or at all, or the Macau government redeems the Subconcession, our results of operations, financial condition, cash flows and prospects may be materially and adversely affected and we would be subject to additional refinancing risks with respect to our existing indebtedness.

Under the Gaming Operator's subconcession, the Macau government may terminate the subconcession under certain circumstances without compensation to the Gaming Operator and may determine that Studio City Casino may not continue to operate under the Services and Right to Use Arrangements, which would prevent the operation of Studio City Casino.

Under the Gaming Operator's subconcession, the Macau government has the right to unilaterally terminate the subconcession in the event of non-compliance by the Gaming Operator with its basic obligations under the subconcession and applicable Macau laws. If such a termination were to occur, the Gaming Operator would be unable to operate casino gaming in Macau, including Studio City Casino. Termination events include, among others, the operation of gaming without permission or operation of a business which does not fall within the business scope of the subconcession; abandonment of approved business or suspension of operations of its gaming business in Macau without reasonable grounds for more than seven consecutive days or more than 14 non-consecutive days within one calendar year; transfer of all or part of the Gaming Operator's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of fortune or chance and other casino games in Macau and without Macau government approval; failure to pay taxes, premiums, levies or other amounts payable to the Macau government; and systematic non-compliance with the Macau Gaming Law's basic obligations. These events could lead to the termination of the Gaming Operator's subconcession without compensation and the Gaming Operator would be unable to operate casino gaming in Macau, which would have a material adverse effect on our financial condition, results of operations and cash flows and could result in defaults under our indebtedness agreements and a partial or complete loss of our investments in Studio City. In many of these instances, the Subconcession Contract does not provide a specific cure period within which any such events may be cured and, instead, the Gaming Operator would rely on consultations and negotiations with the Macau government to remedy any such violation.

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Under the terms of the Services and Right to Use Arrangements to which Studio City Entertainment, one of our subsidiaries, is a party, the Gaming Operator has agreed to operate Studio City Casino. If, upon termination of the Gaming Operator's subconcession, Studio City Entertainment were not able to enter into similar arrangements with other gaming concessionaires or subconcessionaires in Macau, Studio City Casino may not be able to continue to operate.

Further, if Studio City Entertainment were to be found unsuitable or to undertake actions that are inconsistent with the Gaming Operator's subconcession terms and requirements, the Gaming Operator could suffer penalties, including the termination of its subconcession, and the Macau government may determine that Studio City Casino may not continue to operate under the Services and Right to Use Arrangements or at all. This would have a material adverse effect on our financial condition, results of operations and cash flows and could result in defaults under our indebtedness, and a partial or complete loss of our investments in Studio City. For details of the terms of the Services and Right to Use Arrangements, see "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Services and Right to Use Arrangements."

Under the Gaming Operator's subconcession, the Macau government is allowed to request various changes in the plans and specifications of the properties operated by the Gaming Operator, including Studio City Casino, and to make various other decisions and determinations that may be binding on us. For example, Macau's Chief Executive has the right to require the increase of the Gaming Operator's share capital or that the Gaming Operator provides certain deposits or other guarantees of performance with respect to its obligations in any amount determined by the Macau government to be necessary. The Gaming Operator also needs to first obtain the approval of the Macau governmental authorities before raising certain financing. The Gaming Operator's ability to incur indebtedness or raise equity may be further restricted by its existing and any future financings. As a result, we cannot assure you that the Gaming Operator will be able to comply with these requirements or any other requirements of the Macau government or with the other requirements and obligations imposed by the subconcession.

The Subconcession Contract also contains various covenants and other obligations as to which the determination of compliance is subjective, and any failure to comply with any such covenant or obligation could result in the termination of the subconcession. For example, requirements of compliance with general and special duties of cooperation and special duties of information may be subjective, and we cannot assure you that the Gaming Operator will always be able to operate gaming activities in a manner satisfactory to the Macau government. Accordingly, we will be impacted by the Gaming Operator's continuing communications and good faith negotiations with the Macau government to ensure that the Gaming Operator is performing its obligations under the subconcession in a manner that would avoid any violations.

Furthermore, pursuant to the Subconcession Contract, the Gaming Operator is obligated to comply not only with the terms of that agreement, but also with laws, regulations, rulings and orders that the Macau government might issue or enact in the future. We cannot assure you that it will be able to comply with all such laws, regulations, rulings or orders or that any such laws, regulations, rulings or orders would not adversely affect its ability to operate Studio City Casino. If any disagreement arises between the Gaming Operator and the Macau government regarding the interpretation of, or its compliance with, a provision of the Subconcession Contract, we will be relying on its consultation and negotiation process with the applicable Macau governmental agency as described above. During any such consultation, however, the Gaming Operator will be obligated to comply with the terms of the Subconcession Contract as interpreted by the Macau government.

Currently, under the Macau Gaming Law, upon the expiration or termination of the Gaming Operator's subconcession by the Macau government, all of the Gaming Operator's casino premises and gaming equipment, including Studio City Casino's gaming area and equipment, would revert to the Macau government automatically without compensation to the Gaming Operator. Based on information from the Macau government, proposed amendments to the legislation regarding the reversion of casino premises are being considered. We expect that if such amendments take effect, upon the expiration or termination of the Gaming Operator's subconcession by the Macau government, only the portion of casino premises within the Gaming Operator's development as then

designated by the Macau government (including all gaming equipment) would revert to the Macau government automatically without compensation to the Gaming Operator.

Studio City Casino faces intense competition in the gaming industry of Macau and elsewhere in Asia, and it may not be able to compete successfully.

The gaming industry in Macau and elsewhere in Asia is highly competitive. Our competitors include many of the largest gaming, hospitality, leisure and resort companies in the world. Some of these current and future competitors are larger than us and may have more diversified resources, better brand recognition and greater access to capital to support their developments and operations in Macau and elsewhere. In particular, in recent years, some of our competitors have opened new properties, expanded operations and/or announced their intention for further expansion and developments in Cotai, where Studio City is located. For example, Galaxy Casino, S.A., or Galaxy, opened Galaxy Macau Resort in Cotai in May 2011, Phase 2 of the Galaxy Macau Resort opened in May 2015 and Phase 3 of the Galaxy Macau Resort is currently being developed and expected to be completed and operational in 2020, while Phase 4 is expected to be completed and operational after 2021. Sands Cotai Central in Cotai opened in April 2012, Wynn Palace opened in August 2016, Parisian Macao opened in September 2016 and MGM Cotai opened in February 2018. In addition, Sociedade de Jogos de Macau, S.A., or SJM is currently developing its project in Cotai which is expected to open in 2019.

Studio City Casino will also compete to some extent with casinos located in other countries, such as Singapore, the Philippines, Malaysia, South Korea, Vietnam, Cambodia, Australia, New Zealand, Japan and elsewhere in the world, including Las Vegas and Atlantic City in the United States. In addition, a law which conceptually enables the development of integrated resorts in Japan took effect in December 2016, with corresponding legislation providing a legislative framework for the development and implementation of integrated resorts in Japan taking effect in July 2018. Certain other markets may in the future legalize casino gaming, including Taiwan and Thailand. Certain of these gaming markets may not be subject to as stringent regulations as the Macau market. Studio City Casino will also compete with cruise ships operating out of Hong Kong and other areas of Asia that offer gaming. The proliferation of gaming venues in Asia could significantly and adversely affect our business, results of operations, financial condition, cash flows and prospects.

Currently, Macau is the only region in Greater China offering legal casino gaming. Although the Chinese government has strictly enforced its regulations prohibiting domestic gaming operations, there may be casinos in parts of China that are operated illegally and without licenses. In addition, there is no assurance that China will not in the future permit domestic gaming operations. Competition from casinos in China, legal or illegal, could materially adversely affect our business, results of operations, financial condition, cash flows and prospects.

Furthermore, Melco Resorts, as well as the Gaming Operator, may take action to construct and operate new gaming projects or invest in such projects, located in other countries in the Asia region (including new gaming projects in Macau), which, along with their current operations, such as Altira Macau and City of Dreams, may increase the competition Studio City Casino will face. See “— Risks Relating to Our Relationship with Melco Resorts — We may have conflicts of interest with Melco Resorts and, because of Melco Resorts’ controlling ownership interest in our company, we may not be able to resolve such conflicts on favorable terms for us.”

Adverse changes or developments in gaming laws or regulations in Macau could be difficult to comply with or significantly increase costs, which could cause Studio City Casino to be unsuccessful.

Current laws in Macau, such as licensing requirements, tax rates and other regulatory obligations, including those for anti-money laundering, could change or become more stringent resulting in additional regulations being imposed upon gaming operations in Macau, including Studio City Casino. Any such adverse developments in the regulation of the gaming industry could be difficult to comply with and could significantly increase costs, which could cause Studio City Casino to be unsuccessful and adversely affect our financial performance.

In September 2009, the Macau government set a cap on commission payments to gaming promoters of 1.25% of net rolling. This policy may limit the Gaming Operator's ability to develop successful relationships with gaming promoters and attract VIP rolling chip players, which in turn may adversely affect the financial performance of the VIP rolling chip operations at Studio City Casino while they continue. Any failure to comply with these regulations may result in the imposition of liabilities, fines and other penalties and may materially and adversely affect the Gaming Operator's subconcession. See "Item 4. Information on the Company — B. Business Overview — Gaming Promoters Regulations."

In addition, the Macau government imposed regulations and restrictions that affect the minimum age required for entrance into casinos in Macau, location requirements for sites with gaming machine lounges, data privacy and other matters. Any such legislation, regulation or restriction imposed by the Macau government may have a material adverse impact on our operations, business and financial performance. Furthermore, our inability to address any of these requirements or restrictions imposed by the Macau government could adversely affect our reputation and result in criminal or administrative penalties, in addition to any civil liability and other expenses. See "Item 4. Information on the Company — B. Business Overview — Gaming Regulations."

Also, starting from January 1, 2019, smoking on the premises of casinos is only permitted in authorized segregated smoking lounges with no gaming activities, and such segregated smoking lounges are required to meet certain standards determined by the Macau government. Studio City Casino currently has a number of segregated smoking lounges. We cannot assure you that the Macau government will not enact more stringent smoking control legislations. Such limitations imposed on smoking have and may deter potential gaming patrons who are smokers from frequenting casinos in Macau, which could adversely affect our business, results of operations and financial condition. See "Item 4. Information on the Company — B. Business Overview — Smoking Regulations."

Furthermore, in March 2010, the Macau government announced that the number of gaming tables operating in Macau should not exceed 5,500 until the end of the first quarter of 2013. On September 19, 2011, the Secretary for Economy and Finance of the Macau government announced that for a period of ten years thereafter, the total number of gaming tables to be authorized in Macau will increase by an amount equal to an average 3% per annum for ten years. The Macau government subsequently clarified that the allocation of tables over this ten-year period does not need to be uniform and tables may be pre-allocated to new properties in Macau. The Macau government has also determined that tables authorized by the Macau government for mass market gaming operations may not be utilized for VIP gaming operations. These restrictions are not legislated or enacted into statutes or ordinances and, as such, different policies, including in relation to the annual increase rate in the number of gaming tables, may be adopted, and existing policies amended, at any time by the relevant Macau government authorities.

Current Macau laws and regulations concerning gaming and gaming concessions and matters such as prevention of money laundering are fairly recent or there is little precedent on the interpretation of these laws and regulations. While we expect that the Gaming Operator will operate Studio City Casino in compliance in all material respects with all applicable laws and regulations of Macau, these laws and regulations are complex and a court or an administrative or regulatory body may in the future render an interpretation of these laws and regulations or issue new or modified regulations that differ from our or the Gaming Operator's interpretation, which could have a material adverse effect on the operation of Studio City Casino and on our financial condition, results of operations, cash flows and prospects.

Our activities in Macau are subject to administrative review and approval by various departments of the Macau government. For example, our business activities and Studio City Casino are subject to the administrative review and approval by the DICJ, Macau health department, Macau labor bureau, Macau public works bureau, Macau fire department, Macau finance department and Macau government tourism office. We cannot assure you that we or the Gaming Operator will be able to obtain or maintain all necessary approvals, which may materially affect our business, financial condition, results of operations, cash flows and prospects. Macau law permits redress to the courts with respect to administrative actions. However, such redress is largely untested in relation to gaming regulatory issues.

Studio City Casino is subject to operational risks commonly faced by other gaming facilities in Macau.

Studio City Casino faces operational risks commonly experienced in the gaming industry in Macau. Such risks include, but are not limited to, the following:

- *Inability to Collect Gaming Receivables from Credit Customers.* The Gaming Operator may grant gaming credit directly to certain customers at Studio City Casino, which will often be unsecured. The Gaming Operator may not be able to collect all of its gaming receivables from its credit customers at Studio City Casino, and we expect that the Gaming Operator will be able to enforce its gaming receivables only in a limited number of jurisdictions, including Macau and under certain circumstances, Hong Kong. The Gaming Operator's inability to collect gaming receivables from credit customers may in turn affect our financial performance.
- *Limited Availability of Credit to Gaming Patrons.* The Gaming Operator conducts its table gaming activities at Studio City Casino partially on a credit basis. The Gaming Operator extends credit to its gaming promoters and such gaming promoters will also conduct their operations by extending credit to gaming patrons. Any general economic downturn and turmoil in the financial markets may result in broad limitations on the availability of credit from credit sources as well as lengthening the recovery cycle of extended credit. In particular, due to credit conditions in China and the tightening of cross-border fund transfers by the Chinese government to control capital outflows in recent years, the number of visitors to Macau from China, as well as the amounts they are willing to spend in casinos, may decrease, which could have a material adverse effect on our business, financial condition and results of operations.
- *Dependence on Relationships with Gaming Promoters.* With the rise in casino operations in Macau, the competition for relationships with gaming promoters has increased and is expected to continue to increase. If the Gaming Operator is unable to utilize, maintain and/or develop relationships with gaming promoters for the Studio City Casino, the Gaming Operator will have to seek alternative ways to develop and maintain relationships with VIP rolling chip players, which may not be available, or if available, may not be as profitable as relationships developed through gaming promoters. Also, in the event the Macau government reduces the cap on the commission rates payable to gaming promoters, gaming promoters' incentives to bring travelers to casinos in Macau would be further diminished and certain of the gaming promoters may be forced to cease operations or divert travelers to other regions. Increased regulatory scrutiny of gaming promoters in Macau has resulted, and may continue to result, in the cessation of business of certain gaming promoters, thereby resulting in the remaining gaming promoters having significant leverage and bargaining strength in negotiating agreements, including negotiating changes to existing agreements with the Gaming Operator, the loss of business to competitors or the loss of relationships with certain gaming promoters by the Gaming Operator for the Studio City Casino. These developments may have a material adverse effect on the business, prospects, results of operation and financial condition of Studio City Casino.
- *Inability to Control Win Rates.* The gaming industry is characterized by an element of chance. In addition to the element of chance, win rates will also be affected by the spread of table limits and factors that are beyond the operator's control, such as a player's skill and experience, the mix of games played, the financial resources of players, the volume and mix of bets played and the amount of time players spend on gambling. As a result of the variability in these factors, the actual win rates at Studio City Casino may differ from the theoretical win rates anticipated and could result in less winnings than anticipated.
- *Risk of Fraud or Cheating of Gaming Patrons and Staff.* Gaming customers may attempt or commit fraud or cheat in order to increase their winnings, possibly in collusion with the casino's staff. Internal acts of cheating could also be conducted by staff through collusion with dealers, surveillance staff, floor managers or other gaming area staff. Failure to discover such acts or schemes in a timely manner could result in losses in Studio City Casino operations and negative publicity for Studio City. In addition, gaming promoters or other persons could, without the knowledge of the Gaming Operator,

enter into betting arrangements directly with patrons on the outcomes of games of chance, thus depriving Studio City Casino of revenues.

- *Risk of Counterfeiting.* All gaming activities at Studio City Casino’s table games are conducted exclusively with gaming chips which are subject to the risk of alteration and counterfeiting. The Gaming Operator has incorporated a variety of security and anti-counterfeit features to detect altered or counterfeit gaming chips. Despite such security features, unauthorized parties may try to copy gaming chips and introduce, use and cash in altered or counterfeit gaming chips in Studio City’s gaming areas. Any negative publicity arising from such incidents could result in losses in Studio City Casino operations and negative publicity for Studio City.
- *Risk of Malfunction of Gaming Machines.* There is no assurance that the slot machines at Studio City will be functioning properly at all times. If any one or more gaming machines malfunction due to technical or other reasons, the win rates associated with the gaming machines may be affected in a way that adversely impact the revenue of Studio City Casino. In addition, Studio City Casino’s reputation may be materially and adversely affected as a result of any incidents of malfunction.

Any of these risks has the potential to materially and adversely affect Studio City Casino and our business, financial condition, results of operations, cash flows and prospects.

The Macau government could grant additional rights to conduct gaming in the future, which could significantly increase competition in Macau and cause Studio City Casino to lose or be unable to gain or maintain market share.

Pursuant to the terms of the Macau Gaming Law, the Macau government is precluded from granting more than three gaming concessions. Each concessionaire was permitted to enter into a subconcession agreement with one subconcessionaire. The total number of concessions and subconcessions granted in Macau is currently six. The Macau government is currently considering the process of renewing, extending or granting gaming concessions or subconcessions for concessions and subconcessions expiring in 2022. The policies and laws of the Macau government could result in the grant of additional concessions or subconcessions, which could significantly increase competition in Macau and cause Studio City Casino to lose or be unable to maintain or gain market share, and as a result, adversely affect our business.

We cannot assure you that anti-money laundering policies that have been implemented at Studio City Casino and its compliance with applicable anti-money laundering laws will be effective to prevent Studio City Casino from being exploited for money laundering purposes.

Macau’s free port, offshore financial services and free movement of capital create an environment whereby Macau’s casinos could be exploited for money laundering purposes. Melco Resorts’ and the Gaming Operator’s anti-money laundering policies, which we believe to be in compliance with all applicable anti-money laundering laws and regulations in Macau, are applied to the operation of Studio City Casino. However, we cannot assure you that the Gaming Operator, our contractors, agents or the staff performing services at Studio City Casino will continually adhere to such policies or any such policies will be effective in preventing Studio City Casino operations from being exploited for money laundering purposes, including from jurisdictions outside of Macau. We cannot assure you that we will not be subject to any accusation or investigation related to any possible money laundering activities despite the anti-money laundering measures we have adopted and undertaken or that we will adopt and undertake in the future.

The Gaming Operator also deals with significant amounts of cash in Studio City Casino’s operations and is subject to various reporting and anti-money laundering regulations. Any incidents of money laundering, accusations of money laundering or regulatory investigations into possible money laundering activities involving Studio City Casino, its staff, gaming promoters or customers or others with whom it is associated could have a material adverse impact on our reputation, business, cash flow, financial condition, prospects and results of operations. Any serious incident of, or repeated violation of, laws related to money laundering or any regulatory investigation into money laundering activities may cause a revocation or suspension of the subconcession held by the Gaming Operator. For more information regarding anti-money laundering regulations in Macau, see “Item 4.

Information on the Company — B. Business Overview — Anti-money Laundering Regulations and Terrorism Financing.”

Risks Relating to Our Relationship with Melco Resorts

We are heavily dependent on our shareholder, Melco Resorts, and expect to continue to be dependent on Melco Resorts.

Melco Resorts is a developer, owner and operator of casino gaming and entertainment casino resort facilities in Asia, and our business has benefited significantly from Melco Resorts’ strong market position in Macau and its expertise in both gaming and non-gaming businesses. We cannot assure you we will continue to receive the same level of support from Melco Resorts in the future.

Melco Resorts has provided us with substantially all of our financial, administrative, sales and marketing, human resources and legal services and has also provided us with the services of a number of its staff pursuant to the Management and Shared Services Arrangements. Other than our property president and property chief financial officer, all of the Studio City dedicated staff are employed by the Master Service Providers under such arrangements. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Management and Shared Services Arrangements.” There is no assurance that employees of Master Service Providers, who also support our financial, management, administration and other corporate functions, will be able to carry out their responsibilities in the best interests of Studio City or provide sufficient support for us to operate as an independent public company in compliance with the relevant financial reporting, internal control and other legal and regulatory requirements. In addition, to the extent Melco Resorts does not continue to provide us with such support, we may need to create our own support systems and may encounter operational, administrative and strategic difficulties. Having to create our own support systems due to lack of support from Melco Resorts may cause us to react more slowly than our competitors to industry changes and may divert our management’s attention from running our business, increase our operating costs or otherwise harm our operations.

In addition, since we have only been a public company since October 2018, our management team will need to develop the expertise necessary to comply with the numerous regulatory and other requirements applicable to public companies, including requirements relating to corporate governance, listing standards and securities and investor relations issues. While we were a subsidiary of Melco Resorts, we were indirectly subject to requirements to maintain an effective internal control over financial reporting under Section 404 of the Sarbanes–Oxley Act of 2002. However, as a public company itself, our management will have to evaluate our internal control system independently with new thresholds of materiality and to implement necessary changes to our internal control system. We cannot guarantee that we will be able to do so in a timely and effective manner.

Our business has benefited significantly from our relationship with Melco Resorts. Any negative development in Melco Resorts’ market position or brand recognition may materially and adversely affect our marketing efforts and the strength of our brand.

We are a subsidiary of Melco Resorts and have benefited significantly from our relationship with Melco Resorts in marketing our brand. For example, we have benefited by providing services to Melco Resorts’ long-term customers. We also benefit from Melco Resorts’ strong brand recognition in Macau, which has provided us credibility and a broad marketing reach. If Melco Resorts loses its market position, the effectiveness of our marketing efforts through our association with Melco Resorts may be materially and adversely affected. In addition, any negative publicity associated with Melco Resorts will likely have an adverse impact on the effectiveness of our marketing as well as our reputation and our brand.

We may have conflicts of interest with Melco Resorts and, because of Melco Resorts’ controlling ownership interest in our company, we may not be able to resolve such conflicts on favorable terms for us.

Conflicts of interest may arise between Melco Resorts and us in a number of areas relating to our past and ongoing relationships. Potential conflicts of interest include:

- *Other Gaming, Retail and Entertainment Resorts in Macau.* Melco Resorts owns other gaming, retail and entertainment resorts in Macau and the Gaming Operator, as a subsidiary of Melco Resorts,

operates casinos and gaming areas at such resorts owned by Melco Resorts. The ownership and operation of City of Dreams and Altira Macau by Melco Resorts and the Gaming Operator may divert their attention and resources. For example, VIP rolling chip operations at Studio City Casino are operated by the Gaming Operator under the Services and Right to Use Arrangements and the VIP tables used in such operations were initially allocated by the Macau government for operation by the Gaming Operator at gaming areas of the Gaming Operator's other properties in Macau. The Gaming Operator may discontinue the operation of such VIP tables at Studio City by providing a 12 month advance notice at any time after October 1, 2018. In January 2019, the Gaming Operator informed us that it will cease the operation of VIP rolling chip tables at the Studio City Casino on January 15, 2020. Such discontinuation of operation of VIP tables at Studio City Casino and potential allocation of such VIP tables to other Melco Resorts properties, as well as any strategic decisions made by Melco Resorts to focus on their other projects in Macau rather than us, could materially and adversely affect our financial condition and results of operations.

- *Allocation of Business Opportunities.* Melco Resorts, as well as the Gaming Operator, may take action to construct and operate new gaming projects or invest in such projects located in the Asian region (including new gaming projects in Macau) or elsewhere, which, along with their current operations, including City of Dreams and Altira Macau, may divert their attention and resources. For example, in 2015, Melco Resorts opened City of Dreams Manila, a casino, hotel, retail and entertainment resort in Manila, the Philippines. Melco Resorts has also provided, and may continue to provide, certain services to Melco International and its subsidiaries that are not our subsidiaries in relation to the City of Dreams Mediterranean project, which is scheduled to be launched in 2021, and the temporary and satellite casinos expected to be opened prior to the official launch of the City of Dreams Mediterranean project. We could face competition from these other gaming projects. Due to the Management and Shared Services Arrangements we have with Melco Resorts, should Melco Resorts decide to focus more attention on gaming projects located in other areas, including in jurisdictions that may be expanding or commencing their gaming industries, or should economic conditions or other factors result in a significant decrease in gaming revenues and number of patrons in Macau, Melco Resorts may make strategic decisions to focus on their other projects rather than us, which could adversely affect our development and operation of Studio City and future growth.
- *Related Party Transactions.* We have entered into a number of related party transactions, including the Management and Shared Services Arrangements, that we believe allow us to leverage off the experience and scale of Melco Resorts. While these arrangements were entered into at pre-agreed rates that we believe are commercially reasonable, the determination of such commercial terms were subject to judgment and estimates and we may have obtained different terms for similar types of services had we entered into such arrangements with independent third parties or had we not been a subsidiary of Melco Resorts.
- *Our Board Members and Executive Officers May Have Conflicts of Interest.* Certain of our directors are also the directors and/or executive officers of Melco Resorts and our property president also serves on Melco Resorts' executive committee. In addition, our senior management team (including staff of Melco Resorts designated to Studio City under the Management and Shared Services Arrangements) also has reporting obligations to Melco Resorts. These relationships could create, or appear to create, conflicts of interest when these persons are faced with decisions with potentially different implications for Melco Resorts and us. See “— Risks Relating to Our Business — We rely on services provided by subsidiaries of Melco Resorts, including hiring and training of personnel for Studio City” and “— Certain of our directors and executive officers hold a substantial amount of share options, restricted shares and ordinary shares of Melco Resorts, which could create an appearance of potential conflicts of interests.” While we have appointed independent directors to our board of directors, and our audit and risk committee consists solely of independent directors, due to the nature of their role as independent directors, such directors may not have access to the same information, resources and support as directors who are also directors of Melco Resorts, which may hinder their ability to eliminate all conflicts of interest presented by our relationships with Melco Resorts.

- *Developing Business Relationships with Melco Resorts' Competitors.* So long as Melco Resorts remains our controlling shareholder, we may be limited in our ability to do business with its competitors, such as other gaming operators in Macau. This may limit our ability to market our services for the best interests of our company and our other shareholders.

We expect to operate, for as long as Melco Resorts is our controlling shareholder, as a subsidiary of Melco Resorts. Melco Resorts may from time to time make strategic decisions that it believes are in the best interests of its business as a whole, including our company. These decisions may be different from the decisions that we would have made on our own. Melco Resorts' decisions with respect to us or our business may be resolved in ways that favor Melco Resorts and therefore Melco Resorts' own shareholders, which may not coincide with the interests of our other shareholders. We may not be able to resolve any potential conflicts, and even if we do so, the resolution may be less favorable to us than if we were dealing with a non-controlling shareholder. Even if both parties seek to transact business on terms intended to approximate those that could have been achieved among unaffiliated parties, this may not succeed in practice.

Certain of our directors and executive officers hold a substantial amount of share options, restricted shares and ordinary shares of Melco Resorts, which could create an appearance of potential conflicts of interests.

Certain of our directors and executive officers hold a substantial amount of share options, restricted shares and ordinary shares of Melco Resorts, and the value of such share options and restricted shares are related to the value of the ordinary shares of Melco Resorts. In addition, our directors and executive officers are eligible to participate in the share incentive plan of Melco Resorts. See "Item 6. Directors, Senior Management and Employees — B. Compensation of Directors and Executive Officers — Share Incentive Plan." The direct and indirect interests of our directors and executive officers in the ordinary shares of Melco Resorts and the presence of certain directors and executive officers of Melco Resorts on our board of directors could create, or appear to create, conflicts of interest with respect to matters involving both Melco Resorts and us that could have different implications for Melco Resorts and us. For example, potential conflicts of interest could arise in connection with the resolution of any dispute between Melco Resorts and us, or the affiliates of Melco Resorts and us, regarding the terms of the arrangements we have with Melco Resorts or its affiliates. These arrangements include the Services and Right to Use Arrangements, the Management and Shared Services Arrangements and any commercial agreements between Melco Resorts and us, or the affiliates of Melco Resorts and us. Potential conflicts of interest may also arise out of any commercial arrangements that Melco Resorts and us may enter into in the future. Similar potential conflicts may also arise related to the pursuit of certain opportunities, including growth opportunities in Macau or elsewhere.

Changes in Melco Resorts' share ownership, including a change of control of its subsidiaries' shares, could result in our inability to draw loans or cause events of default under our indebtedness, or could require us to prepay or make offers to repurchase certain indebtedness.

Credit facility agreements relating to certain of our indebtedness contain change of control provisions, including in respect of Melco Resorts' obligations relating to the control and/or ownership of certain of its and our subsidiaries including their and our assets. Under the terms of such credit facility agreements, the occurrence of certain change of control events, including a decline below certain thresholds in the aggregate direct or indirect shareholdings in certain of Melco Resorts' subsidiaries, including Studio City Holdings Five Limited, Studio City Finance and Studio City Investments, may result in an event of default and/or a requirement to prepay the credit facilities in relation to such indebtedness in full.

The terms of the agreement of certain indebtedness also contain change of control provisions whereby the occurrence of a relevant change of control event will require us to offer to repurchase the securities at a price equal to 101% of their principal amount, plus accrued and unpaid interest and, if any, additional amounts and other amount specified under such indebtedness to the date of repurchase.

Any occurrence of these events could be outside our control and could result in events of default and cross-defaults which may cause the termination and acceleration of our credit facilities and other indebtedness and potential enforcement of remedies by our lenders or note holders (as the case may be), which would have a material adverse effect on our financial condition and results of operations.

Risks Relating to Conducting Business in Macau

Our business, financial condition and results of operations may be materially and adversely affected by any economic slowdown in Macau, China and nearby Asia regions as well as globally.

All of our operations are in Macau. Accordingly, our business development plans, results of operations and financial condition may be materially adversely affected by significant political, social and economic developments in Macau and China. A slowdown in economic growth in China could adversely impact the number of visitors from China to Studio City as well as the amount they are willing to spend in our hotel, restaurants and other facilities as well as at Studio City Casino, which could have a material adverse effect on our results of the operations and financial condition. A number of measures taken by the Chinese government in recent years to control the rate of economic growth, including those designed to tighten credit and liquidity, have led to a slowdown of China's economy. According to the National Bureau of Statistics of China, China's GDP growth rate was 6.6% in 2018, which is lower than the 6.9% growth rate in 2017, and any slowdown in its future growth may have an adverse impact on financial markets, currency exchange rates, as well as the spending of visitors in Macau and Studio City. In addition, in 2018, the value of the Renminbi depreciated approximately 5.4% against the U.S. Dollar. There is no guarantee that economic downturns, whether actual or perceived, any further decrease in economic growth rates or an otherwise uncertain economic outlook in China will not occur or persist in the future, that they will not be protracted or that governments will respond adequately to control and reverse such conditions, any of which could materially and adversely affect our business, financial condition and results of operations.

In addition, the global macroeconomic environment is facing challenges, including the escalation of the European sovereign debt crisis since 2011, the end of quantitative easing by the U.S. Federal Reserve, the economic slowdown in the Eurozone in 2014 and the escalation of international trade conflicts, including the trade disputes between the United States and China and the potential further escalation of trade tariffs and related retaliatory measures between these two countries and globally. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world's leading economies, including the United States and China. There have been concerns over unrest and terrorist threats in the Middle East, Europe and Africa, which have resulted in volatility in oil and other markets, and over the conflicts involving Ukraine and Syria and potential conflicts involving the Korean peninsula. Any severe or prolonged slowdown in the global economy may materially and adversely affect our business, results of operations and financial condition. In addition, continued turbulence in the international markets may adversely affect our ability to access capital markets to meet liquidity needs.

Studio City Casino's operations could be adversely affected by foreign exchange restrictions on the Renminbi.

Gaming operators in Macau are currently prohibited from accepting wagers in Renminbi, the currency of China. There are currently restrictions on the export of the Renminbi outside of China, including to Macau. For example, Chinese citizens traveling abroad are only allowed to take a total of RMB20,000 plus the equivalent of up to US\$5,000 out of China. Moreover, an annual limit of RMB100,000 (US\$14,538) on the aggregate amount that can be withdrawn overseas from Chinese bank accounts was set by the Chinese government, with effect on January 1, 2018. In addition, the Chinese government's ongoing anti-corruption campaign has led to tighter monetary transfer regulations, including real-time monitoring of certain financial channels, reducing the amount that China-issued ATM cardholders can withdraw in each withdrawal, imposing a limit on the annual aggregate amount that may be withdrawn and the launch of facial recognition and identity card checks with respect to certain ATM users, which could disrupt the amount of money visitors can bring from mainland China to Macau. Furthermore, the Macau government has launched identity card checks with respect to certain ATM users and recently recommended banks perform adequate due diligence and monitoring of merchants with respect to usage of point-of-sales machines, such as cash registers where a customer is charged for goods or services purchased. These measures may limit liquidity availability and curb capital outflows. In addition, on June 12, 2017, a law with respect to the control of cross-border transportation of cash and other negotiable instruments to the bearer was enacted and came into effect on November 1, 2017. In accordance with such law, all individuals entering Macau with an amount in cash or negotiable instrument to the bearer equal to or higher than the amount of MOP120,000 (US\$14,876) as determined by the Chief Executive of Macau are required to

declare such amount to the customs authorities. For further details, please refer to “Item 4. Information on the Company — B. Business Overview — Control of Cross-border Transportation of Cash Regulations.” Restrictions on the export of the Renminbi and related measures may impede the flow of gaming customers from China to Macau, inhibit the growth of gaming in Macau and negatively impact the operation of Studio City Casino.

Policies, campaigns and measures adopted by the PRC and/or Macau governments from time to time could materially and adversely affect our operations.

Our operating results may be adversely affected by:

- tightening of travel restrictions to Macau or austerity measures which may be imposed by the Chinese government;
- changes in government policies, laws and regulations, or in the interpretation or enforcement of these policies, laws and regulations;
- changes in cross-border fund transfer and/or foreign exchange regulations or policies effected by the Chinese and/or Macau governments;
- measures taken by the Chinese government to deter marketing of gaming activities to mainland Chinese residents by foreign casinos;
- measures that may be introduced to control inflation, such as interest rate increases or bank account withdrawal controls; and
- changes in the rate or method of taxation by the Macau government.

A significant number of the gaming customers of Studio City Casino come from, and are expected to continue to come from, China. Any travel restrictions imposed by China could disrupt the number of patrons visiting Studio City from China. Since mid-2003, under the Individual Visit Scheme, or IVS, Chinese citizens from certain cities have been able to travel to Macau individually instead of as part of a tour group. In mid-2008 through 2010, the Chinese government adjusted its visa policy and limited the number of visits Chinese citizens may make to Macau in a given time period. China also banned “zero fare tours,” popular among visitors to Macau from mainland China, whereby travelers avail the services of tour guides at minimal or no cost if they agree to shop in designated areas in exchange. Further, in 2014, the Chinese government and the Macau government tightened visa transit policies for mainland China residents. Starting on July 1, 2014, the Macau government has tightened transit visa rule implementation, limiting such travelers to a five-day stay, with documented proof that they were going to a third destination. From July 2015, Macau eased the restrictions and again allowed mainland Chinese passport holders who transit via the city to stay for up to seven days. While the Chinese government has in the past restricted and then loosened IVS travel frequently, it has recently indicated its intention to maintain tourism development by opening the IVS to more Chinese cities to visit Macau. In March 2016, for instance, the Ministry of Public Security of China announced a new practice to make it easier for some mainland Chinese citizens to apply for the IVS visa. It is unclear whether these and other measures will continue to be in effect or become more restrictive in the future. A decrease in the number of visitors from China would adversely affect Studio City’s results of operations.

In addition, certain policies and campaigns implemented by the Chinese government may lead to a decline in the number of patrons visiting Studio City and the amount of spending by such patrons. The strength and profitability of the gaming business depends on consumer demand for integrated resorts in general and for the type of luxury amenities that a gaming operator offers. Recent initiatives and campaigns undertaken by the Chinese government have resulted in an overall dampening effect on the behavior of Chinese consumers and a decrease in their spending, particularly in luxury good sales and other discretionary spending. For example, the Chinese government’s ongoing anti-corruption campaign has had an overall chilling effect on the behavior of Chinese consumers and their spending patterns both domestically and abroad. In addition, the number of patrons visiting Studio City may be affected by the Chinese government’s focus on deterring marketing of gaming to mainland Chinese residents by casinos and its initiatives to tighten monetary transfer regulations, increase

monitoring of various transactions, including bank or credit card transactions, reduce the amount that China-issued ATM cardholders can withdraw in each withdrawal and impose a limit on the annual aggregate amount that may be withdrawn. Recent conviction of staff of a foreign casino in China in relation to gaming related activities in China have created further regulatory uncertainty on marketing activities in China.

Our operations in Macau are also exposed to the risk of changes in laws and policies that govern operations of Macau-based companies. Tax laws and regulations may also be subject to amendment or different interpretation and implementation, thereby adversely affecting our profitability after tax. Further, certain terms of the Gaming Operator's subconcession may be subject to renegotiations with the Macau government in the future, including the premium amount the Gaming Operator will be obligated to pay the Macau government in order to continue operations at Studio City Casino. As Studio City Entertainment is expected to fund part of the premium for the operation of Studio City Casino, increased premium due to any renegotiations could have a material adverse effect on the results of our operations and financial condition.

Uncertainties in the legal systems in the PRC may expose us to risks.

Gaming related activities in the PRC, including marketing activities, are regulated by the PRC government and subject to various PRC laws and regulations. The PRC legal system continues to rapidly evolve and the interpretations of many laws, regulations and rules are not always uniform. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all. As a result, we may not be aware of all policies and rules imposed by the PRC authorities which may affect or relate to our business and operations. There is also no assurance that our interpretation of the laws and regulations that affect our activities and operations in the PRC is or will be consistent with the interpretation and application by the PRC governmental authorities. These uncertainties may impede our ability to assess our legal rights or risks relating to our business and activities. Any changes in the laws and regulations, or in the interpretation or enforcement of these laws and regulations, which affect gaming related activities in the PRC could have a material and adverse effect on our business and prospects, financial condition and results of operations.

In addition, PRC administrative and court authorities have significant discretion in interpreting and implementing statutory terms. Such discretion of the PRC administrative and court authorities increases the uncertainties in the PRC legal system and makes it difficult to evaluate the likely outcome of any administrative and court proceedings in the PRC. Any litigation or proceeding in the PRC may be protracted and result in substantial costs and diversion of our resources and management attention. Any such litigation or proceeding could have a material adverse effect on our business, reputation, financial condition and results of operations.

Terrorism, violent criminal acts and the uncertainty of war and other factors affecting discretionary consumer spending and leisure travel may reduce visitation to Macau and harm our operating results.

The strength and profitability of our business will depend on consumer demand for integrated resorts and leisure travel in general. Recent terrorist and violent criminal activities in Europe, the United States, Southeast Asia and elsewhere, military conflicts in the Middle East and natural disasters such as typhoons, tsunamis and earthquakes, among other things, have negatively affected travel and leisure expenditures. For example, in June 2017, there were multiple deaths at the Resorts World Manila entertainment complex in Pasay, Metro Manila, Philippines when a gunman caused a stampede and set fire to casino tables and slot machine chairs. Terrorism and other criminal acts of violence could have a negative impact on international travel and leisure expenditures, including lodging, gaming and tourism. We cannot predict the extent to which such acts may affect us, directly or indirectly, in the future.

In addition, other factors affecting discretionary consumer spending, including amounts of disposable consumer income, fears of recession, lack of consumer confidence in the economy, change in consumer preferences, high energy, fuel and other commodity costs and increased cost of travel may negatively impact our business. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel could materially adversely affect our business, results of operations and financial condition.

An outbreak of widespread health epidemics, contagious disease or any other outbreak may have an adverse effect on the economies of Macau or nearby regions and may have a material adverse effect on our business, financial condition and results of operations.

Our business could be materially and adversely affected by the outbreak of widespread health epidemics, such as swine flu, avian influenza, severe acute respiratory syndrome (SARS), Middle East respiratory syndrome (MERS), Zika or Ebola. The occurrence of such health epidemics, prolonged outbreak of an epidemic illness or other adverse public health developments in China or elsewhere in the world could materially disrupt our business and operations. Such events could significantly impact our industry and cause a temporary closure of the facilities we use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Guangdong Province, China, which is located across the Zhuhai Border from Macau, has confirmed several cases of avian flu. Fully effective avian flu vaccines have not been developed and there is evidence that the H5N1 virus is constantly evolving so we cannot assure you that an effective vaccine can be discovered or commercially manufactured in time to protect against the potential avian flu pandemic. In the first half of 2003, certain countries in Asia experienced an outbreak of SARS, a highly contagious form of atypical pneumonia, which seriously interrupted economic activities and caused the demand for goods and services to plummet in the affected regions.

The perception that an outbreak of health epidemics or contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia. In addition, our operations could be disrupted if any of our staff or others involved in our operations were suspected of having the swine flu, avian influenza, SARS, MERS, Zika or Ebola as this could require us to quarantine some or all of such staff or persons or disinfect the facilities used for our operations. Furthermore, any future outbreak may restrict economic activities in affected regions, which could result in reduced business volume and the temporary closure of our offices or otherwise disrupt our business operations and adversely affect our results of operations.

Macau is susceptible to typhoons and heavy rainstorms that may damage our property and disrupt our operations.

Macau's subtropical climate and location on the South China Sea renders it susceptible to typhoons, heavy rainstorms and other natural disasters. In the event of a major typhoon, such as Typhoon Hato in August 2017, Typhoon Mangkhut in September 2018 or other natural disaster in Macau, Studio City may be severely disrupted and adversely affected and Studio City Casino may even be required to temporarily cease operations by regulatory authorities. Any flooding, unscheduled cessation of operations, interruption in the technology or transportation services or interruption in the supply of public utilities is likely to result in an immediate, and possibly substantial, loss of revenues due to a shutdown of Studio City, including operations at Studio City Casino. Although we benefit from certain insurance coverage with respect to these events, our coverage may not be sufficient to fully indemnify us against all direct and indirect costs, including loss of business, which could result from substantial damage to, or partial or complete destruction of, Studio City or other damages to the infrastructure or economy of Macau.

Risks Relating to Our Shares and ADSs

We are a holding company. Our sole material asset is our equity interest in MSC Cotai and we will be accordingly dependent upon distributions from MSC Cotai to pay dividends and cover our corporate and other expenses.

We are a holding company and have no material assets other than our equity interest in MSC Cotai. We have also undertaken that we will not own equity interests in any other entity other than MSC Cotai and that we will contribute to MSC Cotai all net proceeds received by us from sales of equity securities and sales of assets. Please see "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions." Because we will have no independent means of generating revenue, our

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ability to pay dividends, if any, and cover our corporate and other expenses is dependent on the ability of MSC Cotai to generate revenue to pay such dividends and expenses. This ability, in turn, may depend on the ability of MSC Cotai's subsidiaries to make distributions to it. The ability of MSC Cotai and its subsidiaries to make such distributions will be subject to, among other things, (i) the applicable laws and regulations of the relevant jurisdictions that may limit the amount of funds available for distribution, (ii) restrictions in the Participation Agreement or relevant debt instruments issued by MSC Cotai or its subsidiaries in which it directly or indirectly holds an equity interest and (iii) the availability of funds to distribute. To the extent that we need funds and MSC Cotai or its subsidiaries are restricted from making such distributions or payments under applicable law or regulation or under the terms of any financing arrangements, or are otherwise unable to provide such funds, our liquidity and financial condition could be materially and adversely affected.

Our listing was authorized by the Macau government subject to certain conditions imposed on the Gaming Operator, us and our direct and indirect shareholders. Failure by the Gaming Operator, us or our direct and indirect shareholders to comply with such conditions may result in our obligation to delist the ADSs from the New York Stock Exchange or have a material adverse effect on the operation of Studio City Casino.

Our listing was authorized by the Macau government subject to the continued satisfaction of certain conditions including the following:

- the company continues to hold, directly or indirectly, 100% of the equity interest of its subsidiary, Studio City Entertainment;
- Melco Resorts continues to hold, directly or indirectly, at least 50.1% of the equity interest in us;
- Melco International continues to hold, directly or indirectly, the majority of the equity interest in Melco Resorts; and
- Mr. Lawrence Ho, directly or indirectly, continues to hold the majority of the equity interest in Melco International to control such entity.

Under such authorization, the Gaming Operator is required to annually provide the Macau government with evidence with respect to the compliance with the above conditions. In addition, under such authorization, we and the Gaming Operator are also required to comply with the conditions imposed by the Macau government in connection with its approval of our entry into the Services and Right to Use Arrangements.

The Macau government also has the right to revoke the listing authorization if it deems that the listing is contrary to the public interest or in case of breach of the mentioned conditions. In case of revocation of the listing authorization by the Macau government, we may be required by the Macau government to delist the ADSs from the New York Stock Exchange. Failure to do so could result in the approval of the Services and Right to Use Arrangements being revoked, which would prevent us from receiving any amounts thereunder, in a closure order being issued with respect to the Studio City Casino or in the suspension or termination of the Gaming Operator's subconcession and consequently we may be unable to offer any gaming facilities at Studio City.

Participation in our initial public offering by our controlling shareholder and certain affiliates of another principal shareholder has reduced the available public float for our ADSs.

MCO Cotai, our controlling shareholder, and certain affiliates of New Cotai, one of our principal shareholders, participated in our initial public offering and were allocated 25,550,000 ADSs, or 77.3%, of the total amount of ADSs offered in our initial public offering at the initial public offering price. In addition, of the 33,075,890 ADSs (representing 132,303,560 Class A ordinary shares) outstanding, 15,330,000 ADSs, or 46.3% of such outstanding ADSs, are owned by MCO Cotai and, as of December 31, 2018, 10,405,700 ADSs, or 31.5% of such outstanding ADSs, are owned by certain affiliates of New Cotai. See "Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders."

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Such purchases and ownership reduced the otherwise available public float for our ADSs and the liquidity of our ADSs relative to what it would have been had these ADSs been purchased by other investors and thereby may adversely impact the trading price of our ADSs.

An active trading market for our ordinary shares or our ADSs may not develop and the trading price for our ADSs may fluctuate significantly.

Our ADSs are traded on the New York Stock Exchange. Prior to the completion of our initial public offering, there was no public market for our ADSs or our ordinary shares, and we cannot assure you that a liquid public market for our ADSs will develop. If an active public market for our ADSs does not develop, the market price and liquidity of our ADSs may be materially and adversely affected.

The trading price of our ADSs has been volatile since our ADSs began trading on The New York Stock Exchange and may be subject to fluctuations in the future, which could result in substantial losses to investors.

The trading price of our ADSs has been and may continue to be subject to wide fluctuations. Since our listing on October 18, 2018 to March 27, 2019, the trading prices of our ADSs ranged from US\$12.73 to US\$28.59 per ADS and the closing sale price on March 27, 2019 was US\$16.28 per ADS. The trading price of our ADSs may be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in Macau or China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- limited public float of our ADSs;
- uncertainties or delays relating to the financing, completion and successful operation of our remaining project for Studio City;
- developments in the Macau market or other Asian gaming markets, including the announcement or completion of major new projects by our competitors;
- general economic, political or other factors that may affect Macau, where Studio City is located;
- changes in the economic performance or market valuations of the gaming and leisure industry companies;
- changes in the Gaming Operator's market share of the Macau gaming market;
- regulatory developments affecting us or our competitors;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, Studio City or our industries;
- additions or departures of key personnel;
- fluctuations in the exchange rates between the U.S. dollar, H.K. dollar, Pataca and Renminbi;
- release or expiration of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities;
- sales or perceived sales of additional shares or ADSs or securities convertible or exchangeable or exercisable for shares or ADSs;

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- potential litigation or regulatory investigations; and
- rumors related to any of the above, irrespective of their veracity.

In addition, the securities market has from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our ADSs.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs depends in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades our ADSs or publishes inaccurate or unfavorable research about our business, the market price for our ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for our ADSs to decline.

Techniques employed by short sellers may drive down the market price of our ADSs.

Short selling is the practice of selling securities that the seller does not own but rather has borrowed from a third party with the intention of buying identical securities back at a later date to return to the lender. The short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. As it is in the short seller's interest for the price of the security to decline, many short sellers publish, or arrange for the publication of, negative opinions regarding the relevant issuer and its business prospects in order to create negative market momentum and generate profits for themselves after selling a security short. These short attacks have, in the past, led to selling of shares in the market.

Public companies that have substantially all of their operations in Greater China have been the subject of short selling. Much of the scrutiny and negative publicity has centered on allegations of a lack of effective internal control over financial reporting resulting in financial and accounting irregularities and mistakes, inadequate corporate governance policies or a lack of adherence thereto and, in many cases, allegations of fraud. As a result, many of these companies are now conducting internal and external investigations into the allegations and, in the interim, are subject to shareholder lawsuits and/or SEC enforcement actions.

It is not clear what effect such negative publicity could have on us. If we were to become the subject of any unfavorable allegations, whether such allegations are proven to be true or untrue, we could have to expend a significant amount of resources to investigate such allegations and/or defend ourselves. While we would strongly defend against any such short seller attacks, we may be constrained in the manner in which we can proceed against the relevant short seller by principles of freedom of speech, applicable law or issues of commercial confidentiality. Such a situation could be costly and time-consuming, and could distract our management from

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growing our business. Even if such allegations are ultimately proven to be groundless, allegations against us could severely impact our business operations, and any investment in our ADSs could be greatly reduced or even rendered worthless.

Holders of ADSs have fewer rights than shareholders and must act through the depositary to exercise those rights.

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Class A ordinary shares of the depositary and in accordance with the provisions of the deposit agreement. Advance notice of at least seven days is required for the convening of our annual general meeting and other shareholders meetings. When a general meeting is convened, you may not receive sufficient notice of a shareholders' meeting to permit you to withdraw Class A ordinary shares represented by your ADSs to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send voting instructions to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but we cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. The depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to convene a shareholder meeting.

Your rights to pursue claims against the depositary as a holder of ADSs are limited by the terms of the deposit agreement. In addition, parties to the Participation Agreement have agreed to resolve any disputes by arbitration.

As a holder of our ADSs, you are a party to the deposit agreement under which our ADSs are issued. Under the deposit agreement, any action or proceeding against or involving the depositary arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of you owning the ADSs may only be instituted in a state or federal court in New York, New York. In addition, under the deposit agreement, you, as a holder of our ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. The depositary may, however, in its sole discretion, require that any dispute or difference arising from the relationship created by the deposit agreement be referred to and finally settled by an arbitration proceeding to be conducted under the terms described in the deposit agreement, which may include claims arising under the U.S. federal securities laws and claims not in connection with our initial public offering, although the arbitration provisions do not preclude you from pursuing claims under the U.S. federal securities laws in federal courts. Furthermore, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the terms and subject to the conditions of the deposit agreement as amended.

In addition, the Participation Agreement, pursuant to which MSC Cotai granted the Participation Interest to New Cotai, provides that all disputes arising out of the Participation Agreement must be resolved through arbitration proceedings subject to certain limited exceptions and such provision will affect the manner by which New Cotai or any other parties to the Participation Agreement may pursue any claim or action arising out of the Participation Agreement. For more information, see "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions — Participation Agreement."

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our Class A ordinary shares provides that, subject to the depository's right to require a claim to be submitted to arbitration, the federal or state courts in the City of New York have exclusive jurisdiction to hear and determine claims arising under the deposit agreement and in that regard, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depository arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depository opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with applicable state and federal law. The enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the U.S. federal securities laws has not been finally adjudicated by the United States Supreme Court. However, based on past court decisions, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depository in connection with matters arising under the deposit agreement or the ADSs, including claims under the U.S. federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us and/or the depository. If a lawsuit is brought against us and/or the depository under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision is not enforced, to the extent a court action proceeds, it would proceed under the terms of the deposit agreement as a jury trial.

Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings, and you may not receive cash dividends if it is unlawful or impractical to make them available to you.

We may, from time to time, distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the United States unless we register the rights and the securities to which the rights relate under the Securities Act of 1933, or the Securities Act, or an exemption from the registration requirements is available. Also, under the deposit agreement, the depository bank will not make rights available to you unless the distribution to ADS holders of both the rights and any related securities are either registered under the Securities Act, or exempted from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective. Moreover, we may not be able to establish an exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings and may experience dilution in your holdings.

In addition, the depository of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depository may, at its discretion, decide that it is unlawful,

inequitable or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. Also, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property and you will not receive such distribution. Except as otherwise provided under the Registration Rights Agreement, we have no obligation to register under U.S. securities laws any ADSs, Class A ordinary shares, rights or other securities received through such distributions. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Registration Rights Agreement.” We also have no obligation to take any other action to permit the distribution of ADSs, Class A ordinary shares, rights or anything else to holders of ADSs.

Substantial future sales or perceived potential sales of our ADSs, ordinary shares or other equity securities in the public market could cause the price of our ADSs to decline significantly.

New Cotai owns 72,511,760 Class B ordinary shares, representing approximately a 23.1% voting, non-economic interest in our company. New Cotai also has a Participation Interest, which entitles New Cotai to receive from MSC Cotai an amount equal to approximately 30.0% of the amount of any distribution, dividend or other consideration paid by MSC Cotai to us, subject to adjustments, exceptions and conditions. Under the Participation Agreement, New Cotai and its permitted transferees will be entitled to exchange its Participation Interest for Class A ordinary shares. We have granted registration rights with respect to the Class A ordinary shares delivered in exchange for Participation Interests. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions” and “— Registration Rights Agreement.”

In addition, certain affiliates of New Cotai, as of December 31, 2018, beneficially own 41,622,800 Class A ordinary shares in the form of ADSs, representing 17.2% of our outstanding Class A ordinary shares, while Melco International beneficially owns 170,834,928 Class A ordinary shares, representing 70.6%, of our outstanding Class A ordinary shares. See “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders.”

Sales of substantial amounts of our ADSs in the public market, including upon the exchange of all or part of the Participation Interest by New Cotai or its permitted transferees, or the perception that these sales could occur, could adversely affect the market price of our ADSs and could materially impair our ability to raise capital through equity offerings in the future. ADSs held by holders who are not affiliates of our company will be freely tradeable without restriction or further registration under the Securities Act, and shares and ADSs held by our affiliates (in each case, to the extent such holders are deemed to be affiliates of the Company) may also be sold in the public market subject to the restrictions in Rule 144 and Rule 701 under the Securities Act and the applicable lock-up agreements. The ADSs represent interests in our Class A ordinary shares. We would, subject to market forces, expect there to be a close correlation in the price of our ADSs and the price of the Class A ordinary shares and any factors contributing to a decline in one market is likely to result to a similar decline in another.

In connection with our initial public offering, we, MCO Cotai, New Cotai, certain affiliates of New Cotai, and our directors and officers have agreed with the underwriters of our initial public offering, subject to certain exceptions, not to sell, transfer or otherwise dispose of any ADSs, ordinary shares or similar securities or any securities convertible into or exchangeable or exercisable for our ordinary shares or ADSs, for a period ending 180 days after the date of the prospectus of our initial public offering without the prior written consent of the underwriters, subject to certain exceptions. However, the underwriters may release these securities from these restrictions at any time, subject to applicable regulations of the Financial Industry Regulatory Authority. We cannot predict what effect, if any, market sales of securities held by our significant shareholders or any other shareholder or the availability of these securities for future sale will have on the market price of our ADSs.

The depositary for our ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for our ADSs, the depositary will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs at shareholders' meetings if you do not give voting instructions to the depositary, unless:

- we have failed to timely provide the depositary with our notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- voting at the meeting is made on a show of hands.

The effect of this discretionary proxy is that, if you fail to give voting instructions to the depositary, you cannot prevent our Class A ordinary shares underlying your ADSs from being voted, absent the situations described above, and it may make it more difficult for shareholders to influence our management. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.

We currently intend to retain most, if not all, of our available funds and any future earnings to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. See "Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy" and note 12 to the consolidated financial statements included elsewhere in this annual report. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of the laws of the Cayman Islands. Under the laws of the Cayman Islands, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on your investment in our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our ADSs will appreciate in value or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

You may be subject to limitations on the transfer of your ADSs.

Your ADSs are transferable on the books of the depositary. However, the depositary may close its books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs

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generally when our share register or the books of the depository are closed, or at any time if we deem or the depository deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

You may have difficulty enforcing judgments obtained against us.

We are a company incorporated under the laws of the Cayman Islands and substantially all of our assets are located outside the United States. All of our current operations are conducted in Macau. As a result, it may be difficult or impossible for you to bring an action against us in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. It may also be difficult for you to enforce in the Cayman Islands and Macau courts judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our directors and executive officers. In addition, there is uncertainty as to whether the courts of the Cayman Islands and Macau would recognize or enforce judgments of U.S. courts against us or such individuals predicated upon the civil liability provisions of the securities laws of the United States or any state. It is also uncertain whether such Cayman Islands and Macau courts would be competent to hear original actions brought in the Cayman Islands and Macau against us or such individuals predicated upon the securities laws of the United States or any state. For more information regarding the relevant laws of the Cayman Islands and Macau.

We are a foreign private issuer within the meaning of the rules under the Securities Exchange Act of 1934, or the Exchange Act, and as such we are exempt from certain provisions applicable to domestic public companies in the United States.

Because we are a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including: (i) the rules under the Exchange Act requiring the filing of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis through press releases, distributed pursuant to the rules and regulations of the New York Stock Exchange. Press releases relating to financial results and material events will be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by U.S. domestic issuers.

As a Cayman Islands exempted company applying to list our ADSs on the New York Stock Exchange, we are subject to New York Stock Exchange corporate governance listing standards. However, the New York Stock Exchange rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from New York Stock Exchange corporate governance listing standards. For instance, shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. In addition, we rely on this “home country practice” exception and do not have a majority of independent directors serving on our board. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

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As a “controlled company” within the meaning of the New York Stock Exchange corporate governance rules, we are eligible to, and, in the event we no longer qualify as a foreign private issuer, we intend to elect not to comply with certain of the New York Stock Exchange corporate governance standards, including the requirement that a majority of directors on our board of directors be independent directors.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. To the extent we choose to follow home country practice with respect to corporate governance matters, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

We will incur increased costs as a result of being a public company.

As a newly-listed public company, we expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and the New York Stock Exchange, impose various requirements on the corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. We expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we have increased the number of independent directors and adopted policies regarding internal controls and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors or as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

We are a Cayman Islands exempted company and, because judicial precedent regarding the rights of shareholders is more limited under Cayman Islands law than that under U.S. law, you may have less protection for your shareholder rights than you would under U.S. law.

We are an exempted company incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law of the Cayman Islands and the common law of the Cayman Islands. The rights of shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands has a less developed body of securities laws than the United States. Some U.S. states, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records (other than the memorandum and articles of association) or to obtain copies of lists of shareholders of these companies. Our directors have discretion under our articles of association to determine whether or not, and under what conditions, our corporate records may be inspected by our

shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder motion or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as shareholders of a U.S. public company. For a discussion of significant differences between the provisions of the Companies Law of the Cayman Islands and the laws applicable to companies incorporated in the United States and their shareholders, see “Item 10. Additional Information — B. Memorandum and Articles of Association — Differences in Corporate Law.”

If we are a passive foreign investment company for United States federal income tax purposes for any taxable year, United States holders of our ADSs could be subject to adverse United States federal income tax consequences.

A non-United States corporation will be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year if either (i) at least 75% of its gross income for such taxable year is passive income or (ii) at least 50% of the value of its assets (based on an average of the quarterly values) during such year is attributable to assets that produce or are held for the production of passive income. Based on the value of our assets and the composition of our income and assets, we do not believe we were a PFIC for United States federal income tax purposes for our taxable year ended December 31, 2018. However, the determination of whether or not we are a PFIC according to the PFIC rules is made on an annual basis and will depend on the composition of our income and assets and the value of our assets from time to time. Therefore, changes in the composition of our income or assets or the value of our assets may cause us to become a PFIC. The determination of the value of our assets (including goodwill not reflected on our balance sheet) may be based, in part, on the quarterly market value of our ADSs, which is subject to change and may be volatile.

The classification of certain of our income as active or passive, and certain of our assets as producing active or passive income, and hence whether we are or will become a PFIC, depends on the interpretation of certain United States Treasury Regulations as well as certain IRS guidance relating to the classification of assets as producing active or passive income. Such regulations and guidance are potentially subject to different interpretations. If due to different interpretations of such regulations and guidance the percentage of our passive income or the percentage of our assets treated as producing passive income increases, we may be a PFIC in one or more taxable years.

If we are a PFIC for any taxable year during which a United States person holds ADSs, certain adverse United States federal income tax consequences could apply to such United States person. See “Item 10. Additional Information — E. Taxation — United States Federal Income Taxation — Passive Foreign Investment Company.”

If a United States person is treated as owning at least 10% of our shares, such holder may be subject to adverse U.S. federal income tax consequences.

If a United States person is treated as owning (directly, indirectly or constructively) at least 10% of the value or voting power of our stock (including our ordinary shares and ADSs), such person may be treated as a “United States shareholder” with respect to us. A United States shareholder of a “controlled foreign corporation” may be required to report annually and include in its U.S. taxable income its pro rata share of “Subpart F income,” “global intangible low-taxed income” and investments in U.S. property by controlled foreign corporations, regardless of whether we make any distributions. An individual that is a United States shareholder with respect to a controlled foreign corporation generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a United States shareholder that is a U.S. corporation. Failure to comply with these reporting obligations may subject you to significant monetary penalties and may prevent the statute of

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limitations with respect to your U.S. federal income tax return for the year for which reporting was due from starting. We cannot provide any assurances that we will assist investors in determining whether we are a controlled foreign corporation or whether such investor is treated as a United States shareholder with respect to us or furnish to any United States shareholders information that may be necessary to comply with the aforementioned reporting and tax paying obligations. A United States investor should consult its advisors regarding the potential application of these rules to an investment in the stock.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

We were established as an international business company, limited by shares, under the laws of the British Virgin Islands as CYBER ONE AGENTS LIMITED on August 2, 2000 and subsequently re-registered as a business company, limited by shares, under the British Virgin Islands Business Companies Act, 2004. New Cotai acquired a 40% equity interest in us on December 6, 2006. MCO Cotai acquired a 60% equity interest in us on July 27, 2011. Melco Resorts is an exempted company incorporated with limited liability under the laws of the Cayman Islands and its American Depositary Shares are listed on the NASDAQ Global Select Market in the United States. On January 17, 2012, our name was changed from CYBER ONE AGENTS LIMITED to STUDIO CITY INTERNATIONAL HOLDINGS LIMITED.

In October 2001, we were granted a land concession in Cotai by the Macau government for the development of Studio City, a cinematically-themed and integrated entertainment, retail and gaming resort. Studio City commenced operations on October 27, 2015. We conduct our principal activities through our subsidiaries, which are primarily located in Macau. We currently operate the non-gaming operations of Studio City. The Gaming Operator operates the Studio City Casino. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions.”

Prior to the completion of our initial public offering, we engaged in a series of organizational transactions, or the Organizational Transactions, through which substantially all of our assets and liabilities were contributed to our subsidiary, MSC Cotai, a business company limited by shares incorporated in the British Virgin Islands, in exchange for newly-issued shares of MSC Cotai. For more information on the Organizational Transactions, see “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions.” In connection with such Organizational Transactions, we redomiciled by way of continuation as an exempted company incorporated with limited liability under the laws of the Cayman Islands on October 15, 2018.

In October 2018, we completed the initial public offering of our ADSs, each of which represents four Class A ordinary shares, and listed our ADSs on The New York Stock Exchange under the symbol “MSC.” For more information on our corporate structure, see “— C. Organizational Structure.”

For a description of our principal capital expenditures for the years ended December 31, 2018, 2017, and 2016, see “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources.”

Our principal executive offices are located at 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. Our telephone number at this address is 852-2598-3600 and our fax number is 852-2537-3618. Our website is www.studiocity-macau.com. The information contained on our website is not part of this annual report on Form 20-F.

The SEC maintains an internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

B. BUSINESS OVERVIEW

Overview

Studio City is a world-class gaming, retail and entertainment resort located in Cotai, Macau and its principal operating activities are the provision of gaming related services and the hospitality business in Macau. Studio City Casino has 250 mass market gaming tables and approximately 970 gaming machines, which we

believe provide higher margins and attractive long-term growth opportunities. The mass market focus of Studio City Casino is currently complemented with junket and premium direct VIP rolling chip operations, which include 45 VIP rolling chip tables. Our cinematically-themed integrated resort is designed to attract a wide range of customers by providing highly differentiated non-gaming attractions, including the world's first figure-8 Ferris wheel, a Warner Bros.-themed family entertainment center, a 4-D Batman flight simulator, an exclusive night club and a 5,000-seat live performance arena. Studio City features approximately 1,600 luxury hotel rooms, diverse food and beverage establishments and approximately 35,000 square meters (approximately 377,000 square feet) of complementary retail space. Studio City was named *Casino/Integrated Resort of the Year in 2016* by the International Gaming Awards.

Studio City is strategically located in Cotai, as the only property directly adjacent to the Lotus Bridge immigration checkpoint and one of the few dedicated Cotai hotel-casino resort stops planned on the Macau Light Rapid Transit Line. The Lotus Bridge connects Cotai with Hengqin Island in Zhuhai, China, a designated special economic district in China undergoing significant business and infrastructure development.

Studio City is rapidly ramping up since commencing operations in October 2015. We have grown total revenues from US\$424.5 million in 2016 to US\$539.8 million in 2017 and further to US\$571.2 million in 2018, and generated net losses attributable to Studio City International Holdings Limited of US\$242.8 million, US\$76.4 million and US\$21.6 million, respectively, for these periods. We increased our adjusted EBITDA from US\$123.0 million in 2016 to US\$279.1 million in 2017 and further to US\$314.8 million in 2018, and expanded our adjusted EBITDA margin from 29.0% to 51.7% and further to 55.1%, respectively, for these periods.

Studio City Casino is operated by the Gaming Operator, one of the subsidiaries of Melco Resorts and a holder of a gaming subconcession, and we operate the non-gaming businesses of Studio City.

We generated all of our revenues for each of the years ended December 31, 2016, 2017 and 2018 from our operations in Macau, the sole market in which we compete to operate. For further information on the Macau gaming market, see “— Market and Competition — Macau Gaming Market.”

Gaming

Studio City Casino currently consists of a mass market table gaming area, a gaming machine area and a VIP gaming area, with a total operating gross floor area of 23,745 square meters, located on the first two floors of Studio City. Studio City Casino gaming customers currently include mass market and VIP rolling chip players. Studio City Casino catered exclusively to mass market players until it launched its VIP rolling chip operations in November 2016, including both junket and premium direct VIP offerings. For the years ended December 31, 2018, 2017 and 2016, Studio City Casino's gross gaming revenues was US\$1,583.8 million, US\$1,438.1 million and US\$706.2 million, respectively.

Studio City Casino currently has 250 mass market gaming tables, approximately 970 gaming machines and 45 VIP rolling chip tables. These gaming tables offer gaming patrons a variety of options including baccarat, three card baccarat, fortune baccarat, blackjack, craps, Caribbean stud poker, roulette, sic bo, fortune 3 card poker and other games. In January 2019, the Gaming Operator informed us that it will cease the operation of VIP rolling chip tables at the Studio City Casino on January 15, 2020. Our management team is in the process of assessing the potential impact of the cessation of VIP rolling chip operations with a view to developing the appropriate mitigation strategy. We currently expect our business strategy going forward to continue to focus on cultivating further growth in the mass market segment at the Studio City Casino and enhance our differentiated non-gaming amenities to complement our gaming operations.

Mass Market Segment

The mass market gaming area caters to mass market gaming patrons and offers a full range of games, 24 hours daily. The layout of the gaming floor is organized using the different market segments that Studio City

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Casino targets, namely the mainstream mass market and the premium mass market. The premium mass market gaming area has decorations and features distinctive from the mainstream mass market gaming area.

Studio City Casino's mass market table games drop and hold percentage were US\$3,272.9 million and 26.5% in 2018, respectively, US\$2,913.0 million and 26.1% in 2017, respectively, and US\$2,480.0 million and 24.7% in 2016, respectively. As a result, Studio City Casino had gross gaming revenue from mass market table games of US\$868.5 million, US\$759.1 million and US\$611.6 million in 2018, 2017 and 2016, respectively. Studio City Casino's gaming machine handle and gaming machine win rate were US\$2,479.9 million and 3.4% in 2018, respectively, US\$2,120.5 million and 3.7% in 2017, respectively, and US\$2,002.3 million and 3.8% in 2016, respectively. As a result, Studio City Casino had gross gaming revenue from gaming machine of US\$83.9 million, US\$78.2 million and US\$76.0 million in 2018, 2017 and 2016, respectively. Average net win per gaming machine per day in 2018, 2017 and 2016 was US\$240, US\$225 and US\$189, respectively.

Going forward, Studio City Casino will continue to re-examine the mass market gaming areas to maximize table utilization, to innovate gaming products and to invest in technologies and analytical capability to enhance table productivity and customer retention.

VIP Rolling Chip Segment

In November 2016, Studio City Casino introduced VIP rolling chip operations, including both junket and premium direct VIP offerings, and currently has 45 VIP rolling chip tables. The VIP rolling chip area is comprised of private gaming salons or areas that have restricted access to rolling chip patrons and offer more personalized and ultra-premium services than the mainstream and premium mass market gaming areas. It is also situated at a higher level than the mass market gaming areas with generally higher-end dining and beverage options and special decorations. In January 2019, the Gaming Operator informed us that it will cease the operation of VIP rolling chip tables at the Studio City Casino on January 15, 2020. Studio City Casino's VIP rolling chip volume, VIP rolling chip win rate and VIP rolling chip gross gaming revenue were US\$21,236.9 million, 2.97% and US\$631.4 million, respectively, in 2018, US\$19,003.9 million, 3.16% and US\$600.8 million, respectively, in 2017 and US\$1,343.6 million, 1.39% and US\$18.6 million, respectively, in 2016.

Hotel

Studio City includes self-managed luxury hotel facilities with approximately 1,600 hotel rooms, all elegantly furnished and complete with services and amenities to match. The hotel facilities include indoor and outdoor swimming pools, beauty salon, spa, fitness centers and other amenities. The Studio City hotel features two distinct towers, enabling it to provide a variety of accommodation selections to visitors. The premium all-suite Star Tower offers approximately 600 suites complete with lavish facilities and dedicated services for a luxury retreat. There are five types of suites which range in size from the Star Premier King Suite at 62 square meters to the Star Grand Suite at 185 square meters which includes a living room, dining room and a separate bedroom. Personalized check-in, private indoor heated pool and health club can be enjoyed by all Star Tower guests. The Celebrity Tower with approximately 1,000 rooms brings a deluxe hotel experience to a board range of travelers, which includes access to all of the entertainment facilities offered by Studio City. It offers seven different room packages ranging from the Celebrity King at 42 square meters to the Celebrity Suite at 85 square meters. The following table sets forth certain data with respect to our hotel for the years indicated:

	For the Year Ended December 31,		
	2018	2017	2016
Average daily rate (US\$)	138	140	136
REVPAR (US\$)	138	138	133
Occupancy rate	100%	99%	98%

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Studio City is currently one of only 11 Triple Five-Star Winners in the world garnering the Forbes Travel Guide Five-Star recognition for its hotel, spa and restaurant.

Dining

We believe that our selection of dining options that include restaurants, bars and lounges offering a diverse selection of local, regional and international cuisine attracts more visitors to Studio City. Studio City offers both high-end and casual dining restaurants, cafes, bars and lounges to cater to the tastes and preferences of our patrons. Over 20 food and beverage outlets are located throughout Studio City, including traditional Cantonese, Shanghainese, northern Chinese, South East Asian, Japanese, Italian and other western and international cuisines as well as local Macau cuisine. Studio City offers gourmet dining with a range of signature restaurants including one Michelin-starred *Pearl Dragon*. We also offer light snacks and souvenirs within our Warner Bros. Fun Zone, a 32,000 square foot playground replete with all the popular Warner Bros., DC Comics and Hanna-Barbera characters.

Retail

Studio City has over 35,000 square meters of themed and innovative retail space at the lower levels of the property. It has a net leasable area of approximately 27,000 square meters. The retail mall showcases a variety of shops and food and beverage offerings including a small portion of our self-operated retail outlets.

The Boulevard at Studio City provides a unique retail experience to visitors. The immersive retail entertainment environment at Studio City enables visitors to shop in a streetscape environment with featured streets and squares inspired by iconic shopping and entertainment locations, including New York's Times Square and Beverly Hills' Rodeo Drive. Studio City's retail space offers a mix of fashion-forward labels and internationally-renowned luxury brands, such as Balmain, Bottega Veneta, Bvlgari, Calvin Klein Platinum, Coach, Emporio Armani, Fendi, Givenchy, Graff, Gucci, IWC, Longines, Prada, Tiffany & Co., Vacheron Constantin and Versace Collection as well as personal shopper services. At the connection between the two themed retail streets lies Times Square Macau, which features a Legend Heroes Virtual Reality Attraction featuring state of the art virtual reality equipment and rides.

Entertainment

Macau is an increasingly popular tourist destination and in order to attract more tourists and locals, Studio City incorporated many entertainment themes and elements which appeal to the mainstream mass consumer. Our diverse, immersive and entertainment-driven experiences and innovative venues cater to a wide range of demographic groups, including young professionals and families with children. As a major tourist attraction in Macau, Studio City's premier entertainment offerings help to drive visitation to our property. Studio City's entertainment offerings include:

- *Golden Reel* — an iconic landmark of Macau, it is the world's first figure-8 and Asia's highest Ferris wheel. The Golden Reel rises approximately 130 meters high between Studio City's Art Deco-inspired twin hotel towers. The iconic landmark features 17 spacious Steampunk-themed cabins that can each accommodate up to ten passengers. During 2018, the Golden Reel attracted over 500,000 visitors.
- *Batman Dark Flight* — the world's first flight simulation ride based on the "Batman" franchise. Enhanced with the latest in flight simulation technology and the very best in audio design and visual graphics, this immersive flying theater 4D motion ride provides thrill-seekers with a dynamic flying experience based on a multi-sensory, action-packed, digitally-animated Batman storyline with Batman's heart-stopping encounters. Our Batman Dark Flight ride attracted over 200,000 visitors in 2018.
- *Warner Bros. Fun Zone* — a 32,000-square-foot indoor play center packed with rides and interactive fun zones themed around popular characters from Warner Bros.' DC Comics, Hanna-Barbera Productions and Looney Tunes entertainment franchises in a secure environment, complete with on-site

child concierge services. The Warner Bros. Fun Zone targets kids of all ages, where kids can enjoy an immersive play experience with characters including Bugs Bunny, Tweety Pie, Sylvester, Taz and Daffy Duck. A range of shops and restaurants, a cartoon cinema and a designated birthday venue with different customizable rooms are also featured at the venue, providing families with children with memorable opportunities to interact and meet with iconic cartoon characters.

- *Studio 8* — the only TV studio facility in Macau to provide open access to “plug-in and play” facilities to create a fully operational television recording and broadcast studio. Studio 8 is a state-of-the-art studio facility with all the best-in-class infrastructure to support portable specialist equipment required for world-class TV production.
- *Studio City Event Center* — a 5,000-seat multi-purpose arena representing the centerpiece of Studio City’s live entertainment offerings. The complex has a first-class premium seating level offering 16 private VIP suites, in addition to approximately 242 luxury club seats and a deluxe club lounge. Each VIP suite is spacious and elegantly designed, coming fully equipped with stylish furnishings and a flat-screen TV. Playing host to concerts, theatrical shows, sporting events, family shows, award ceremonies and more, the Studio City Event Center is the next generation in versatile, innovative, premier and live entertainment venues.
- *RiverScape* — a jungle river-themed water ride that caters to families and is over 450 meters long, offers three routes of differing lengths and a children’s pool with two slides that lead to separate splash pools.
- *Macau EStadium* — a high-performance e-Sports venue that can seat approximately 270 guests. Macau EStadium is equipped with virtual non-casino gaming facilities and cutting-edge technology capable of hosting an array of e-Sports events, including top multiplayer gaming tournaments and live-streaming of e-Sports events from other parts of the world.
- *Elēkrõn* — an all-electric indoor theatrical stunt show.

Meetings, Incentives, Conventions and Exhibitions

Studio City offers over 4,000 square meters of indoor event space with flexible configurations and customization options, which can accommodate a variety of events from an exclusive banquet to an international conference. The Grand Ballroom space of 1,820 square meters can be configured into three separate ballrooms with a banquet capacity of 1,200 seats or a cocktail reception for 1,500 people. Eight individual salons, together with the Grand Ballroom, provide a banquet seating capacity of up to 1,300 seats or meeting and break-out spaces with extensive pre-function areas for up to 1,800 people. Many of the salons offer views of the pool deck and have private outdoor terraces for coffee and lunch breaks.

MICE events typically take place on weekdays, thereby drawing traffic during the portion of the week when hotels and casinos in Macau normally experience lower demand relative to weekends and holidays when occupancy and room rates are typically at their peak due to leisure travel. Since its opening, events held at Studio City included live concerts from headline acts such as Madonna, four time Grammy Awards nominee FLO RIDA, Han Hong (韩红), Kenny G, A-mei (张惠妹) and Jam Hsiao (萧敬腾) as well as themed events such as a three-day Wedding Showcase (featuring dream wedding venue set-ups, tableware demonstrations, wedding gown catwalk shows and instrumental performances), a Chinese New Year’s Promo, Shakemas Campaign for Christmas, Michelin Guide Street Food Festival and The Super 8 basketball tournament.

Customers

We seek to cater to a broad range of customers with a focus on mass market players through the diverse gaming and non-gaming facilities and amenities at Studio City. The loyalty program, which is jointly operated with other casinos operated by Melco Resorts, at Studio City ensures that each customer segment is specifically recognized and incentivized in accordance with their revenue contribution. The loyalty program is segmented into several tiers. Members earn points for their gaming spending which may be redeemed for a range of retail

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gifts and complimentary vouchers to be used in our restaurants, bars, shows, hotel and Studio City Casino. Members also receive other benefits such as discounts, parking entitlement and invitations to member-only promotional events. Dedicated customer hosting programs provide service to our most valuable customers and these customers enjoy exclusive access to private luxury gaming salons. In addition, we utilize sophisticated analytical programs and capabilities to track the behavior and spending patterns of our patrons. We believe these tools will help deepen our understanding of our customers to optimize yields and make continued improvements to our Studio City property.

Gaming Patrons

Gaming patrons currently include mass market players and VIP rolling chip players.

Mass market players are non-VIP rolling chip players that come to Studio City Casino for a variety of reasons, including our brand, the quality and comfort of the mass market gaming floors and our non-gaming offerings. Mass market players are further classified as mainstream mass market and premium mass market players. Our premium mass market players generally do not take advantage of our luxury amenities to the same degree as VIP rolling chip players, but they are offered a variety of premium mass market amenities and loyalty programs, such as reserved space on the regular gaming floor and various other services, that are generally unavailable to mainstream mass market players. Mass market players play table games and gaming machines for cash stakes that are typically lower than those of VIP rolling chip players.

VIP rolling chip players are patrons who participate in Studio City Casino's in-house rolling chip programs or in the rolling chip programs of the gaming promoters at the dedicated VIP gaming areas. These patrons include premium direct players sourced through the direct marketing efforts and relationships of the Gaming Operator, and junket players sourced by the gaming promoters. VIP rolling chip players can earn a variety of gaming related cash commissions and complimentary products and services, such as rooms, food and beverage and retail products provided by the Gaming Operator. The gaming promoters typically offer similar complimentary products or services and will extend credit to the junket players sourced by them.

Non-Gaming Patrons

We provide non-gaming patrons with a broad array of accommodations and leisure and entertainment offerings featured at Studio City, including interactive attractions, rides and attractive retail offerings and food and beverage selections.

We assess and evaluate our focus on different market segments from time to time and adjust our operations accordingly.

Gaming Promoters

Gaming promoters in Macau are independent third parties that include both individuals and corporate entities and are officially licensed by the DICJ and source junket players. VIP rolling chip players sourced by gaming promoters do not earn direct gaming related rebates from the Gaming Operator. The Gaming Operator pays commissions and provides other complimentary services to gaming promoters. Gaming promoters also extend credit to their junket players and are responsible for collecting such credit from them.

The Gaming Operator has procedures to screen prospective gaming promoters prior to their engagement and conducts periodic checks that are designed to ensure that the gaming promoters with whom the Gaming Operator associates meet suitability standards. The Gaming Operator typically enters into gaming promoter agreements for a one-year term that are automatically renewed in subsequent years unless otherwise terminated. The gaming promoters are compensated through commission arrangements that are calculated on a monthly or a per trip basis. Commission is calculated either by reference to revenue share or monthly rolling chip volume. The gaming promoters may receive complimentary allowances for food and beverage, hotel accommodation and transportation.

Advertising and Marketing

In order to be competitive in the Macau gaming environment, the Gaming Operator holds various promotions and special events at Studio City Casino and operates a loyalty program for gaming patrons. In addition, Studio City Casino participates in cross marketing and sales campaigns developed by the Gaming Operator. We believe this arrangement helps reduce Studio City's ramp-up period, reduces marketing costs through scale synergies and enhances cross-revenue opportunities.

Moreover, we seek to attract non-gaming customers to Studio City and to grow our customer base over time by undertaking a variety of advertising and marketing activities.

There is a public relations and advertising team dedicated to Studio City that cultivates media relationships, promotes Studio City's brands and directly liaises with customers within target Asian countries in order to explore media opportunities in various markets. Advertising activities at Studio City are rolled out through a variety of local and regional media platforms, including digital, social media, print, television, online, outdoor, on property (as permitted by Macau, PRC and any other applicable regional laws) as well as collateral and direct mail pieces. We also engage celebrities for marketing activities. We believe that these marketing and incentive programs will increase our brand awareness and drive further visitation to Studio City.

Awards

In recognition of Studio City's facilities, games, customer service, atmosphere, style and design, Studio City was awarded the International Five Star Standard, Best Large Hotel Macau, Best City Hotel Macau, Best Resort Hotel Macau and Best Convention Hotel Macau in the International Hotel Awards 2017-18. Studio City was the Global Winner in the "Luxury Casino Hotel" category and the Regional Winner (East Asia) in the "Luxury Family Hotel" category of the 2017 World Luxury Hotel Awards. The property was also awarded the "Casino/Integrated Resort of the Year" in the International Gaming Awards in 2016 and honored as "Asia's Leading New Resort" in World Travel Awards in 2016. Moreover, according to Forbes Travel Guide's official 2019 Star Rating List, Studio City is currently one of only 11 Triple Five-Star Winners in the world garnering the Forbes Travel Guide Five-Star recognition for its hotel, spa and restaurant. Studio City's Star Tower once again received the Forbes Travel Guide Five-Star recognition, while Zensa Spa was awarded the Forbes Travel Guide Five-Star recognition for the first time in 2019 and was named "World's Most Luxurious Spa" by the Guide in 2018. Studio City's signature Cantonese restaurant, *Pearl Dragon*, celebrated its first Forbes Travel Guide Five-Star recognition in 2019 and one-Michelin-starred establishment rank for the third consecutive year in the Michelin Guide Hong Kong Macau 2019, while *Bi Ying* has been once again recommended in the guidebook. In addition, *Pearl Dragon* and *Bi Ying* were included in the list of Hong Kong Tatler's Best Restaurants guide in 2017.

Market and Competition

Macau Gaming Market

Gaming in Macau is administered through government-sanctioned concessions awarded to three different concessionaires: SJM, Galaxy and Wynn Resorts Macau.

SJM is a subsidiary of SJM Holdings Ltd., a company listed on the Hong Kong Stock Exchange in which Mr. Lawrence Ho, a director of our company and the chairman and chief executive officer of Melco Resorts, and his family members have shareholding interests. SJM currently operates multiple casinos throughout Macau. SJM (through its predecessor Tourism and Entertainment Company of Macau Limited) commenced its gaming operations in Macau in 1962 and is developing its project in Cotai, which is currently expected to open in 2019.

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SJM has granted a subconcession to MGM Grand. MGM Grand is listed on the Hong Kong Stock Exchange and was originally formed as a joint venture by MGM-Mirage and Ms. Pansy Ho, sister of Mr. Lawrence Ho. MGM Grand opened MGM Macau on the Macau Peninsula in December 2007 and MGM Cotai in February 2018.

Galaxy currently operates multiple casinos in Macau, including StarWorld, a hotel and casino resort in Macau's central business and tourism district. The Galaxy Macau Resort opened in Cotai in May 2011 and the opening of Phase 2 of the Galaxy Macau Resort took place in May 2015. Galaxy is currently developing phase 3 of the Galaxy Macau Resort, which is currently expected to be completed and operational in 2020.

Galaxy has granted a subconcession to Venetian Macau Limited, a subsidiary of Las Vegas Sands Corporation and Sands China Limited, which are listed on the New York Stock Exchange and the Hong Kong Stock Exchange, respectively. Las Vegas Sands Corporation is the developer of Sands Macao, The Venetian Macau, Sands Cotai Central and Parisian Macao. Venetian Macau Limited, with a subconcession under Galaxy's concession, operates Sands Macao on the Macau Peninsula, together with The Venetian Macau, the Plaza Casino at The Four Seasons Hotel Macao and Sands Cotai Central, which are located in Cotai. Sands China Ltd. opened the Parisian Macao in Cotai in September 2016 and has announced the re-branding and re-development of the Sands Cotai Central into The Londoner Macao.

Wynn Resorts Macau, is a subsidiary of Wynn Macau, Limited, which is listed on the Hong Kong Stock Exchange, and of Wynn Resorts Limited, which is listed on the NASDAQ Global Select Market. Wynn Resorts Macau opened Wynn Macau in September 2006 on the Macau Peninsula and an extension called Encore in 2010. In August 2016, Wynn Resorts Macau opened Wynn Palace, in Cotai. Melco Resorts Macau obtained its subconcession from Wynn Resorts Macau. Melco Resorts Macau, in addition to Studio City Casino, also operates Mocha Clubs, Altira Macau (located in Taipa Island), which opened in May 2007, and City of Dreams located in Cotai, which opened in June 2009. Phase 3 of City of Dreams, which includes the Morpheus Hotel, opened in June 2018.

The existing concessions and subconcessions do not place any limit on the number of gaming facilities that may be operated. In addition to facing competition from existing operations of these concessionaires and subconcessionaires, we will face increased competition when any of them constructs new or renovates pre-existing casinos in Macau or enters into leasing, services or other arrangements with hotel owners, developers or other parties for the operation of casinos and gaming activities in new or renovated properties. Each of these concessionaires was permitted to grant one subconcession. The Macau government is currently considering the process of renewal, extension or grant of gaming concessions or subconcessions expiring in 2022. The Macau government further announced that the number of gaming tables in Macau should not exceed 5,500 until the end of the first quarter of 2013 and that, thereafter, for a period of ten years, the total number of gaming tables to be authorized will be limited to an average annual increase of 3%. These restrictions are not legislated or enacted into laws or regulations and, as such, different policies, including the policy on the annual increase rate in the number of gaming tables, may be adopted at any time by the relevant Macau government authorities. According to the DICJ, the number of gaming tables operating in Macau as of December 31, 2018 was 6,588. The Macau government has reiterated further that it does not intend to authorize the operation of any new casino or gaming area that was not previously authorized by the Macau government, or permit tables authorized for mass market gaming operations to be utilized for VIP gaming operations or authorize the expansion of existing casinos or gaming areas. However, the policies and laws of the Macau government may change and permit the Macau government to grant additional gaming concessions or subconcessions. Such change in policies may also result in a change in the number of gaming tables and casinos that the Macau government is prepared to authorize for operation.

Other Regional Markets

Studio City may also face competition from casinos and gaming resorts in other regions such as Singapore, Malaysia, South Korea, the Philippines, Vietnam, Cambodia, Australia, New Zealand and Japan. Casinos and integrated gaming resorts are becoming increasingly popular in Asia, giving rise to more opportunities for industry participants and increasing regional competition.

Singapore legalized casino gaming in 2006. Genting Singapore PLC opened its resort, Resorts World Sentosa, in Sentosa, Singapore in February 2010 and Las Vegas Sands Corporation opened its casino at Marina Bay Sands in Singapore in April 2010. In December 2016, a law which conceptually enables the development of integrated resorts in Japan took effect, with corresponding legislation providing a legislative framework for the development and implementation of integrated resorts in Japan taking effect in July 2018. In addition, several other Asian countries are considering or are in the process of legalizing gambling and establishing casino-based entertainment complexes.

We may also face competition from hotels and resorts, including many of the largest gaming, hospitality, leisure and resort companies in the world. These include Travellers International Hotel Group, Inc., Bloomberry Resorts Corporation, Tiger Resorts Leisure and Entertainment Inc., Melco Resorts Leisure (PHP) Corporation as well as Philippine Amusement and Gaming Corporation.

Genting Highlands is a popular international gaming resort in Malaysia, approximately a one-hour drive from Kuala Lumpur. We believe that the Genting Highlands caters to a different market than Macau, in large part because of the distance and travel times from the Greater China population centers from which Macau is expected to draw its principal traffic.

South Korea has allowed casinos for foreigners for some time including Seven Luck Casino and Paradise Walker Hill Casino in Seoul and Paradise Casinos in Busan and Incheon. Recently, Kangwon Land Casino opened in an old mining area of South Korea and began to accept Korean nationals.

Star Cruises (Hong Kong) Ltd., or Star Cruises, is a leading cruise line in the Asia Pacific and is one of the largest cruise line operators in the world. Worldwide, Star Cruises presently operates a combined fleet of approximately 20 ships with more than 26,000 lower berths. Star Cruises vessels in Asia Pacific offer extensive gaming activities to their passengers. These cruise vessels may compete for Asian-based patrons with Studio City Casino gaming operations in Macau.

There are a number of casino complexes in certain tourist destinations in Cambodia such as Dailin, Bavet, Poipet, Sihanoukville and Koh Kong, but they are relatively small compared to those in Macau.

In addition, there are major gaming facilities in Australia located in Melbourne, Perth, Sydney and the Gold Coast.

Seasonality

Macau, which is our principal market of operation, experiences many peaks and seasonal effects. The “Golden Week” and “Chinese New Year” holidays are generally the key periods where business and visitation increase considerably in Macau. While we may experience fluctuations in revenues and cash flows from month to month, we do not believe that our business is materially impacted by seasonality.

Land and Properties

Land Concession

In October 2001, we entered into a land concession contract with the Macau government for the land on which Studio City is located. The contract was subsequently amended in 2012 and 2015.

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The granted land is located in Cotai, Macau, with a total area of approximately 130,789 square meters. The gross construction area of our granted land is approximately 707,078 square meters. Currently, the gross floor area of Studio City is approximately 477,110 square meters.

The land concession contract has a term of 25 years commencing on October 2001 and is renewable for further consecutive periods of ten years, subject to applicable legislation in Macau. Under the land concession contract, the Macau government may exercise its termination rights under certain conditions.

Pursuant to our land concession contract, our granted land, including the remaining project, must be fully developed by July 24, 2021. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — We are developing the remaining project for Studio City under the terms of a land concession contract which require us to fully develop the land on which Studio City is located by July 24, 2021. If we do not complete development by that time and the Macau government does not grant us an extension of the development period, we could be forced to forfeit all or part of our investment in Studio City, along with our interest in the land on which Studio City is located and the buildings and structures on such land.”

Development of Our Remaining Project

Under our current plan for the remaining project, the remaining project is expected to consist of two hotel towers with approximately 900 rooms and suites and a gaming area. In addition, we currently envision the remaining project to also contain a waterpark with indoor and outdoor areas. Other non-gaming attractions expected to be part of the remaining project include MICE space, retail and food and beverage outlets and a cineplex. As of December 31, 2018, we have incurred approximately US\$39.6 million of aggregate costs relating to the development of our remaining project, primarily related to the initial design and planning costs. Based on our current plan for the remaining project, we currently expect a project budget of approximately US\$1.35 billion to US\$1.40 billion for the development of the remaining project (exclusive of any pre-opening costs and financing costs) and a construction period of approximately 32 months.

Our plan for the remaining project may be subject to further revision and change and detailed design elements remain subject to further refinement and development. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — We are developing the remaining project for Studio City under the terms of a land concession contract which require us to fully develop the land on which Studio City is located by July 24, 2021. If we do not complete development by that time and the Macau government does not grant us an extension of the development period, we could be forced to forfeit all or part of our investment in Studio City, along with our interest in the land on which Studio City is located and the buildings and structures on such land,” “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — Future development of the remaining project is subject to significant risks and uncertainties,” and “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — We may not be able to obtain adequate financing on satisfactory terms for our existing business and/or remaining project, or at all.”

Properties

Apart from the property site for Studio City, we do not own or lease any other properties.

Intellectual Property

As part of our branding strategy, we have applied for or registered a number of trademarks (including “Studio City” trademarks) in Macau, Hong Kong and other jurisdictions for use in connection with Studio City. Where possible, we intend to continue to register trademarks as we develop, review and implement our branding strategy for Studio City. However, our current and any future trademarks are subject to expiration and we cannot guarantee that we will be able to renew all of them upon expiration.

Our trademarks and other intellectual property rights distinguish our services and products from those of our competitors and contribute to our ability to compete in our target markets. To protect our intellectual property, we rely on a combination of trademark, copyright and trade secret laws. To protect our intellectual property rights, we monitor any infringement or misappropriation of our intellectual property rights, and staff working at Studio City are generally subject to confidentiality obligations. For our license agreements that are required for our operations, see “Item 5. Operating and Financial Review and Prospects — C. Research and Development, Patents and Licenses, etc.”

Insurance

We maintain and benefit from, and expect to continue to maintain and benefit from, insurance of the types and in amounts that are customary in the industry and which we believe will reasonably protect our interests. This includes commercial general liability (including product liability and accidental pollution liability), automobile liability, workers compensation, property damage and machinery breakdown and business interruption insurances. We also require certain contractors who may perform work on Studio City, as well as other vendors, to maintain certain insurances. In each case, all such insurances are subject to various caps on liability, both on a per claim and aggregate basis, as well as certain deductibles and other terms and conditions. We do not maintain key-man life insurance. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — We may not have sufficient insurance coverage.”

Environmental Matters

We are committed to environmental awareness and have developed built-in innovative and energy saving green technologies for operations at Studio City. Currently, we are not aware of any material environmental complaints having been made against us.

Our Internal Control Policies

We have adopted our own governance policies and internal control measures in order to achieve operations in a professional manner in compliance with its, and Melco Resorts’, internal control requirements and applicable laws.

The Foreign Corrupt Practices Act, or the FCPA, and Macau laws prohibit us and the staff and agents participating in the operations in Studio City from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any government official. The Code of Business Conduct and Ethics, or the Code, includes provisions relating to compliance of all applicable anti-corruption laws including FCPA and the relevant Macau laws. The Ethical Business Practices Program covers corruption in both public and private sectors. It also covers the activities of our shareholders (to the extent they act or take actions on our behalf), directors, officers, employees and dedicated staff members performing services solely at Studio City.

Studio City Casino is managed and operated by the Gaming Operator guided by requirements under the Subconcession Contract and applicable laws and Melco Resorts’ governance policies, including a set of anti-money laundering policies and procedures, or AML Policy, approved by the DICJ, addressing requirements issued by the DICJ and the DICJ’s instructions on anti-money laundering, counter-terrorist financing and other applicable laws and regulations in Macau.

There are training programs in place with the aim that all relevant staff involved in gaming operations managed by the Gaming Operator understand such AML Policy and the related procedures. The Gaming Operator also uses an integrated IT system to track and automatically generate significant cash transaction reports and, if permitted by the DICJ and the Finance Information Bureau, has the capability to submit those reports electronically.

Gaming Regulations

The ownership and operation of casino gaming facilities in Macau are subject to the general civil and commercial laws and specific gaming laws, in particular, Law No. 16/2001, or the Macau Gaming Law. Macau's gaming operations are also subject to the grant of a concession or subconcession by, and regulatory control of, the Macau government. See “— The Gaming Operator's Subconcession.”

The DICJ is the supervisory authority and regulator of the gaming industry in Macau. The core functions of the DICJ are:

- to collaborate in the definition of gaming policies;
- to supervise and monitor the activities of the concessionaires and subconcessionaires;
- to investigate and monitor the continuing suitability and financial capacity requirements of concessionaires, subconcessionaires and gaming promoters;
- to issue licenses to gaming promoters;
- to license and certify gaming equipment; and
- to issue directives and recommend practices with respect to the ordinary operation of casinos.

Below are the main features of the Macau Gaming Law, as supplemented by Administrative Regulation no. 26/2001, that are applicable to the gaming business.

- If the Gaming Operator violates the Macau Gaming Law, the Gaming Operator's subconcession could be limited, conditioned, suspended, revoked, or subject to compliance with certain statutory and regulatory procedures. In addition, the Gaming Operator, and the persons involved, could be subject to substantial fines for each separate violation of the Macau Gaming Law or of the Subconcession Contract at the discretion of the Macau government. Further, if the Gaming Operator terminates or suspends the operation of all or a part of its gaming operations without permission for reasons not due to force majeure, or in the event of the insufficiency of the gaming facilities and equipment which may affect the normal operation of its gaming business, the Macau government would be entitled to replace the Gaming Operator during such disruption and to ensure the continued operation of the gaming business. Under such circumstances, the Gaming Operator would bear the expenses required for maintaining the normal operation of the gaming business.
- The Macau government also has the power to supervise concessionaires and subconcessionaires in order to assure financial stability and capability. See “— The Gaming Operator's Subconcession — The Subconcession Contract” below for more details.
- Any person who fails or refuses to apply for a finding of suitability after being ordered to do so by the Macau government may be found unsuitable. Any shareholder of a concessionaire or subconcessionaire holding shares equal to or in excess of 5% of such concessionaire's or subconcessionaire's share capital who is found unsuitable will be required to dispose of such shares by a certain time (the transfer itself being subject to the Macau government's authorization). If a disposal has not taken place by the time so designated, such shares must be acquired by the concessionaire or subconcessionaire. The Gaming Operator will be subject to disciplinary action if, after it receives notice that a person is unsuitable to be a shareholder or to have any other relationship with it, the Gaming Operator:
 - pays that person any dividend or interest upon its shares;
 - allows that person to exercise, directly or indirectly, any voting right conferred through shares held by that person;
 - pays remuneration in any form to that person for services rendered or otherwise; or
 - fails to pursue all lawful efforts to require that unsuitable person to relinquish his or her shares.

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- The Macau government also requires prior approval for the creation of a lien over the shares or property (comprised of a casino, gaming equipment and utensils) of a concession or subconcession holder.
- The Macau government must give its prior approval to changes in control through a merger, consolidation, shares acquisition, or any act or conduct by any person whereby such person obtains control of the Gaming Operator. Entities seeking to acquire control of a concessionaire or subconcessionaire must satisfy the Macau government with regards to a variety of stringent standards prior to assuming control. The Macau government may also require controlling shareholders, officers, directors and other persons having a material relationship or involvement with the entity proposing to acquire control, to be investigated for suitability as part of the approval process of the transaction.

Non-compliance with these obligations could lead to the revocation of the Gaming Operator's subconcession and could materially adversely affect its gaming operations.

The Macau government has also enacted other gaming legislation, rules and policies. Further, it imposed policies, regulations and restrictions that affect the minimum age required for entrance into casinos in Macau, the number of gaming tables that may be operated in Macau, location requirements for sites with gaming machine lounges, supply and requirements of gaming machines, equipment and systems, instruction on responsible gaming, restrictions on the utilization of mass market gaming tables for VIP gaming operations and other matters. In addition, the Macau government may consider enacting new regulations that may adversely affect the Gaming Operator's gaming operations. The Gaming Operator's inability to address the requirements or restrictions imposed by the Macau government under such legislation or rules could adversely affect its gaming operations, including Studio City Casino.

Gaming Promoters Regulations

Macau Administrative Regulation no. 6/2002, as amended pursuant to Administrative Regulation no. 27/2009, or the Gaming Promoters Regulation, regulates licensing of gaming promoters and the operations of gaming promotion businesses by gaming promoters. Applications to the DICJ by those seeking to become licensed gaming promoters must be sponsored by a concessionaire or subconcessionaire. Such concessionaire or subconcessionaire must confirm that it may contract the applicant's services subject to the latter being licensed. Licenses are subject to annual renewal and a list of licensed gaming promoters is published every year in the Macau Official Gazette. The DICJ monitors each gaming promoter and its staff and collaborators. In October 2015, the DICJ issued specific accounting related instructions applicable to gaming promoters and their operations. Any failure by gaming promoters to comply with such instructions may impact their license and ability to operate in Macau.

In addition, concessionaires and subconcessionaires are jointly liable for the activities of their gaming promoters and collaborators within their casinos. In addition to the licensing and suitability assessment procedures performed by the DICJ, all of the Gaming Operator's gaming promoters undergo a thorough internal vetting process. The Gaming Operator conducts background checks and also conducts periodic reviews of the activities of each gaming promoter, its employees and its collaborators for possible non-compliance with Macau legal and regulatory requirements. Such reviews generally include investigations into compliance with applicable anti-money laundering laws and regulations as well as tax withholding requirements.

Concessionaires and subconcessionaires are required to report periodically on commissions and other remunerations paid to their gaming promoters. A 5% tax must be withheld on commissions and other remunerations paid by a concessionaire or subconcessionaire to its gaming promoters. Under the Gaming Promoters Regulation and in accordance with the Secretary for Economy and Finance Dispatch no. 83/2009, effective as of September 11, 2009, a commission cap of 1.25% of net rolling has been in effect. Any bonuses, gifts, services or other advantages which are subject to monetary valuation and which are granted, directly or indirectly, inside or outside of Macau by any concessionaire or subconcessionaires or any company of their

respective group to any gaming promoter shall be considered a commission. The commission cap regulations impose fines, ranging from MOP100,000 (US\$12,397) up to MOP500,000 (US\$61,985), on gaming operators that do not comply with the cap and other fines, ranging from MOP50,000 (US\$6,198) up to MOP250,000 (US\$30,992) on gaming operators that do not comply with their reporting obligations regarding commission payments. If breached, the legislation on commission caps has a sanction enabling the relevant government authority to make public a government decision imposing a fine on a concessionaire and subconcessionaire by publishing such decision on the DICJ website and in two Macau newspapers (in Chinese and Portuguese respectively). We believe the Gaming Operator has implemented the necessary internal control systems to ensure compliance with the commission cap and reporting obligations in accordance with applicable rules and regulations.

The Macau government is currently considering amending the Macau Administrative Regulation no. 6/2002. The Macau government is, among other things, proposing that the licensing requirements for gaming promoters be more stringent and restrictive, the imposition of new penalties and the increase of the amounts of current fines.

Gaming Credit Regulations

Law no. 5/2004 has legalized the extension of gaming credit to patrons or gaming promoters by concessionaires and subconcessionaires in Macau. Gaming promoters may also extend credit to patrons upon obtaining an authorization by a concessionaire or subconcessionaire to carry out such activity. Assigning or transferring one's authorization to extend gaming credit is not permitted. This statute sets forth filing obligations for those extending credit and the supervising role of the DICJ in this activity. Gaming debts contracted pursuant to this statute are a source of civil obligations and may be enforced in court.

Access to Casinos and Gaming Areas Regulations

Under Law no. 10/2012, as amended pursuant to Law no. 17/2018, the minimum age required for entrance into casinos in Macau is 21 years of age. The director of the DICJ may authorize employees under 21 years of age to temporarily enter casinos or gaming areas, after considering their special technical qualifications. In addition, off-duty gaming related employees of gaming operators and gaming promoters may not, starting from December 2019, access any casinos or gaming areas, except during the Chinese New Year festive season or under specific circumstances.

Smoking Regulations

Under the Smoking Prevention and Tobacco Control Law, as amended pursuant to Law no. 9/2017, from January 1, 2019, smoking on casino premises is only be permitted in authorized segregated smoking lounges with no gaming activities and such smoking lounges are required to meet certain standards determined by the Macau government.

Anti-money Laundering Regulations and Terrorism Financing

In conjunction with current gaming laws and regulations, we are required to comply with the laws and regulations relating to anti-money laundering activities in Macau. Law no. 2/2006 (as amended pursuant to Law no. 3/2017), the Administrative Regulation no. 7/2006 (as amended pursuant to Administrative Regulation no. 17/2017) and the DICJ Instruction no. 1/2016 in effect from May 13, 2016, govern compliance requirements with respect to identifying, reporting and preventing anti-money laundering and terrorism financing crimes at casinos and gaming areas in Macau. Under these laws and regulations, the Gaming Operator is required to:

- implement internal procedures and rules governing the prevention of anti-money laundering and terrorism financing crimes which are subject to prior approval from DICJ;

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- identify and evaluate the money laundering and terrorism financing risk inherent to gaming activities;
- identify any customer who is in a stable business relationship with the Gaming Operator, who is a politically exposed person or any customer or transaction where there are signs of money laundering or financing of terrorism or which involves significant sums of money in the context of the transaction, even if any sign of money laundering is absent;
- refuse to deal with any customers who fail to provide any information requested by the Gaming Operator;
- keep records on the identification of a customer for a period of five years;
- establish a regime for electronic transfers;
- keep individual records of all transactions related to gaming which involve credit securities;
- keep records of all electronic transactions for amounts equal to or exceeding MOP8,000 (US\$992) in cases of occasional transactions and MOP120,000 (US\$14,876) in cases of transactions that arose in the context of a continuous business relationship;
- notify the Finance Information Bureau if there is any sign of money laundering or financing of terrorism;
- adopt a compliance function and appoint compliance officers; and
- cooperate with the Macau government by providing all required information and documentation requested in relation to anti-money laundering activities.

Under Article 2 of Administrative Regulation no. 7/2006 (as amended pursuant to Administrative Regulation no. 17/2017) and the DICJ Instruction no. 1/2016, the Gaming Operator is required to track and report transactions and granting of credit that are MOP500,000 (US\$61,985) or above. Pursuant to the legal requirements above, if the customer provides all required information, after submitting the reports, the Gaming Operator may continue to deal with those customers that were reported to the DICJ and, in case of suspicious transactions, to the Finance Information Bureau.

The Gaming Operator employs internal controls and procedures designed to help ensure that gaming and other operations are conducted in a professional manner and in compliance with internal control requirements issued by the DICJ set forth in its instruction on anti-money laundering, the applicable laws and regulations in Macau, as well as the requirements set forth in the Subconcession Contract.

The Gaming Operator has developed a comprehensive anti-money laundering policy and related procedures covering its anti-money laundering responsibilities, which have been approved by the DICJ, and have training programs in place to ensure that all relevant staff understand such anti-money laundering policy and procedures. The Gaming Operator also uses an integrated IT system to track and automatically generate significant cash transaction reports and, if permitted by the DICJ and the Finance Information Bureau, to submit those reports electronically.

Responsible Gaming Regulations

On October 18, 2012, the DICJ issued Instruction no. 2/2012, which came into effect on November 1, 2012, setting out measures for the implementation of responsible gaming principles. Under this instruction, concessionaires and subconcessionaires are required to implement certain measures to promote responsible gambling, including: making information available on the risks of gambling, responsible gambling and odds, both inside and outside the casinos and gaming areas and through electronic means; creation of information and counseling kiosks and a hotline; adequate regulation of lighting inside casinos and gaming areas; public exhibition of time; creation and training of teams and a coordinator responsible for promoting responsible gambling.

Control of Cross-border Transportation of Cash Regulations

On June 12, 2017, Law no. 6/2017, with respect to the control of cross-border transportation of cash and other negotiable instruments to the bearer, was enacted. Such law came into effect on November 1, 2017. In accordance with such law, all individuals entering Macau with an amount in cash or negotiable instrument to the bearer equal to or higher than the amount determined by order of the Chief Executive of Macau at MOP120,000 (US\$14,876) will be required to declare such amount to the customs authorities. The customs authorities may also request an individual exiting Macau to declare if such individual is carrying an amount in cash or negotiable instruments to the bearer equal to or higher to such amount. Individuals that fail to duly complete the required declaration may be subject to a fine (ranging from 1% to 5% of the amount that exceeds the amount determined by order of the Chief Executive of Macau for declaration purposes, such fine being at least MOP1,000 (US\$124) and not exceeding MOP500,000 (US\$61,985). In the event the relevant customs authorities find that the cash or negotiable instrument to the bearer carried by an individual while entering or exiting Macau may be associated with or result from any criminal activity, such incident shall be notified to the relevant criminal authorities and the relevant amounts shall be seized pending investigation.

Prevention and Suppression of Corruption in External Trade Regulations

In addition to the general criminal laws regarding corrupt practices in the public and private sector that are in force in Macau, on January 1, 2015, Law no. 10/2014, criminalizing corruption acts in external trade and providing for a system for prevention and suppression of such criminal acts, came into effect in Macau. Melco Resorts' internal policies, which we follow, address this issue.

Asset Freezing Enforcement Regulations

On August 29, 2016, Law no. 6/2016, with respect to the framework for the enforcement of asset freezing orders comprised of United Nations Security Council sanctions resolutions for the fight against terrorism and proliferation of weapons of mass destruction, was enacted. Under this law, the Chief Executive of Macau is the competent authority to enforce freezing orders and the Asset Freeze Coordination Commission must assist the Chief Executive of Macau in all technical aspects of such enforcement. Among other entities, gaming operators are subject to certain obligations and duties regarding the freezing of assets ordered by the United Nations Security Council sanctions resolutions, including reporting and cooperation obligations.

Foreign Exchange Regulations

Gaming operators in Macau may be authorized to open foreign exchange counters at their casinos and gaming areas subject to compliance with the Foreign Exchange Agencies Constitution and Operation Law (Decree-Law no. 38/97/M), the Exchange Rate Regime (Decree-Law no. 39/97/M) and the specific requirements determined by the Monetary Authority of Macau. The transaction permitted to be performed in such counters is limited to buying and selling bank bills and coins in foreign currency, and to buying travelers checks.

Intellectual Property Rights Regulations

Our subsidiaries incorporated in Macau are subject to local intellectual property regulations. Intellectual property protection in Macau is supervised by the Intellectual Property Department of the Economic Services Bureau of the Macau government.

The applicable regime in Macau with regard to intellectual property rights is defined by two main laws. The Industrial Property Code (Decree-Law no. 97/99/M, as amended pursuant to Law no. 11/2001), covers (i) inventions meeting the patentability requirements; (ii) semiconductor topography products; (iii) trademarks; (iv) designations of origin and geographical indications; and (v) awards. The Regime of Copyright and Related Rights (Decree-Law no. 43/99/M, as amended by Law no. 5/2012), protects intellectual works and creations in the literary, scientific and artistic fields, by copyright and related rights.

Personal Data Regulations

Processing of personal data by our subsidiaries in Macau is subject to compliance with the Personal Data Protection Act (Law no. 8/2005). The Office for Personal Data Protection, or GPDP, is the regulatory authority in Macau in charge of supervising and enforcing the Personal Data Protection Act. Breaches are subject to civil liability, administrative and criminal sanctions.

The legal framework requires that certain procedures must be adopted before collecting, processing and/or transferring personal data, including obtaining consent from the data subject and/or notifying or requesting authorization from the GPDP prior to processing personal data.

Labor Quotas Regulations

All businesses in Macau must apply to the Labor Affairs Bureau for labor quotas to import non-resident unskilled workers from China and other regions or countries. Non-resident skilled workers are also subject to the issuance of a work permit by the Macau government, which is given individually on a case-by-case basis. Businesses are free to employ Macau residents in any position, as by definition all Macau residents have the right to work in Macau. Melco Resorts has, through its subsidiaries, two main groups of labor quotas in Macau, one to import non-skilled workers from China and the other to import non-skilled workers from all other countries. Gaming operators (the Gaming Operator included) are not currently allowed to hire non-Macau resident dealers and supervisors under the Macau government's policy.

Pursuant to Macau social security laws, Macau employers must register their staff under a mandatory social security fund and make social security contributions for each of its resident staff and pay a special duty for each of its non-resident employees on a quarterly basis. Employers must also buy insurance to cover employment accidents and occupational illnesses for all staff.

Land Regulations

Land in Macau is legally divided into plots. In most cases, private interests in real property located in Macau are obtained through long-term leases from the Macau government.

We have entered into a land concession contract for the land on which Studio City is located. The contract has a term of 25 years and is renewable for further consecutive periods of ten years, and imposes, among other conditions, a development period, a land premium payment, a nominal annual government land use fee, which may be adjusted every five years, and a guarantee deposit upon acceptance of the land lease terms, which are subject to adjustments from time to time in line with the amounts paid as annual land use fees.

The land is initially granted on a provisional basis and registered as such with the Macau Real Property Registry and only upon completion of the development is the land concession converted into definitive status and so registered with the Macau Real Property Registry.

Distribution of Profits Regulations

All our subsidiaries incorporated in Macau are required to set aside a minimum of 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the shareholders of the relevant subsidiaries.

FCPA

The FCPA prohibits us and our staff and agents from offering or giving money or any other item of value to win or retain business or to influence any act or decision of any foreign official. The Code includes specific FCPA related provisions. See “— Our Internal Control Policies.”

The Gaming Operator’s Subconcession

The Concession Regime

The Macau government conducted an international tender process for gaming concessions in Macau in 2001, and granted three gaming concessions to SJM, Galaxy and Wynn Resorts Macau, respectively. Upon authorization by the Macau government, each of SJM, Galaxy and Wynn Resorts Macau subsequently entered into subconcessions with their respective subconcessionaires to operate casino games and other games of chance in Macau. No further granting of subconcessions is permitted unless specifically authorized by the Macau government.

Though there are no restrictions on the number of casinos or gaming areas that may be operated under each concession or subconcession, Macau government approval is required for the commencement of operations of any casino or gaming area.

The subconcessionaires that entered into subconcessions with SJM, Galaxy and Wynn Resorts Macau, are MGM Grand, Venetian Macau and the Gaming Operator, respectively. The Gaming Operator executed the Subconcession Contract with Wynn Resorts Macau on September 8, 2006. Wynn Resorts Macau will continue to develop and run hotel operations and casino projects independent of the Gaming Operator.

All concessionaires and subconcessionaires must pay a special gaming tax of 35% of gross gaming revenues, defined as all gaming revenues derived from casino or gaming areas, plus an annual gaming premium of:

- MOP30 million (equivalent to approximately US\$3.7 million) per annum fixed premium;
- MOP300,000 (equivalent to approximately US\$37,191) per annum per VIP gaming table;
- MOP150,000 (equivalent to approximately US\$18,595) per annum per mass market gaming table; and
- MOP1,000 (equivalent to approximately US\$124) per annum per electric or mechanical gaming.

The Macau government has been considering the extension or renewal of the concessions and subconcessions or the granting of new concessions and subconcessions. As part of such efforts, in May 2016, the Macau government conducted a mid-term review to analyze the impact of the gaming industry on the local economy, business environment of small and medium enterprises, local population and gaming and non-gaming business sectors and the current status of the gaming promoters.

The Subconcession Contract

The Subconcession Contract provides for the terms and conditions of the subconcession granted to the Gaming Operator by Wynn Resorts Macau. The Gaming Operator does not have the right to further grant a subconcession or transfer the operation to third parties.

The Gaming Operator paid a consideration of US\$900 million to Wynn Resorts Macau. On September 8, 2006, the Gaming Operator was granted the right to operate games of fortune and chance or other games in casinos in Macau until the expiration of the subconcession on June 26, 2022. No further payments need to be made to Wynn Resorts Macau in future operations during the subconcession period.

The Macau government has confirmed that the subconcession is independent of Wynn Resorts Macau's concession and that the Gaming Operator does not have any obligations to Wynn Resorts Macau pursuant to the Subconcession Contract. It is thus not affected by any modification, suspension, redemption, termination or rescission of Wynn Resorts Macau's concession. In addition, an early termination of Wynn Resorts Macau's concession before June 26, 2022, would not result in the termination of the subconcession. The subconcession was authorized and approved by the Macau government. Absent any change to the Gaming Operator's legal status, rights, duties and obligations towards the Macau government or any change in applicable law, the Gaming Operator will continue to be validly entitled to operate independently under and pursuant to the subconcession, notwithstanding the termination or rescission of Wynn Resorts Macau's concession, the insolvency of Wynn Resorts Macau and/or the replacement of Wynn Resorts Macau as concessionaire in the Subconcession Contract. The Macau government has a contractual obligation to the effect that, should Wynn Resorts Macau cease to hold the concession prior to June 26, 2022, the Macau government would replace Wynn Resorts Macau with another entity so as to ensure that the Gaming Operator may continue to operate games of chance and other games in casinos in Macau and the subconcession would at all times be under a concession. Both the Macau government and Wynn Resorts Macau have undertaken to cooperate with the Gaming Operator to ensure all the legal and contractual obligations are met.

Summary of the Key Terms of the Subconcession Contract

A summary of the key terms of the Subconcession Contract is as follows:

Development of Gaming Projects/Financial Obligations

The Subconcession Contract requires the Gaming Operator to make a minimum investment in Macau of MOP4.0 billion (US\$495.9 million), including investment in fully developing Altira Macau and the City of Dreams, by December 2010. In June 2010, the Gaming Operator obtained confirmation from the Macau government that as of the date of the confirmation, the Gaming Operator had invested over MOP4.0 billion (US\$495.9 million) in these projects in Macau.

Payments

Subconcession premiums and taxes, computed in various ways depending upon the type of gaming or activity involved, are payable to the Macau government. The method for computing these fees and taxes may be changed from time to time by the Macau government. Depending upon the particular fee or tax involved, these fees and taxes are payable either monthly or annually and are based upon either a percentage of the gross revenues or the number and type of gaming devices operated. In addition to special gaming taxes of 35% of gross gaming revenues, the Gaming Operator is also required to contribute to the Macau government an amount equivalent to 1.6% of the gross revenues of our gaming business. Such contribution must be delivered to a public foundation designated by the Macau government whose goal is to promote, develop or study culture, society, economy, education and science and engage in academic and charitable activities. Furthermore, the Gaming Operator is also obligated to contribute to Macau an amount equivalent to 2.4% of the gross revenues of the gaming business for urban development, tourism promotion and the social security of Macau. The Gaming Operator is required to collect and pay, through withholding, statutory taxes on commissions or other remunerations paid to gaming promoters.

Termination Rights

The Macau government has the right, after notifying Wynn Resorts Macau, to unilaterally terminate the Gaming Operator's subconcession in the event of noncompliance by the Gaming Operator with its basic obligations under the subconcession and applicable Macau laws. Upon termination, all of the Gaming Operator's casino premises and gaming equipment would revert to the Macau government automatically without compensation and the Gaming Operator would cease to generate any revenues from these operations. In many of

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these instances, the Subconcession Contract does not provide a specific cure period within which any such events may be cured and, instead, the Gaming Operator may be dependent on consultations and negotiations with the Macau government to enable it to remedy any such default. Neither the Gaming Operator nor Wynn Resorts Macau is granted explicit rights of veto, or of prior consultation. The Macau government may be able to unilaterally rescind the Subconcession Contract upon the following termination events:

- the operation of gaming without permission or operation of business which does not fall within the business scope of the subconcession;
- abandonment of approved business or suspension of operations of our gaming business in Macau without reasonable grounds for more than seven consecutive days or more than fourteen non-consecutive days within one calendar year;
- transfer of all or part of the Gaming Operator's operation in Macau in violation of the relevant laws and administrative regulations governing the operation of games of fortune or chance and other casino games in Macau and without Macau government approval;
- failure to pay taxes, premiums, levies or other amounts payable to the Macau government;
- refusal or failure to resume operations following the temporary assumption of operations by the Macau government;
- repeated opposition to the supervision and inspection by the Macau government and failure to comply with decisions and recommendations of the Macau government, especially those of the DICJ;
- failure to provide or supplement the guarantee deposit or the guarantees specified in the subconcession within the prescribed period;
- bankruptcy or insolvency of the Gaming Operator;
- fraudulent activity harming public interest;
- serious and repeated violation of the applicable rules for carrying out casino games of chance or games of other forms or damage to the fairness of casino games of chance or games of other forms;
- systematic non-compliance with the Macau Gaming Law's basic obligations;
- the grant to any other person of any managing power over the gaming business of the Gaming Operator or the grant of a subconcession or entering into any agreement to the same effect; or
- failure by a controlling shareholder in the Gaming Operator to dispose of its interest in the Gaming Operator, within ninety days from the date of the authorization given by the Macau government for such disposal, pursuant to written instructions received from the regulatory authority of a jurisdiction where the said shareholder is licensed to operate, which have had the effect that such controlling shareholder now wishes to dispose of the shares it owns in the Gaming Operator.

Ownership and Capitalization

Set out below are the key terms in relation to ownership and capitalization under the Subconcession Contract:

- any person who directly acquires voting rights in the Gaming Operator will be subject to authorization from the Macau government;
- the Gaming Operator will be required to take the necessary measures to ensure that any person who directly or indirectly acquires 5% or more of the shares in the Gaming Operator would be subject to authorization from the Macau government, except when such acquisition is wholly made through the shares of publicly-listed companies tradable at a stock exchange;

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- any person who directly or indirectly acquires 5% or more of the shares in the Gaming Operator will be required to report the acquisition to the Macau government (except when such acquisition is wholly made through shares tradable on a stock exchange as a publicly-listed company);
- the Macau government's prior approval would be required for any recapitalization plan of the Gaming Operator; and
- the Chief Executive of Macau could require the increase of the Gaming Operator's share capital, if deemed necessary.

Redemption

Under the Subconcession Contract, from 2017, the Macau government has the right to redeem the Subconcession Contract by providing the Gaming Operator with at least one year's prior notice. In the event the Macau government exercises this redemption right, the Gaming Operator would be entitled to compensation. The standards for the calculation of the amount of such compensation would be determined based on the gross revenues generated by City of Dreams during the tax year immediately prior to the redemption, multiplied by the remaining years of the term of the subconcession. The Gaming Operator or we would not receive any further compensation (including for consideration paid by the Gaming Operator to Wynn Resorts Macau for the subconcession).

Others

In addition, the Subconcession Contract contains various general covenants and obligations and other provisions, including special duties of cooperation, special duties of information, and execution of our investment obligations.

See "Item 3. Key Information — D. Risk Factors — Risks Relating to the Gaming Industry in Macau — The Subconcession Contract expires in 2022 and if the Gaming Operator is unable to secure an extension of its subconcession, or a new concession or subconcession, in 2022, or if the Macau government were to exercise its redemption right, the Gaming Operator would be unable to operate Studio City Casino."

Services and Right to Use Arrangements Regulatory Requirements

The entry into the Services and Right to Use Arrangements by the Gaming Operator and our subsidiary, Studio City Entertainment, pursuant to which the Studio City Casino is operated, was approved by the Macau government in April 2007, and the supplement and amendments thereto were approved by the Macau government in May 2012. Set out below are the key terms of such approvals which remain in force:

- Studio City Entertainment shall cooperate with the Macau government, making available any documents, information or data requested directly by the Macau government or through the Gaming Operator for the purposes of monitoring its activity, analysis of its accounts and performance of external audits;
- Studio City Entertainment shall have an annual audit conducted by an external entity, independent and previously accepted by the DICJ, for certification of accounting documents and compliance with relevant legal provisions;
- Studio City Entertainment accepts to be subject to the legal and contractual supervision of the Macau government applicable to gaming concessionaires and subconcessionaires, to ensure its own suitability and financial capacity, the suitability of its direct or indirect shareholders holding 5% or more of its share capital (except with respect to those shareholders holding shares tradeable on a stock exchange), and of its directors and key employees of the Studio City Casino;
- the transfer of any rights under the Services and Right to Use Arrangements shall be subject to the prior authorization from the Macau government; and

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- the Gaming Operator and Studio City Entertainment are jointly and severally responsible for compliance with applicable laws, regulations and instructions issued by the Macau government, including those regarding anti-money laundering, anti-financing of terrorist acts, anti-corruption, operation of slot machines and minimum internal control requirements.

In addition, as set out in the Macau government authorization letter for the listing of the Company dated March 5, 2018, the listing is subject to the following conditions:

- the Company continues to hold, directly or indirectly, 100% of the equity interest of its subsidiary, Studio City Entertainment;
- Melco Resorts continues to hold, directly or indirectly, at least 50.1% of the equity interest in us;
- Melco International continues to hold, directly or indirectly, the majority of the equity interest in Melco Resorts; and
- Mr. Lawrence Ho, directly or indirectly, continues to hold the majority of the equity interest in Melco International to control such entity.

Under such authorization, the Gaming Operator is required to annually provide the Macau government with evidence with respect to the compliance with the above conditions. In addition, under such authorization, we and the Gaming Operator are also required to comply with the conditions imposed by the Macau government in connection with its approval of our entry into the Services and Right to Use Arrangements.

The Macau government also has the right to revoke such listing authorization if it deems that the listing is contrary to the public interest or in case of any breach of the mentioned conditions. In case of revocation of the listing authorization by the Macau government, we may be required by the Macau government to delist the ADSs from the New York Stock Exchange. Failure to do so could result in the approval of the Services and Right to Use Arrangements being revoked, preventing us from receiving any amounts thereunder, in a closure order being issued with respect to the Studio City Casino or the suspension or termination of the Gaming Operator's subconcession and consequently we may be unable to offer any gaming facilities at Studio City.

Taxation

We are incorporated in the Cayman Islands and our primary business operations are conducted through our subsidiaries. Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gains. In addition, dividend payments are not subject to withholding tax in the Cayman Islands.

Hong Kong

Our subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax on their taxable income earned in or derived from Hong Kong at a uniform tax rate of 16.5%. No provision for Hong Kong profits tax has been made for the years ended December 31, 2018, 2017 and 2016 as there was no taxable income during such periods. Payments of dividends by our subsidiaries to us are not subject to withholding tax in Hong Kong.

Macau

Our subsidiaries incorporated in Macau are subject to Macau complementary tax of 12% on taxable income, as defined in the relevant tax laws. Concessionaires and subconcessionaires are currently subject to a 35% special gaming tax as well as other levies of 4% under the relevant concession or subconcession and may benefit from a corporate tax holiday on profit from their gaming revenues. The Gaming Operator benefits from a corporate tax holiday on gaming generated income which expires at the end of 2021. No provision for Macau complementary tax on profits has been made for the years ended December 31, 2018, 2017 and 2016 as there was no taxable income during such periods.

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In addition, in January 2015, the Macau government approved the application by our subsidiary, Studio City Entertainment, for a Macau complementary tax exemption through December 2016 on profits generated from income received from the Gaming Operator, to the extent that such income results from gaming operations within Studio City Casino and has been subject to gaming tax. In January 2017, the Macau government granted an extension of this exemption for an additional five years from 2017 to 2021. Dividend distributions by Studio City Entertainment continue to be subject to Macau complementary tax. We remain subject to Macau complementary tax on our non-gaming related profits.

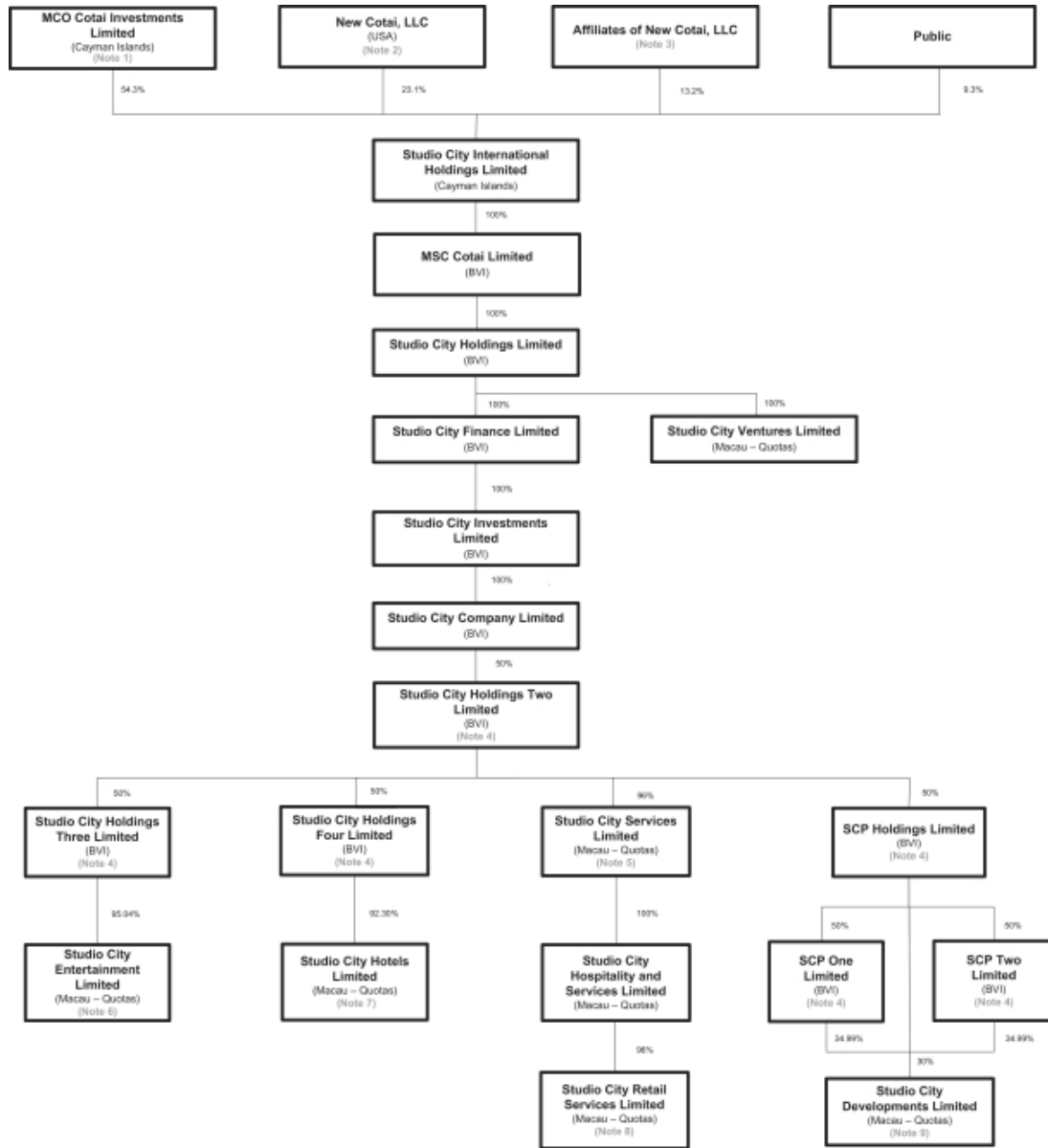
In September 2017, the Macau government granted Studio City Hotels the declaration of touristic utility purpose pursuant to which Studio City Hotels is entitled to a property tax holiday for a period of twelve years on the immovable property to which the touristic utility was granted, owned or operated by Studio City Hotels. Under such tax holiday, Studio City Hotels is allowed to double the maximum rates applicable to depreciation and reintegration for the purposes of assessment of the Macau complementary tax. Although the Studio City property is owned by Studio City Developments, we believe Studio City Hotels is entitled to such property tax holiday; however, there is no assurance that the Macau government will extend such benefit to Studio City Hotels.

C. ORGANIZATIONAL STRUCTURE

We are a holding company for Studio City.

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The following diagram illustrates our organizational structure, including the place of formation, ownership interest and affiliation of our significant subsidiaries, as of March 27, 2019:



Notes:

- 1) Includes 747,288 Class A ordinary shares held by Melco International. See “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders.”
- 2) New Cotai has a Participation Interest in MSC Cotai which represents its economic right to receive an amount equal to approximately 30.0% of the dividends, distributions or other consideration paid to the Company by MSC Cotai, if any, from time to time. New Cotai may exchange all or a portion of its

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Participation Interest for Class A ordinary shares, subject to certain conditions. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions.” If New Cotai were to exercise its right to exchange all of the Participation Interest for Class A ordinary shares, New Cotai would receive 72,511,760 Class A ordinary shares and the corresponding number of Class B ordinary shares held by New Cotai would be surrendered and canceled. The issuance of such Class A ordinary shares to New Cotai would represent approximately a 23.1% voting interest in the Company.

- (3) Based on information contained in the Schedule 13G filed by Silver Point Capital L.P., Edward A. Mulé and Robert J. O’Shea with the SEC on February 14, 2019. As of December 31, 2018, certain affiliates of New Cotai beneficially own ADSs representing 41,622,800 Class A ordinary shares.
- (4) The remaining 50% of the equity interests of these companies are owned by Studio City Holdings Five Limited, a wholly-owned subsidiary of the Company. The 50% interest held by Studio City Holdings Five Limited in various Studio City companies incorporated in the British Virgin Islands is non-voting.
- (5) 4% of the equity interests are owned by Studio City Company Limited.
- (6) 3.96% and 1% of the equity interests are owned by Studio City Holdings Four Limited and Studio City Holdings Five Limited, respectively.
- (7) 3.85% and 3.85% of the equity interests are owned by Studio City Holdings Five Limited and Studio City Holdings Three Limited, respectively.
- (8) 4% of the equity interests are owned by Studio City Services Limited.
- (9) 0.02% of the equity interests are owned by Studio City Holdings Five Limited.

See “Item 7. Major Shareholders and Related Party Transactions — A. Major Shareholders” for more information regarding the beneficial ownership in our Company and “Exhibit 8.1 — Significant Subsidiaries of the Registrant.”

D. PROPERTY, PLANT AND EQUIPMENT

See “Item 4. Information on the Company — B. Business Overview” and “Item 5. Operating and Financial Review and Prospects — A. Operating Results — Critical Accounting Policies and Estimates — Property and Equipment and Other Long-lived Assets” for information regarding our material tangible property, plant and equipment.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion should be read in conjunction with, and is qualified in its entirety by, the audited consolidated financial statements and the notes thereto in this annual report on Form 20-F. Certain statements in this “Operating and Financial Review and Prospects” are forward-looking statements. See “Special Note Regarding Forward-Looking Statements” regarding these statements.

Overview

We are a holding company and, through our subsidiaries, operate the non-gaming businesses of Studio City. Studio City Casino is operated by the Gaming Operator, one of the subsidiaries of Melco Resorts and a holder of a gaming subconcession. Our future operating results are subject to significant business, economic, regulatory and competitive uncertainties and risks, many of which are beyond our control. See “Item 3. Key

Information — D. Risk Factors — Risks Relating to Our Business.” For detailed information regarding our operations and development projects, see “Item 4. Information on the Company — B. Business Overview.”

A. OPERATING RESULTS

Operations

Our principal operating activities are the provision of gaming related services and the hospitality business in Macau. Our chief operating decision maker monitors the operations and evaluate earnings by reviewing the assets and operations of Studio City as one operating segment. Accordingly, we do not present separate segment information. As of December 31, 2018, 2017 and 2016, we operated in one geographical area, Macau, where we generated our revenue and where our long-lived assets were located.

Summary of Financial Results

For the year ended December 31, 2018, our total revenues were US\$571.2 million, an increase of 5.8% from US\$539.8 million of total revenues for the year ended December 31, 2017. Net loss attributable to Studio City International Holdings Limited for the year ended December 31, 2018 was US\$21.6 million, as compared to net loss of US\$76.4 million for the year ended December 31, 2017. Our improvement was mainly attributable to the increase in revenues from the provision of gaming related services.

	Year Ended December 31,		
	2018	2017	2016
	(in thousands of US\$)		
Total revenues	\$ 571,213	\$ 539,814	\$ 424,531
Total operating costs and expenses	(433,351)	(459,364)	(479,297)
Operating income (loss)	137,862	80,450	(54,766)
Net loss attributable to Studio City International Holdings Limited	\$ (21,598)	\$ (76,437)	\$(242,789)

Key Performance Indicators (KPIs)

We use the following KPIs to evaluate the operations of Studio City Casino, including table games and gaming machines:

- *Rolling chip volume*: the amount of non-negotiable chips wagered and lost by the rolling chip market segment.
- *Rolling chip win rate*: rolling chip table games win (calculated before discounts, commissions, non-discretionary incentives (including the point-loyalty programs) as administered by the Gaming Operator and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of rolling chip volume.
- *Mass market table games drop*: the amount of table games drop in the mass market table games segment.
- *Mass market table games hold percentage*: mass market table games win (calculated before discounts, commissions, non-discretionary incentives (including the point-loyalty programs) as administered by the Gaming Operator and allocating casino revenues related to goods and services provided to gaming patrons on a complimentary basis) as a percentage of mass market table games drop.
- *Table games win*: the amount of wagers won net of wagers lost on gaming tables that is retained and recorded as casino revenues.
- *Gaming machine handle*: the total amount wagered in gaming machines.
- *Gaming machine win rate*: gaming machine win (calculated before non-discretionary incentives (including the point-loyalty programs) as administered by the Gaming Operator and allocating casino

revenues related to goods and services provided to gaming patrons on a complimentary basis) expressed as a percentage of gaming machine handle.

In the rolling chip market segment, customers purchase identifiable chips known as non-negotiable chips, or rolling chips, from the casino cage, and there is no deposit into a gaming table's drop box for rolling chips purchased from the cage. Rolling chip volume and mass market table games drop are not equivalent. Rolling chip volume is a measure of amounts wagered and lost. Mass market table games drop measures buy in. Rolling chip volume is generally substantially higher than mass market table games drop. As these volumes are the denominator used in calculating win rate or hold percentage, with the same use of gaming win as the numerator, the win rate is generally lower in the rolling chip market segment than the hold percentage in the mass market table games segment.

Studio City Casino's expected rolling chip win rate is 2.7% to 3.0%.

We use the following KPIs to evaluate our hotel operations:

- *Average daily rate*: calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms occupied, including complimentary rooms, i.e., average price of occupied rooms per day.
- *Occupancy rate*: the average percentage of available hotel rooms occupied, including complimentary rooms, during a period.
- *Revenue per available room, or REVPAR*: calculated by dividing total room revenues including complimentary rooms (less service charges, if any) by total rooms available, thereby representing a combination of hotel average daily room rates and occupancy.

Complimentary rooms are included in the calculation of the above room-related KPIs. The average daily rate of complimentary rooms is typically lower than the average daily rate for cash rooms. The occupancy rate and REVPAR would be lower if complimentary rooms were excluded from the calculation. As not all available rooms are occupied, average daily room rates are normally higher than revenue per available room.

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Revenues

Our total revenues increased by US\$31.4 million, or 5.8%, to US\$571.2 million in 2018 from US\$539.8 million in 2017. The increase in total revenues was primarily due to enhanced performance in the mass market table games and VIP rolling chip operations as a result of the continuous ramp-up of Studio City. There was no material impact on our revenues in 2018 as a result of the adoption of the New Revenue Standard from January 1, 2018.

- *Provision of gaming related services*. Revenues from the provision of gaming related services are derived from the provision of facilities for the operations of Studio City Casino by the Gaming Operator and services related thereto pursuant to the Services and Right to Use Arrangements. Revenues from the provision of gaming related services increased by US\$44.3 million, or 15.0%, to US\$339.9 million in 2018 from US\$295.6 million in 2017. This increase was due to enhanced performance in mass market table games and VIP rolling chip operations, which contributed to a significant increase in Studio City Casino's gross gaming revenues in 2018.

Studio City Casino generated gross gaming revenues of US\$1,583.8 million and US\$1,438.1 million in 2018 and 2017, respectively, before the deduction by the Gaming Operator of gaming tax and the costs incurred in connection with its operation of Studio City Casino pursuant to the Services and Right to Use Arrangements.

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Mass market table games revenue increased to US\$868.5 million in 2018 from US\$759.1 million in 2017 due to an increase in both mass market table games drop and mass market table games hold percentage. Mass market table games drop increased to US\$3,272.9 million in 2018 from US\$2,913.0 million in 2017. Mass market table games hold percentage also increased to 26.5% in 2018 from 26.1% in 2017.

Gaming machine revenue increased to US\$83.9 million in 2018 from US\$78.2 million in 2017 due to an increase in gaming machine handle to US\$2,479.9 million in 2018 from US\$2,120.5 million in 2017 despite a decrease in gaming machine win rate to 3.4% in 2018 from 3.7% in 2017. Average net win per gaming machine per day was US\$240 and US\$225 in 2018 and 2017, respectively.

Studio City Casino launched its VIP rolling chip operations in November 2016 with 33 VIP rolling chip tables and in June 2017 the number of VIP rolling chip tables subsequently increased to 45. VIP rolling chip revenue increased to US\$631.4 million in 2018 from US\$600.8 million in 2017 due to an increase in VIP rolling chip volume, partially offset by a decrease in VIP rolling chip win rate. VIP rolling chip volume increased to US\$21.2 billion in 2018 from US\$19.0 billion in 2017. VIP rolling chip win rate decreased to 2.97% in 2018 from 3.16% in 2017.

In 2018 and 2017, total gaming tax and costs incurred in connection with the operation of Studio City Casino deducted from gross gaming revenues were US\$1,243.9 million and US\$1,142.5 million, respectively, which included (i) gaming tax imposed on the gross gaming revenue of US\$617.7 million and US\$560.9 million, respectively; (ii) complimentary services provided by us to Studio City Casino's gaming patrons of US\$81.3 million and US\$74.3 million, respectively; (iii) shared administrative services and shuttle bus transportation services provided by us to Studio City Casino of US\$36.5 million and US\$36.9 million, respectively and (iv) remaining costs of US\$508.4 million and US\$470.4 million, respectively, primarily representing gaming-related staff costs and other gaming-related costs, including costs related to VIP operations at Studio City Casino.

After the deduction by the Gaming Operator of gaming tax and the costs incurred in connection with its operation of Studio City Casino from gross gaming revenues, we recognized revenues from the provision of gaming related services of US\$339.9 million and US\$295.6 million in 2018 and 2017, respectively.

- *Rooms.* We generate room revenues from Studio City hotel consisting of Celebrity Tower and all-suite Star Tower. Our room revenues remained stable at US\$88.3 million and US\$88.7 million in 2018 and 2017, respectively. Studio City's average daily rate, occupancy rate and REVPAR were US\$138, 100% and US\$138, respectively, in 2018, as compared to US\$140, 99% and US\$138, respectively, in 2017.
- *Food and beverage, entertainment, mall and retail and other.* Our revenues generated from food and beverage, entertainment, mall and retail and other decreased by US\$11.7 million, or 10.1%, to US\$103.8 million in 2018 from US\$115.5 million in 2017. The decrease was primarily due to the closure of a non-gaming attraction for remodeling in late 2017 and closure of certain retail shops for the expansion of the northeast entrance of Studio City in mid-2017.
- *Services fee.* Our services fee revenues, which primarily consist of certain shared administrative services and shuttle bus transportation services to Studio City Casino, remained stable at US\$39.1 million and US\$40.0 million in 2018 and 2017, respectively.

Operating Costs and Expenses

Our total operating costs and expenses decreased by US\$26.0 million, or 5.7%, to US\$433.4 million in 2018 from US\$459.4 million in 2017.

- *Provision of gaming related services.* Provision of gaming related services expenses, which mainly represent (1) services fees for shared corporate services provided by the Master Service Providers

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pursuant to the Management and Shared Services Arrangements and (2) management payroll expenses, are relatively fixed in nature and amounted to US\$20.3 million and US\$24.0 million in 2018 and 2017, respectively.

- *Rooms.* Room expenses, which represent the costs of operating the hotel facilities and respective payroll expenses, remained stable at US\$21.9 million and US\$21.8 million in 2018 and 2017, respectively.
- *Food and beverage, entertainment, mall and retail and other.* Expenses related to food and beverage, entertainment, mall and retail and other, which primarily represent the costs of operating the respective non-gaming services at Studio City and respective payroll expenses, amounted to US\$81.7 million and US\$84.5 million in 2018 and 2017, respectively.
- *General and administrative.* General and administrative expenses were US\$132.6 million and US\$130.5 million in 2018 and 2017, respectively. Such expenses primarily consist of payroll expenses, utilities, marketing and advertising costs, repairs and maintenance, legal and professional fees, and fees paid to the Master Service Providers for shared corporate services provided to non-gaming departments. Expenses relating to services fee revenues are also included in the general and administrative expenses.
- *Pre-opening costs.* Pre-opening costs were US\$4.6 million in 2018 as compared to US\$0.1 million in 2017. Such costs primarily represent personnel, marketing and other costs incurred prior to the opening of new or start-up operations. The higher pre-opening costs in 2018 was mainly related to the marketing of the new stunt show *Elëkrön*.
- *Amortization of land use right.* Amortization expenses for the land use right continued to be recognized on a straight-line basis at an annual rate of US\$3.3 million in both 2018 and 2017.
- *Depreciation and amortization.* Depreciation and amortization expenses decreased by US\$8.4 million, or 4.9%, to US\$164.6 million in 2018 from US\$173.0 million in 2017.
- *Property charges and other.* Property charges and other expenses of US\$4.5 million were primarily attributable to a write-off of US\$2.2 million in relation to the termination of a contract related to a non-gaming attraction and US\$2.0 million repairs and maintenance costs incurred as a result of Typhoon Hato and Typhoon Mangkhut. Property charges and other expense of US\$22.2 million in 2017 were primarily attributable to impairment of assets as a result of the remodeling of a non-gaming attraction, retail shops and a food station of US\$19.6 million.

Operating Income

As a result of the foregoing, we had an operating income of US\$137.9 million in 2018, compared to an operating income of US\$80.5 million in 2017.

Non-operating Expenses, Net

Net non-operating expenses consisted of interest income, interest expenses, loan commitment fees, net foreign exchange gains, loss on extinguishment of debt and other non-operating (expenses) income, net. We incurred total net non-operating expenses of US\$158.1 million in 2018, compared to US\$157.1 million in 2017.

- *Interest expenses.* Interest expenses remained stable at US\$160.5 million and US\$159.9 million in 2018 and 2017, respectively.
- *Loan commitment fees.* Loan commitment fees, which were associated with the 2016 Credit Facility, were US\$0.4 million in both 2018 and 2017.
- *Loss on extinguishment of debt.* Loss on extinguishment of debt was US\$2.5 million in 2018 and was associated with the early partial redemption of the 2012 Notes in December 2018. We incurred nil loss on extinguishment of debt in 2017.

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Loss before Income Tax

As a result of the foregoing, we had a loss before income tax of US\$20.2 million in 2018, compared to a loss before income tax of US\$76.7 million in 2017.

Income Tax (Expense) Credit

Income tax expenses was US\$0.5 million and was primarily attributable to deferred income tax expense, compared to income tax credit of US\$0.2 million in 2017, which was attributable to deferred income tax credit. The effective tax rates in 2018 and 2017 were (2.7)% and 0.3%, respectively. Our effective tax rates in 2018 and 2017 differed from the statutory Macau complementary tax rate of 12% due to the effect of expenses for which no income tax benefits are receivable, the change in valuation allowances and certain of our profits were exempted from the Macau complementary tax. Our management currently does not expect to realize significant income tax benefits associated with net operating loss carry-forwards and other deferred tax assets generated by our Macau operations. However, to the extent that the financial results of our Macau operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will reduce the valuation allowance related to the net operating losses and other deferred tax assets.

Net Income Attributable to Participation Interest

Our net income attributable to participation interest was US\$0.9 million in 2018.

Net Loss Attributable to Studio City International Holdings Limited

As a result of the foregoing, we had a net loss attributable to Studio City International Holdings Limited of US\$21.6 million in 2018, compared to a net loss attributable to Studio City International Holdings Limited of US\$76.4 million in 2017.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues

Our total revenues increased by US\$115.3 million, or 27.2%, to US\$539.8 million in 2017 from US\$424.5 million in 2016. The increase in total revenues was primarily due to enhanced performance in the mass market table games as a result of the continuous ramp-up of Studio City since its commencement of operations in October 2015 and the launch of VIP rolling chip operations in November 2016.

- *Provision of gaming related services.* Revenues from the provision of gaming related services increased by US\$144.0 million, or 95.0%, to US\$295.6 million in 2017 from US\$151.6 million in 2016. This increase was due to enhanced performance in mass market table games as a result of the continuous ramp-up of Studio City since its commencement of operations in October 2015 and the launch of VIP rolling chip operations in November 2016, which contributed to a significant increase in Studio City Casino's gross gaming revenues in 2017.

Studio City Casino generated gross gaming revenues of US\$1,438.1 million and US\$706.2 million in 2017 and 2016, respectively, before the deduction by the Gaming Operator of gaming tax and the costs incurred in connection with its operation of Studio City Casino pursuant to the Services and Right to Use Arrangements.

Mass market table games revenue increased to US\$759.1 million in 2017 from US\$611.6 million in 2016 due to an increase in both mass market table games drop and mass market table games hold percentage. Mass market table games drop increased to US\$2,913.0 million in 2017 from US\$2,480.0 million in 2016. Mass market table games hold percentage also increased to 26.1% in 2017 from 24.7% in 2016.

Gaming machine revenue increased to US\$78.2 million in 2017 from US\$76.0 million in 2016 due to an increase in gaming machine handle to US\$2,120.5 million in 2017 from US\$2,002.3 million in 2016

despite a slight decrease in gaming machine win rate to 3.7% in 2017 from 3.8% in 2016. Average net win per gaming machine per day was US\$225 and US\$189 in 2017 and 2016, respectively.

Studio City Casino launched its VIP rolling chip operations in November 2016 with 33 VIP rolling chip tables and in June 2017 the number of VIP rolling chip tables subsequently increased to 45. VIP rolling chip revenue increased to US\$600.8 million in 2017 from US\$18.6 million in 2016 due to the first full year of VIP rolling chip operations in Studio City in 2017. VIP rolling chip volume increased to US\$19.0 billion in 2017 from US\$1.3 billion in 2016. VIP rolling chip win rate also increased to 3.16% in 2017 from 1.39% in 2016.

In 2017 and 2016, total gaming tax and costs incurred in connection with the operation of Studio City Casino deducted from gross gaming revenues were US\$1,142.5 million and US\$554.6 million, respectively, which included (i) gaming tax imposed on the gross gaming revenue of US\$560.9 million and US\$275.4 million, respectively; (ii) complimentary services provided by us to Studio City Casino's gaming patrons of US\$74.3 million and US\$61.8 million, respectively; (iii) shared administrative services and shuttle bus transportation services provided by us to Studio City Casino of US\$36.9 million and US\$49.2 million, respectively and (iv) remaining costs of US\$470.4 million and US\$168.2 million, respectively, primarily representing gaming-related staff costs and other gaming-related costs, including costs related to VIP operations at Studio City Casino.

After the deduction by the Gaming Operator of gaming tax and the costs incurred in connection with its operation of Studio City Casino from gross gaming revenues, we recognized revenues from the provision of gaming related services of US\$295.6 million and US\$151.6 million in 2017 and 2016, respectively.

- *Rooms.* Our room revenues increased by US\$4.1 million, or 4.8%, to US\$88.7 million in 2017 from US\$84.6 million in 2016. The increase in room revenues was primarily due to the slightly increased occupancy rate and average daily rate. Studio City's average daily rate, occupancy rate and REVPAR were US\$140, 99% and US\$138, respectively, in 2017, as compared to US\$136, 98% and US\$133, respectively, in 2016.
- *Food and beverage, entertainment, mall and retail and other.* Our revenues generated from food and beverage, entertainment, mall and retail and other decreased by US\$20.9 million, or 15.3%, to US\$115.5 million in 2017 from US\$136.4 million in 2016. We generated more revenues in 2016 as we sold more tickets during that period for more events held at Studio City including live concerts from headline acts such as Madonna and Russell Peters.
- *Services fee.* Our services fee revenues decreased by US\$11.9 million, or 22.9%, to US\$40.0 million in 2017 from US\$51.8 million in 2016. The decrease was due to the implementation of cost-saving initiatives at Studio City, resulting in a lower level of shared administrative services charged to Studio City Casino in 2017.

Operating Costs and Expenses

Our total operating costs and expenses decreased by US\$19.9 million, or 4.2%, to US\$459.4 million in 2017 from US\$479.3 million in 2016.

- *Provision of gaming related services.* Provision of gaming related services expenses, relatively fixed in nature, remained stable at US\$24.0 million and US\$25.3 million in 2017 and 2016, respectively.
- *Rooms.* Room expenses remained stable at US\$21.8 million and US\$22.8 million in 2017 and 2016, respectively.
- *Food and beverage, entertainment, mall and retail and other.* Expenses related to food and beverage, entertainment, mall and retail and other decreased by US\$33.9 million, or 28.7%, to US\$84.5 million in

2017 from US\$118.4 million in 2016. The decrease was primarily due to the decrease in performers' fees as we held fewer events at Studio City in 2017 and lower payroll expenses resulting from the implementation of our cost-saving initiatives.

- *General and administrative.* General and administrative expenses decreased by US\$4.6 million, or 3.4%, to US\$130.5 million in 2017 from US\$135.1 million in 2016, primarily due to lower payroll expenses resulting from the implementation of our cost-saving initiatives and higher marketing and advertising costs in the prior period from promotional activities carried out for the newly-opened Studio City, partially offset by higher repairs and maintenance costs.
- *Amortization of land use right.* Amortization expenses for the land use right were US\$3.3 million in both 2017 and 2016.
- *Depreciation and amortization.* Depreciation and amortization expenses slightly increased by US\$4.5 million, or 2.6%, to US\$173.0 million in 2017 from US\$168.5 million in 2016.
- *Property charges and other.* Property charges and other expenses increased by US\$20.4 million, or 1,117.0%, to US\$22.2 million in 2017 from US\$1.8 million in 2016. Property charges and other expense of US\$22.2 million in 2017 were primarily attributable to impairment of assets as a result of the remodeling of a non-gaming attraction, retail shops and a food station of US\$19.6 million.

Operating Income (Loss)

As a result of the foregoing, we had an operating income of US\$80.5 million in 2017, compared to an operating loss of US\$54.8 million in 2016.

Non-operating Expenses, Net

Net non-operating expenses consisted of interest income, interest expenses, loan commitment fees, net foreign exchange gains (losses), loss on extinguishment of debt and costs associated with debt modification as well as other non-operating income, net. We incurred total net non-operating expenses of US\$157.1 million in 2017, compared to US\$187.5 million in 2016. Higher net non-operating expenses in 2016 was primarily due to the loss on extinguishment of debt and costs associated with debt modification arisen from the refinancing of the 2013 Project Facility with the 2016 Notes and the 2016 Credit Facility in November 2016.

- *Interest expenses.* Interest expenses remained stable at US\$159.9 million and US\$159.2 million in 2017 and 2016, respectively.
- *Loan commitment fees.* Loan commitment fees were US\$0.4 million in 2017, which were associated with the 2016 Credit Facility, while those in 2016 were US\$1.6 million, which were associated with the 2013 Project Facility. As of December 31, 2017, the available facilities consisted of US\$29.9 million in the form of a revolving credit facility under the 2016 Credit Facility compared to available facilities of approximately US\$100 million in the form of a revolving credit facility under the 2013 Project Facility prior to the refinancing of the 2013 Project Facility in November 2016.
- *Loss on extinguishment of debt.* Loss on extinguishment of debt was US\$17.4 million in 2016 and was associated with a portion of the unamortized deferred financing costs of the 2013 Project Facility that were not eligible for capitalization upon refinancing of the 2013 Project Facility with the 2016 Notes and the 2016 Credit Facility. We incurred nil loss on extinguishment of debt in 2017.
- *Costs associated with debt modification.* Costs associated with debt modification in 2016 were US\$8.1 million, which mainly represented a portion of the underwriting fee and legal and professional fees incurred for refinancing of the 2013 Project Facility with the 2016 Notes and the 2016 Credit Facility that were not eligible for capitalization. We incurred nil costs associated with debt modification in 2017.

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Loss before Income Tax

As a result of the foregoing, we had a loss before income tax of US\$76.7 million in 2017, compared to a loss of US\$242.3 million in 2016.

Income Tax Credit (Expense)

Income tax credit was US\$0.2 million in 2017 and was attributable to deferred income tax credit, compared to income tax expense of US\$0.5 million in 2016, which was attributable to deferred income tax expense. The effective tax rates in 2017 and 2016 were 0.3% and (0.2)%, respectively. Our effective tax rates in 2017 and 2016 differed from the statutory Macau complementary tax rate of 12% due to the effect of expenses for which no income tax benefit is receivable, the change in valuation allowance and certain of our profits were exempted from the Macau complementary tax. Our management currently does not expect to realize significant income tax benefits associated with net operating loss carry-forwards and other deferred tax assets generated by our Macau operations. However, to the extent that the financial results of our Macau operations improve and it becomes more likely than not that the deferred tax assets are realizable, we will reduce the valuation allowance related to the net operating losses and other deferred tax assets.

Net Loss Attributable to Studio City International Holdings Limited

As a result of the foregoing, we had a net loss attributable to Studio City International Holdings Limited of US\$76.4 million in 2017, compared to a net loss attributable to Studio City International Holdings Limited of US\$242.8 million in 2016.

Adjusted EBITDA

Our earnings before interest, taxes, depreciation, amortization, pre-opening costs, property charges and other, other non-operating income and expenses, or Adjusted EBITDA, were US\$314.8 million, US\$279.1 million and US\$123.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

We believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results. This non-GAAP financial measure eliminates the impact of items that we do not consider indicative of the performance of our business. While we believe that this non-GAAP financial measure is useful in evaluating our business, this information should be considered as supplemental in nature and is not meant as a substitute for the related financial information prepared in accordance with U.S. GAAP. It should not be considered in isolation or construed as an alternative to net income/loss, cash flow or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. This non-GAAP financial measure, which may differ from similarly titled measures used by other companies should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP.

The use of Adjusted EBITDA has material limitations as an analytical tool, as Adjusted EBITDA does not include all items that impact our net income/loss. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to its most directly comparable GAAP financial measure.

Reconciliation of Net Loss Attributable to Studio City International Holdings Limited to Adjusted EBITDA

	Year Ended December 31,		
	2018 (2)	2017	2016
	<i>(in thousands of US\$)</i>		
Net loss attributable to Studio City International Holdings Limited	\$ (21,598)	\$ (76,437)	\$(242,789)
Net income attributable to participation interest	853	—	—
Net loss	(20,745)	(76,437)	(242,789)
Income tax expense (credit)	544	(239)	474
Interest and other non-operating expenses, net	158,063	157,126	187,549
Property charges and other	4,464	22,210	1,825
Depreciation and amortization	167,891	176,326	171,862
Pre-opening costs	4,550	116	4,044
Adjusted EBITDA	<u>\$314,767</u>	<u>\$279,102</u>	<u>\$ 122,965</u>
Adjusted EBITDA margin (1)	55.1%	51.7%	29.0%

- (1) Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by total revenues.
- (2) We adopted the New Revenue Standard on January 1, 2018 under the modified retrospective method. There was no material impact on our results of operations and Adjusted EBITDA in 2018 as a result of the adoption of the New Revenue Standard.

The Adjusted EBITDA for Studio City in 2018, 2017 and 2016 referred to in Melco Resorts' 2018 annual report on Form 20-F were US\$60.5 million, US\$56.5 million and US\$33.0 million more, respectively, than the Adjusted EBITDA of Studio City contained in this report. The Adjusted EBITDA of Studio City contained in this report includes certain intercompany charges that are not included in the Adjusted EBITDA for Studio City contained in such Melco Resorts' annual report. Such intercompany charges include, among other items, fees and shared service charges billed between the Company and its subsidiaries and certain subsidiaries of Melco Resorts. Additionally, Adjusted EBITDA of Studio City included in such Melco Resorts' annual report does not reflect certain costs related to the VIP operations at Studio City Casino.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements. We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make estimates and assumptions that affect our reporting of, among other things, assets and liabilities, contingent assets and liabilities and revenues and expenses. Certain of our accounting policies require that management apply significant judgment in defining the appropriate assumptions integral to financial estimates. On an ongoing basis, we regularly evaluate these estimates and assumptions based on the most recently available information, our own historical experiences, terms of existing contracts, industry trends and other factors that we believe to be relevant, reasonable and appropriate under the circumstances. Since our financial reporting process inherently relies on the use of estimates and assumptions, our actual results could differ from what we expect. This is especially true with some accounting policies that require higher degrees of judgment than others in their application. We consider the policies discussed below to be critical to an understanding of our consolidated financial statements because they involve the greatest reliance on our management's judgment.

Allocations and Costs Recognized with the Services and Right to Use Arrangements and the Management and Shared Services Arrangements

Under the Services and Right to Use Arrangements, the Gaming Operator deducts gaming tax and the costs of operation of Studio City Casino. We receive the residual gross gaming revenues and recognize these amounts as our revenues from provision of gaming related services.

Under the Management and Shared Services Arrangements, certain of our corporate and administrative functions as well as operational activities are administered by staff employed by certain subsidiaries of Melco Resorts, including senior management services, centralized corporate functions and operational and venue support services. Payment arrangements for the services are provided for in the individual work agreements and may vary depending on the services provided. Corporate services are charged at pre-negotiated rates, subject to a base fee and cap. Senior management service fees and staff costs on operational services are allocated to us based on percentages of efforts on the services provided to us. Other costs in relation to shared office equipment are allocated based on a percentage of usage.

We believe the costs incurred under the Services and Right to Use Arrangements and the allocation methods under the Management and Shared Services Arrangements are reasonable and the consolidated financial statements reflect our cost of doing business. However, such allocations may not be indicative of the actual expenses we would have incurred had we operated as an independent company for the periods presented. See a detailed discussion of services and related charges in Note 14 to the consolidated financial statements included elsewhere in this annual report.

Property and Equipment and Other Long-lived Assets

During the construction and development stage of Studio City, direct and incremental costs related to the design and construction, including costs under the construction contracts, duties and tariffs, equipment installation, shipping costs, payroll and payroll benefit related costs, applicable portions of interest and amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activity is suspended for more than a brief period. Pre-opening costs, consisting of marketing and other expenses related to our new or start-up operations are expensed as incurred.

We recognize depreciation and amortization expense related to capitalized construction costs and other property and equipment from the time each asset is placed in service. This may occur at different stages as Studio City's facilities are completed and opened.

Property and equipment are depreciated and amortized on a straight-line basis over the asset's estimated useful life. The estimated useful lives are based on factors including the nature of the assets, its relationship to other assets, our operating plans and anticipated use and other economic and legal factors that impose limits. We review periodically the remaining estimated useful lives of the property and equipment.

Our land use right in Macau under the land concession contract for Studio City is being amortized over the estimated term of the land use right on a straight-line basis. The estimated term of the land use right under the land concession contract is based on factors including the business and operating environment of the gaming industry in Macau, laws and regulations in Macau, and our development plans. The estimated term of the land use right is periodically reviewed.

We charge costs of repairs and maintenance to expense when incurred. The cost and accumulated depreciation of property and equipment retired or otherwise disposed of are eliminated from the respective accounts and any resulting gain or loss is included in operating income or loss.

We also review our long-lived assets with finite lives to be held and used for impairment whenever indicators of impairment exist. If an indicator of impairment exists, we then compare the estimated future cash flows of the asset, on an undiscounted basis, to the carrying value of the asset. The undiscounted cash flows of such assets are measured by first grouping our long-lived assets into asset groups and, secondly, estimating the undiscounted future cash flows that are directly associated with and expected to arise from the use of and eventual disposition of such asset group. We define an asset group as the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and estimate the undiscounted cash flows over the remaining useful life of the primary asset within the asset group. If the undiscounted cash flows exceed the carrying value, no impairment is indicated. If the undiscounted cash flows do not exceed the carrying value, we then record an impairment charge based on the fair value of the asset group, typically measured using a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs. We record all recognized impairment losses, whether for assets to be disposed of or assets to be held and used as operating expenses.

We did not recognize any impairment loss in 2018 and 2016. We recognized impairment loss of US\$19.6 million mainly due to reconfigurations and renovations at Studio City in 2017.

Revenue Recognition

On January 1, 2018, we adopted the New Revenue Standard using the modified retrospective method applying to those contracts not yet completed as of January 1, 2018. The accounting policies for revenue recognition as a result of the New Revenue Standard are as follows.

Our revenues from contracts with customers consist of provision of gaming related services, sales of rooms, food and beverage, entertainment, retail and other goods and services.

Revenues from provision of gaming related services represent revenues arising from the provision of facilities for the operations of Studio City Casino and services related thereto pursuant to the Services and Right to Use Arrangements, under which the Gaming Operator operates the Studio City Casino. The Gaming Operator deducts gaming tax and the costs incurred in connection with the operations of Studio City Casino pursuant to the Services and Right to Use Arrangements, including the standalone selling prices of complimentary services within Studio City provided to the Studio City gaming patrons, from the Studio City Casino gross gaming revenues. We recognize the residual amount as revenues from provision of gaming related services. We have concluded that we are not the controlling entity to the arrangements and recognize the revenues from provision of gaming related services on a net basis.

Non-gaming revenues include services provided for cash consideration and services provided on a complimentary basis to the gaming patrons at Studio City. The transaction prices for rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from customers for such goods and services that are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by us are excluded from revenues. We record advance deposits on rooms and advance ticket sales as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by us are allocated to each good or service based on its relative standalone selling price.

Minimum operating and right to use fees, representing lease revenues, adjusted for contractual base fees and operating fee escalations, are included in mall revenues and are recognized over the terms of the related agreements on a straight-line basis.

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Upon the adoption of the New Revenue Standard, we recognized the cumulative effect of adopting the New Revenue Standard as an adjustment to the opening balance of accumulated losses. Amounts for the periods beginning on or after January 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The major changes as a result of the adoption of the New Revenue Standard are as follows:

- (1) Complimentary services provided to Studio City Casino's gaming patrons are deducted from the gross gaming revenues and are measured based on stand-alone selling prices under the New Revenue Standard, replacing the previously used retail values. The non-gaming revenues associated with the provision of these complimentary services are measured on the same basis. The change impacts the amount of revenues from the provision of gaming related services received by us with corresponding changes to the non-gaming revenues.
- (2) The New Revenue Standard changes the measurement basis for the non-discretionary incentives (including the loyalty program) provided to Studio City Casino's gaming patrons, as administered by the Gaming Operator, from previously used estimated costs to standalone selling prices. The non-discretionary incentives are deducted from the gross gaming revenues by the Gaming Operator and impact the amount of revenues from provision of gaming related services received by us. Similarly, the redemption of non-discretionary incentives for non-gaming services provided by us are measured on the same basis. At the adoption date, we recognized an increase to the opening balance of accumulated losses of US\$3.3 million with a corresponding decrease in amounts due from affiliated companies.

There was no material impact on our financial position as of December 31, 2018 and our results of operations and cash flows for 2018 as a result of the adoption of the New Revenue Standard.

Income Tax

We recognize deferred income taxes for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities. As of December 31, 2018 and 2017, we recorded valuation allowances of US\$58.3 million and US\$59.5 million, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized. Our assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability, and the duration of statutory carry-forward periods. To the extent that the financial results of our operations improve and it becomes more likely than not that the deferred tax assets are realizable, the valuation allowances will be reduced.

Recent Changes in Accounting Standards

See note 2 to the consolidated financial statements included elsewhere in this report for discussion of recent changes in accounting standards.

B. LIQUIDITY AND CAPITAL RESOURCES

Up through the opening of Studio City, our principal sources of liquidity included shareholder equity contributions, loan facilities and senior notes facilities to meet our project development needs. Following the opening of Studio City in October 2015, we relied on, and intend to continue to rely on, our cash generated from our operations and our debt and equity financings to meet our financing or refinancing needs.

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As of December 31, 2018, we recorded US\$345.9 million in cash and cash equivalents. Further, the HK\$233.0 million (equivalent to approximately US\$29.8 million) revolving credit facility under the 2016 Credit Facility is available for future drawdown as of December 31, 2018, subject to certain conditions precedent.

As of December 31, 2018, restricted cash of US\$31.7 million primarily represented the unspent cash from the capital injection for the remaining project for Studio City, which was restricted only for the initial development costs and other project costs of the remaining project of Studio City, and certain bank account balances required to be maintained in accordance with the 2012 Notes and the 2016 Notes to serve the interest repayment obligations.

We have been able to meet our working capital needs, and we believe that our current available cash and cash equivalents, bank deposits, funds available for drawdown under the 2016 Credit Facility and any additional equity or debt financings will be adequate to satisfy our current and anticipated operating, debt and capital commitments, including our development project plans, as described in “— Other Financing and Liquidity Matters” below. For any additional financing requirements, we cannot provide assurance that future borrowings will be available. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — We may not be able to obtain adequate financing on satisfactory terms for our existing business and/or remaining project, or at all” for more information.

We have significant indebtedness and will continue to evaluate our capital structure and opportunities to enhance it in the normal course of our activities. We may from time to time seek to retire or purchase our outstanding debt through cash purchases, in open market purchases, privately-negotiated transactions or otherwise. Such purchases, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Cash Flows

The following table sets forth a summary of our cash flows for the years presented. The consolidated cash flows data for the year ended December 31, 2017 and 2016 have been adjusted to reflect the retrospective adoption on January 1, 2018 of Accounting Standards Update 2016-18 *Statement of Cash Flows (Topic 230): Restricted Cash (A Consensus of the FASB Emerging Issues Task Force)*. As a result of the adoption, restricted cash is included with cash and cash equivalents in the beginning and ending balances, and the changes in restricted cash that were previously reported within net cash used in investing activities in the consolidated statements of cash flows have been eliminated.

	Year Ended December 31,		
	2018	2017	2016
	<i>(in thousands of US\$)</i>		
Net cash provided by operating activities	\$ 139,518	\$ 68,313	\$ 14,579
Net cash used in investing activities	(147,515)	(55,345)	(106,710)
Net cash provided by (used in) financing activities	5,152	(1,285)	(122,786)
Effect of foreign exchange on cash, cash equivalents and restricted cash	(2,519)	—	—
Net (decrease) increase in cash, cash equivalents and restricted cash	(5,364)	11,683	(214,917)
Cash, cash equivalents and restricted cash at beginning of year	382,929	371,246	586,163
Cash, cash equivalents and restricted cash at end of year	<u>\$ 377,565</u>	<u>\$382,929</u>	<u>\$ 371,246</u>

Operating Activities

Operating cash flows are generally affected by changes in operating income and certain operating assets and liabilities, including the receivables related to the provision of gaming related services and hotel operations, as well as the non-gaming business, including food and beverage, entertainment, mall, retail and other, which are conducted primarily on a cash basis.

We recorded net cash provided by operating activities of US\$139.5 million in 2018, as compared to net cash provided by operating activities of US\$68.3 million in 2017, primarily due to the higher contribution of cash generated from the improving operations of Studio City and decreased working capital for operations.

We recorded net cash provided by operating activities of US\$68.3 million in 2017, as compared to net cash provided by operating activities of US\$14.6 million in 2016, primarily due to the higher contribution of cash generated from the improving operations of Studio City, partially offset by increased working capital for operations.

Investing Activities

Net cash used in investing activities was US\$147.5 million in 2018, as compared to net cash used in investing activities of US\$55.3 million in 2017. Net cash used in investing activities was US\$106.7 million in 2016.

Net cash used in investing activities amounted to US\$147.5 million in 2018, primarily attributable to (i) capital expenditure payments of US\$151.3 million and (ii) funds to an affiliated company of US\$13.4 million, partially offset by (iii) net withdrawal of bank deposits with original maturities over three months of US\$9.9 million and (iv) proceeds from the sale of property and equipment and other long-term assets of US\$9.2 million.

Net cash used in investing activities amounted to US\$55.3 million in 2017, primarily attributable to (i) capital expenditure payments of US\$42.4 million and (ii) the placement of bank deposits with original maturities over three months of US\$9.9 million and (iii) funds to an affiliated company of US\$2.8 million.

Net cash used in investing activities amounted to US\$106.7 million in 2016, primarily attributable to (i) capital expenditure payments of US\$111.4 million and (ii) funds to an affiliated company of US\$8.5 million, partially offset by (iii) proceeds from sale of property and equipment and other long-term assets of US\$13.5 million.

Our capital expenditures on an accrual basis amounted to US\$67.0 million, US\$35.7 million and US\$59.3 million for the years ended December 31, 2018, 2017 and 2016, respectively, primarily for the construction, development and enhancement of Studio City. We will continue to make capital expenditures to meet the expected growth of our business and expect that cash generated from our operating and financing activities will meet our capital expenditure needs in the foreseeable future. We expect to incur significant capital expenditures for the development of the remaining land of Studio City. See “— Other Financing and Liquidity Matters” below for more information.

Financing Activities

Net cash provided by financing activities was US\$5.2 million in 2018, as compared to cash used in a financing activity of US\$1.3 million in 2017. Cash used in financing activities was US\$122.8 million in 2016.

Net cash provided by financing activities was US\$5.2 million in 2018, attributable to the net proceeds from our initial public offering of ADSs of US\$405.2 million, partially offset by the early partial redemption of the 2012 Notes of US\$400.0 million.

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Cash used in a financing activity was US\$1.3 million in 2017, attributable to the payment of debt issuance costs associated with the 2016 Notes and the 2016 Credit Facility.

Cash used in financing activities was US\$122.8 million in 2016, due to (i) the scheduled repayment in September 2016 and subsequently the early repayment in full of the 2013 Project Facility (other than HK\$1.0 million rolled over into the term loan facility under the 2016 Credit Facility) of US\$1,295.6 million net of proceeds of US\$1,200.0 million from the issuance of the 2016 Notes, and (ii) the payments of debt issuance costs primarily associated with the 2016 Notes and the 2016 Credit Facility as well as payments of legal and professional fees for amending the 2013 Project Facility loan documentation of US\$27.2 million.

Indebtedness

We enter into loan facilities and issue notes through our subsidiaries. The following table sets forth our gross indebtedness, before the reduction of debt issuance costs, as of December 31, 2018:

	<u>Issuer</u>	<u>As of December 31, 2018</u> <i>(in thousands of US\$)</i>
2012 Notes	Studio City Finance	\$ 425,000
2016 Credit Facility	Studio City Company	128
2016 5.875% Notes	Studio City Company	350,000
2016 7.250% Notes	Studio City Company	850,000
Total		<u>\$ 1,625,128</u>

Major changes in our indebtedness during the year ended and subsequent to December 31, 2018 are summarized below.

On December 31, 2018, Studio City Finance partially redeemed the 2012 Notes in an aggregate principal amount of US\$400.0 million, together with accrued interest.

On January 22, 2019, Studio City Finance commenced the 2012 Notes Tender Offer. The 2012 Notes Tender Offer expired on February 4, 2019. The aggregate principal amount of valid tenders received and not validly withdrawn under the 2012 Notes Tender Offer amounted to US\$216.5 million. On February 11, 2019, Studio City Finance issued US\$600.0 million in aggregate principal amount of the 2019 Notes, the net proceeds of which were used to pay the tendering noteholders from the 2012 Notes Tender Offer and, on March 13, 2019, to redeem, together with accrued interest, all remaining outstanding amounts of the 2012 Notes, which amounted to US\$208.5 million in aggregate principal amount.

For further details of the above indebtedness, see note 7 to the consolidated financial statements included elsewhere in this annual report, which includes information regarding the type of debt facilities used, the maturity profile of debt, the currency and interest rate structure, the charge on our assets and the nature and extent of any restrictions on our ability, and the ability of our subsidiaries, to transfer funds as cash dividends, loans or advances. See also “Item 5. Operating and Financial Review and Prospects — F. Tabular Disclosure of Contractual Obligations” for details of the maturity profile of debt and “Item 11. Quantitative and Qualitative Disclosures about Market Risk” for further understanding of our hedging of foreign exchange risk exposure.

Other Financing and Liquidity Matters

We may obtain financing in the form of, among other things, equity or debt, including additional bank loans or high yield, mezzanine or other debt, or rely on our operating cash flow to fund the development of our projects. We are a growing company with significant financial needs. We expect to have significant capital expenditures in the future as we continue to develop the remaining land of Studio City.

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We have relied, and intend in the future to rely, on our operating cash flow and different forms of financing to meet our funding needs and repay our indebtedness, as the case may be.

The timing of any future debt and equity financing activities will be dependent on our funding needs, our development and construction schedule, the availability of funds on terms acceptable to us and prevailing market conditions. We may carry out activities from time to time to strengthen our financial position and ability to better fund our business expansion plans. Such activities may include refinancing existing debt, monetizing assets, sale-and-leaseback transactions or other similar activities.

In October 2018, we completed our initial public offering of 28,750,000 ADSs (equivalent to 115,000,000 Class A ordinary shares). In November 2018, the underwriters exercised their over-allotment option in full to purchase an additional 4,312,500 ADSs from us. After giving effect to the exercise of the over-allotment option, the total number of ADSs sold in our initial public offering was 33,062,500 ADSs and we received net proceeds of approximately US\$406.7 million from the ADSs sold in our initial public offering and aggregate gross proceeds of approximately US\$2.5 million from the concurrent private placement to Melco International in connection with Melco International's "assured entitlement" distribution to its shareholders, after deducting underwriting discounts and commissions and a structuring fee, but before deducting offering expenses payable by us.

Any other future developments may be subject to further financing and a number of other factors, many of which are beyond our control.

As of December 31, 2018, we had capital commitments contracted for but not incurred for the construction and acquisition of property and equipment mainly for the development of remaining land at Studio City totaling US\$38.7 million. In addition, we have contingent liabilities arising in the ordinary course of business. For further details for our commitments and contingencies, see note 13 to the consolidated financial statements included elsewhere in this annual report.

Each of Studio City Company and Studio City Finance has a corporate rating of "BB-" by Standard & Poor's and a corporate rating of "B1" by Moody's Investors Service, respectively. For future borrowings, any decrease in our corporate rating could result in an increase in borrowing costs.

Restrictions on Distributions

The Company is a holding company with no operations of its own. We conduct our operations through our subsidiaries. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries. Our subsidiaries have incurred debt on their own behalf and any of our newly formed subsidiaries may incur debt on their own behalf in the future and the instruments governing their debt have and may restrict their ability to pay dividends to us. For discussion on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances and the impact such restrictions have on our ability to meet our cash obligations, see "Item 3. Key Information — D. Risk Factors — Risks Relating to Our Business — Certain covenants under our agreements governing our existing indebtedness restrict our ability to engage in certain transactions and may impair our ability to respond to changing business and economic conditions" and "Item 8. Financial Information — A. Consolidated Statements and Other Financial Information — Dividend Policy" and note 12 to the consolidated financial statements included elsewhere in this annual report.

In addition, our subsidiaries incorporated in Macau are required to set aside a minimum of 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES, ETC.

We have entered into licensing agreements for the use of certain trade names. For other intellectual property that we owned, see “Item 4. Information on the Company — B. Business Overview — Intellectual Property.”

D. TREND INFORMATION

The following trends and uncertainties may affect our operations and financial conditions:

- Policies and campaigns implemented by the Chinese government, including restrictions on travel, anti-corruption campaigns, heightened monitoring of cross-border currency movement and adoption of new measures to eliminate perceived channels of illicit cross-border currency movements, restrictions on currency withdrawal, increased scrutiny of marketing activities in China or new measures taken by the Chinese government to deter marketing of gaming activities to mainland Chinese residents by foreign casinos, as well as any slowdown of economic growth in China, may lead to a decline and limit the recovery and growth in the number of patrons visiting our property and the spending amount of such patrons;
- The gaming and leisure market in Macau is developing and the competitive landscape is expected to evolve as more gaming and non-gaming facilities are developed in Macau. More supply of integrated resorts in the Cotai region of Macau will intensify the competition in the businesses that we and the Gaming Operator operate;
- The impact of new policies and legislation implemented by the Macau government, including travel and visa policies, anti-smoking legislation as well as policies relating to gaming table allocations and gaming machine requirements;
- Greater regulatory scrutiny and more stringent enforcement of existing laws and regulations in relation to anti-money laundering, including laws and regulations relating to capital movement;
- Gaming promoters in Macau are experiencing increased regulatory scrutiny that has resulted in the cessation of business of certain gaming promoters, a trend which may affect Studio City Casino’s operations in a number of ways:
 - a concentration of gaming promoters may result in such gaming promoters having significant leverage and bargaining strength in negotiating agreements with gaming operators, which could result in gaming promoters negotiating changes to the Gaming Operator’s agreements with them or the loss of business to a competitor or the loss of certain relationships with gaming promoters, any of which may adversely affect our results of operations;
 - if any of Studio City Casino’s gaming promoters ceases business or fails to maintain the required standards of regulatory compliance, probity and integrity, their exposure to patron and other litigation and regulatory enforcement actions may increase, which in turn may expose us and the Gaming Operator to an increased risk for litigation, regulatory enforcement actions and damage to our reputations; and
 - since the Gaming Operator depends on gaming promoters for its VIP gaming revenue, difficulties in their operations may expose the Studio City Casino to higher operational risk while Studio City Casino continues to conduct VIP rolling chip operations.

See also “Item 3. Key Information — D. Risk Factors,” “Item 4. Information on the Company — B. Business Overview — Market and Competition,” and other information elsewhere in this annual report for recent trends affecting our revenues and costs since the previous financial year and a discussion of any trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause the reported financial information not necessarily to be indicative of future operating results or financial condition.

E. OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any material financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our ordinary shares and classified as shareholder's equity, or that are not reflected in our consolidated financial statements.

Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

Our total long-term indebtedness and other contractual obligations as of December 31, 2018 are summarized below.

	Payments Due by Period				Total
	Less than 1 year	1-3 years	3-5 years	More than 5 years	
	<i>(in millions of US\$)</i>				
Long-term debt obligations (1):					
2012 Notes (2)	\$ —	\$ 425.0	\$ —	\$ —	\$ 425.0
2016 Credit Facility	—	0.1	—	—	0.1
2016 5.875% Notes	350.0	—	—	—	350.0
2016 7.250% Notes	—	850.0	—	—	850.0
Fixed interest payments	116.6	151.2	—	—	267.8
Construction costs and property and equipment retention payables	1.6	—	—	—	1.6
Other contractual commitments:					
Government annual land use fees (3)	0.9	1.9	2.2	3.2	8.2
Construction costs and property and equipment acquisition commitments (4)	25.6	13.1	—	—	38.7
Total contractual obligations	\$ 494.7	\$1,441.3	\$ 2.2	\$ 3.2	\$1,941.4

- (1) See note 7 to the consolidated financial statements included elsewhere in this annual report for further details on these debt facilities.
- (2) On February 11, 2019, Studio City Finance issued US\$600.0 million in aggregate principal amount of the 2019 Notes, the net proceeds of which were partly used to pay the tendering noteholders from the 2012 Notes Tender Offer in February 2019, which amounted to US\$216.5 million in aggregate principal amount of the 2012 Notes, and to redeem the remaining outstanding principal amount of the 2012 Notes in March 2019, which amounted to US\$208.5 million in aggregate principal amount. See note 16 to the consolidated financial statements included elsewhere in this annual report for further details on these subsequent events.
- (3) The Studio City site is located on the land parcel in which we have received a land concession from the Macau government for a 25-year term, renewable for further consecutive periods of ten years, subject to applicable legislation in Macau. See “Item 4. Information on the Company — B. Business Overview — Land and Properties — Land Concession” for further details of the land concession obligation.
- (4) See note 13(a) to the consolidated financial statements included elsewhere in this annual report for further details on construction costs and property and equipment acquisition commitments.

G. SAFE HARBOR

See “Special Note Regarding Forward-Looking Statements.”

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**A. DIRECTORS AND SENIOR MANAGEMENT****Directors and Executive Officers**

The following table sets forth information regarding our directors and executive officers as of the date of this annual report on Form 20-F.

Directors and Executive Officers	Age	Position/Title
Lawrence Yau Lung Ho	42	Director
Evan Andrew Winkler	44	Director
Clarence Yuk Man Chung	56	Director
Geoffrey Stuart Davis	50	Director
Stephanie Cheung	56	Director
Akiko Takahashi	65	Director
David Anthony Reganato	39	Director
Timothy Paul Lavelle	34	Director
Dominique Mielle	50	Independent Director
Kevin F. Sullivan	66	Independent Director
Nigel Alan Dean	65	Independent Director
Geoffry Philip Andres	52	Property President
Timothy Green Nauss	61	Property Chief Financial Officer

Directors

Mr. Lawrence Yau Lung Ho has been a member of our board of directors since July 2011. Mr. Ho was also appointed as the executive director of Melco Resorts on December 20, 2004, and served as its co-chairman and chief executive officer between December 2004 and April 2016 before he was re-designated as chairman and chief executive officer in May 2016. Since November 2001, Mr. Ho has served as the managing director of Melco International and its chairman and chief executive officer since March 2006. Mr. Ho has also been appointed as the chairman and director of Maple Peak Investment Inc., a company listed on the TSX Venture Exchange in Canada, since July 2016, and also serves on numerous boards and committees of privately-held companies in Hong Kong, Macau and mainland China.

As a member of the National Committee of the Chinese People's Political Consultative Conference, Mr. Ho serves on the board or participates as a committee member in various organizations in Hong Kong, Macau and mainland China. He is a vice chairman of the All-China Federation of Industry and Commerce; a member of the board of directors and a Vice Patron of The Community Chest of Hong Kong; a member of the All China Youth Federation; a member of the Macau Basic Law Promotion Association; chairman of the Macau International Volunteers Association; a member of the Board of Governors of The Canadian Chamber of Commerce in Hong Kong; honorary lifetime director of The Chinese General Chamber of Commerce of Hong Kong; honorary patron of The Canadian Chamber of Commerce in Macao; honorary president of the Association of Property Agents and Real Estate Developers of Macau and director executive of the Macao Chamber of Commerce.

In recognition of Mr. Ho's excellent directorship and entrepreneurial spirit, Institutional Investor honored him as the "Best CEO" in 2005. He was also granted the "5th China Enterprise Award for Creative Businessmen" by the China Marketing Association and China Enterprise News, "Leader of Tomorrow" by Hong Kong Tatler and the "Directors of the Year Award" by the Hong Kong Institute of Directors in 2005. In 2017, Mr. Ho was awarded the Medal of Merit — Tourism by the Macau SAR government for his significant contributions to tourism in the territory.

As a socially responsible young entrepreneur in Hong Kong, Mr. Ho was selected as one of the “Ten Outstanding Young Persons Selection 2006,” organized by Junior Chamber International Hong Kong. In 2007, he was elected as a finalist in the “Best Chairman” category in the “Stevie International Business Awards” and one of the “100 Most Influential People across Asia Pacific” by Asiamoney magazine. In 2008, he was granted the “China Charity Award” by the Ministry of Civil Affairs of the People’s Republic of China. In 2009, Mr. Ho was selected as one of the “China Top Ten Financial and Intelligent Persons” judged by a panel led by the Beijing Cultural Development Study Institute and Fortune Times and was named “Young Entrepreneur of the Year” at Hong Kong’s first Asia Pacific Entrepreneurship Awards. Mr. Ho was selected by FinanceAsia magazine as one of the “Best CEOs in Hong Kong” for the fifth time in 2014 and was granted the “Leadership Gold Award” in the Business Awards of Macau in 2015. Mr. Ho has been honored as one of the recipients of the “Asian Corporate Director Recognition Awards” by Corporate Governance Asia magazine for six consecutive years since 2012 and was awarded “Asia’s Best CEO” at the Asian Excellence Awards for the sixth time in 2017.

Mr. Ho graduated with a Bachelor of Arts degree in commerce from the University of Toronto, Canada, in June 1999 and was awarded the Honorary Doctor of Business Administration degree by Edinburgh Napier University, Scotland, in July 2009 for his contribution to business, education and the community in Hong Kong, Macau and China.

Mr. Evan Andrew Winkler has been a member of our board of directors since August 2016. Mr. Winkler was also appointed as a non-executive director of Melco Resorts on August 3, 2016. Mr. Winkler served as the managing director of Melco International since August 2016 and was appointed a director of various subsidiaries of Melco International. In May 2018, Mr. Winkler assumed the role of president and managing director of Melco International. Before joining Melco International, Mr. Winkler served as a managing director at Moelis & Company, a global investment bank. Prior to that, he was a managing director and co-head of technology, media and telecommunications M&A at UBS Investment Bank. Mr. Winkler has extensive experience in providing senior level advisory services on mergers and acquisitions and other corporate finance initiatives, having spent nearly two decades working on Wall Street. He holds a bachelor’s degree in Economics from the University of Chicago.

Mr. Clarence Yuk Man Chung has been a member of our board of directors since October 2018. Mr. Chung was appointed as a non-executive director of Melco Resorts on November 21, 2006. Mr. Chung has also been an executive director of Melco International since May 2006, which he joined in December 2003. In addition, Mr. Chung has been the chairman and president of Melco Resorts and Entertainment (Philippines) Corporation, a company listed on the Philippine Stock Exchange, or MRP, since December 2012 and has also been appointed as a director of certain subsidiaries of Melco International and Melco Resorts incorporated in various jurisdictions. Before joining Melco International, Mr. Chung had been in the financial industry in various capacities as a chief financial officer, an investment banker and a merger and acquisition specialist. He was named one of the “Asian Gaming 50” for multiple years (including 2018) by Inside Asian Gaming magazine. Mr. Chung is a member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales and obtained a master’s degree in business administration from the Kellogg School of Management at Northwestern University and The Hong Kong University of Science and Technology.

Mr. Geoffrey Stuart Davis has been a member of our board of directors since October 2018. Mr. Davis is the executive vice president and chief financial officer of Melco Resorts and he was appointed to this role in April 2011. Prior to that, he served as the deputy chief financial officer of Melco Resorts from August 2010 to March 2011 and senior vice president, corporate finance of Melco Resorts since 2007, when he joined Melco Resorts. In addition, Mr. Davis has been the chief financial officer of Melco International since December 2017 and a director of MRP since January 2018. Prior to joining Melco Resorts, Mr. Davis was a research analyst for Citigroup Investment Research, where he covered the U.S. gaming industry from 2001 to 2007. From 1996 to 2000, he held a number of positions at Hilton Hotels Corporation and Park Place Entertainment. Park Place was spun off from Hilton Hotels Corporation and subsequently renamed Caesars Entertainment. Mr. Davis has been a CFA charter holder since 2000 and obtained a bachelor of arts degree from Brown University.

Ms. Stephanie Cheung has been a member of our board of directors since October 2018. Ms. Cheung is the executive vice president and chief legal officer of Melco Resorts and she was appointed to this role in December 2008. Prior to that, she held the title of general counsel of Melco Resorts from November 2006, when she joined Melco Resorts. She has acted as the secretary to the board of Melco Resorts since she joined Melco Resorts. Prior to joining Melco Resorts, Ms. Cheung practiced law with various international law firms in Hong Kong, Singapore and Toronto. Ms. Cheung graduated with a bachelor of laws degree from Osgoode Hall Law School and a master's degree in business administration from York University. Ms. Cheung is admitted as a solicitor in Ontario, Canada, England and Wales and Hong Kong and is a member of the Hong Kong Institute of Directors and a fellow of Salzburg Global.

Ms. Akiko Takahashi has been a member of our board of directors since October 2018. Ms. Takahashi is the executive vice president and chief officer, human resources/corporate social responsibility, of Melco Resorts and was appointed to this role in December 2008. Prior to that, she held the title of group human resources director of Melco Resorts from December 2006, when she joined Melco Resorts. Prior to joining Melco Resorts, Ms. Takahashi worked as a consultant in her own consultancy company from 2003 to 2006 where she conducted "C-level" executive searches for clients and assisted with brand/service culture alignment for a luxury hotel in New York City and where her last engagement prior to joining Melco Resorts was to lead the human resources integration for the largest international hospitality joint venture in Japan between InterContinental Hotels Group and ANA Hotels. She was the global group director of human resources for Shangri-la Hotels and Resorts, an international luxury hotel group headquartered in Hong Kong, from 1995 to 2003. Between 1993 and 1995, she was the senior vice president of human resources and service quality for Bank of America, Hawaii, FSB. She served as regional human resources manager for Sheraton Hotels Hawaii / Japan from 1985 to 1993. Ms. Takahashi started her hospitality career as a training manager for Halekulani Hotel. She began her career in the fashion luxury retail industry in merchandising, operations, training and human resources. Ms. Takahashi attended the University of Hawaii.

Mr. David Anthony Reganato has been a member of our board of directors since March 2014. Mr. Reganato also serves on the boards of Codere S.A., Granite Broadcasting LLC and Rotech Healthcare, Inc. Mr. Reganato is a Partner with Silver Point Capital, L.P., an investment advisor, which he joined in November 2002. Prior to Silver Point Capital, L.P., Mr. Reganato worked in the investment banking division of Morgan Stanley. Mr. Reganato earned his B.S. in Finance and Accounting from the Stern School of Business at New York University.

Mr. Timothy Paul Lavelle has been a member of our board of directors since October 2018. Mr. Lavelle is a senior investment analyst with Silver Point Capital, L.P., an investment advisor, which he joined in August 2008. Prior to Silver Point Capital, L.P., Mr. Lavelle worked in the investment banking division of Credit Suisse. Mr. Lavelle also serves on the boards of Codere S.A., Speedstar Holding, LLC and Rotech Healthcare, Inc. Mr. Lavelle graduated with his B.B.A. in Finance and Psychology from the University of Notre Dame.

Ms. Dominique Mielle has been a member of our board of directors since October 2018. Ms. Mielle was a partner at Canyon Capital Advisors, LLC, or Canyon, from August 1998 to December 2017 where she primarily focused on the transportation, technology, retail and consumer products sectors, specialized in corporate and municipal bond securitizations and was responsible for all aspects of Canyon's collateralized loan obligations business. Ms. Mielle has over 25 years of experience on Wall Street, investing in fixed income and leading capital structure optimizations and restructurings. She was named one of the "Top 50 Women in Hedge Funds" by Ernst & Young in 2017. Prior to joining Canyon in 1998, Ms. Mielle worked at Libra Investments, Inc. as an associate in the corporate finance department covering middle market companies. Prior to that, she worked at Lehman Brothers as an analyst in the Financial Institutions group, focusing on mergers and acquisitions. Ms. Mielle graduated with an M.B.A. (Finance) from Stanford University and a Master in Management degree from Ecole des Hautes Etudes Commerciales in France (HEC Paris).

Mr. Kevin F. Sullivan has been a member of our board of directors since October 2018. He is a Managing Director at MidOcean Credit Partners, a private investment firm that specializes in U.S. hedge fund investments. Prior to joining MidOcean Credit Partners, Mr. Sullivan was a Managing Director at Deutsche Bank, and a predecessor bank, Bankers Trust, from 1980 until November 2012. Mr. Sullivan held positions of increasing responsibility over his 32 years at Deutsche Bank and Bankers Trust, including Group Head of the loan sales, trading and capital markets division, Asia Head of the leveraged finance division, Group Head of the Asset Based Lending division, Member of the Capital Commitments Committee and Member of the Equity Investment Committee. Prior to that, he worked at Price Waterhouse & Co. as part of its New York senior audit staff from 1975 to 1979. Mr. Sullivan has also been the lead independent director of Griffon Corporation and has served on its board, audit and head of finance committees since January 2013. Mr. Sullivan graduated with an M.B.A. in Finance from St. John's University and a B.S. degree in Accounting from Fordham University.

Mr. Nigel Alan Dean has been a member of our board of directors since October 2018. Mr. Dean was Melco's Executive Vice President and Chief Internal Auditor from December 2008 until September 2012 and held the title of Director, Internal Audit from December 2006, when he joined Melco. Prior to joining Melco, Mr. Dean was the General Manager — Compliance (Finance and Administration) at Coles Myer Limited (now known as Wesfarmers Limited) from 2003 until 2006, where he was responsible for the implementation of the Sarbanes-Oxley Act of 2002 compliance processes and other corporate governance compliance programs. Other positions Mr. Dean held at Coles Myer Limited included Chief Internal Auditor from 1995 to 2002 and General Manager — Internal Audit Supermarkets Division from 1991 to 1995. Mr. Dean's previous experience in internal and external audit included positions with Elders IXL Group from 1986 to 1990, CRA Limited (now known as Rio Tinto Limited) from 1982 to 1986, Ford Asia-Pacific from 1976 to 1982, the Australian Federal Government Auditor-Generals Office from 1975 to 1976 and Peat Marwick Mitchell & Co. (now known as KPMG) from 1973 to 1975. Mr. Dean has been a Fellow CPA of the Australian Society of Certified Practising Accountants since 1984 and was a Certified Internal Auditor, as designated by the Institute of Internal Auditors in the United States, from 2005 until 2012. Mr. Dean obtained a Bachelor of Laws degree from Deakin University in 2005, a Masters of Business Administration degree from Monash University in 1993 and a Diploma of Business Studies (Accounting) from Swinburne University of Technology (formerly Swinburne College of Technology) in 1973.

Executive Officers

Mr. Geoffry Philip Andres has served as our property president since February 2018. Prior to Mr. Andres' current position, Mr. Andres served as property president / chief operating officer of MRP, from November 2015 to January 2018. Prior to joining MRP, Mr. Andres was the chief executive officer and executive director on the board of Aquis Entertainment Limited in Canberra, Australia, responsible for an existing casino and assisting with the development and acquisition of additional casinos. Prior to this position, from September 2011 until April 2015, Mr. Andres was senior vice president and general manager of Sands Macau, responsible for its overall operations, including a casino with 300 tables and 1,100 slot machines, six restaurants and a 289-room hotel. From December 2010 to September 2011, Mr. Andres was vice-president, slots, for all of Sands China Limited, including The Venetian Macao, Sands Macao and The Plaza Macao, totaling 3,490 slot machines. Mr. Andres began his career with Harrah's in 1988, and from June 2005 to December 2010, Mr. Andres was the vice president and general manager for Harrah's Ak-Chin Casino Resort in Arizona. Mr. Andres graduated from the University of Nevada with a bachelor of science degree in business administration and a master's degree in business administration.

Mr. Timothy Green Nauss is our property chief financial officer at Studio City and he was appointed to his current role in January 2015. Most recently, Mr. Nauss was the Executive Director, Finance for Wynn Palace, where he focused on the Cotai Strip development for the Finance division. Prior to this role, he was Director of Finance at Wynn Resorts Macau and was involved in opening of Encore Macau. Prior to joining Wynn Resorts Macau in 2009, Mr. Nauss was the Director of Finance, Cotai for Venetian Macau Limited, and served as Director of Finance in the pre-opening development, operational development and opening for Venetian Macau. He was VP of Finance with Wyndham International from 2000 to 2005. Mr. Nauss began his

career in hospitality with Hilton Hotels Corporation where he served in a number of executive capacities in both Operations and Finance. Mr. Nauss graduated with his bachelor of arts and sciences degree from the University of South Carolina with a major in psychology and a minor in accounting.

B. COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

In 2018, we paid an aggregate of US\$2.4 million in cash and benefits to our directors and executive officers. We have not set aside or accrued any material amount to provide pension, retirement or other similar benefits to our directors and executive officers. None of the service agreements between us and our directors provide benefits upon termination of services.

Share Incentive Plan

We currently do not have a share incentive plan. However, our directors, employees and consultants are eligible to participate in the 2011 share incentive plan of Melco Resorts, which is open to directors, employees and consultants of Melco Resorts and any parent or subsidiary of Melco Resorts.

The types of awards that may be granted under the 2011 share incentive plan of Melco Resorts include options, incentive share options, restricted shares, share appreciation rights, dividend equivalents, share payments, deferred shares and restricted share units. The compensation committee of Melco Resorts may, from time to time, select from among all eligible individuals, those to whom awards will be granted and determine the nature and amount of each award. The maximum aggregate number of shares which may be issued pursuant to the 2011 share incentive plan is 100,000,000 shares and the 2011 share incentive plan will expire in December 2021.

C. BOARD PRACTICES

Composition of Board of Directors

Our board of directors consists of eleven directors, including three independent directors. Under the Shareholders' Agreement and our articles of association, including three independent directors. Under the Shareholders' Agreement, subject to maintaining ownership of a certain percentage of the number of shares held immediately prior to our initial public offering, MCO Cotai is entitled to appoint up to three directors and New Cotai is entitled to appoint up to two directors. See "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Shareholders' Agreement." Notwithstanding such provisions contained in the Shareholders' Agreement, the additional members on our board of directors that commenced service on our board of directors immediately following the completion of our initial public offering were appointed by the board of directors, which, immediately prior to the completion of our initial public offering, consisted of Mr. Lawrence Ho, Mr. Evan Winkler and Mr. David Reganato. Mr. Lawrence Ho was appointed as a director by our board of directors in connection with MCO Cotai's acquisition of a 60% interest in us. Mr. Evan Winkler was appointed by MCO Cotai under its right to appoint up to three directors under the Shareholders' Agreement and Mr. David Reganato was appointed by New Cotai under its right to appoint up to two directors under the Shareholders' Agreement. Our articles of association do not require directors to stand for re-election at staggered intervals.

NYSE Rule 303A.01 generally requires that a majority of an issuer's board of directors must consist of independent directors. However, NYSE Rule 303A.00 permits foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We rely on this "home country practice" exception and do not have a majority of independent directors serving on our board. A director is not required to hold any shares in our company to qualify to serve as a director. A director who is in any way, whether directly or

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indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his/her interest at a meeting of our directors. A general notice given to the directors by any director to the effect that he/she is a member, shareholder, director, partner, officer or employee of any specified company or firm and is to be regarded as interested in any contract or transaction with that company or firm shall be deemed a sufficient declaration of interest for the purposes of voting on a resolution in respect to a contract or transaction in which he/she has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction. A director may vote in respect of any contract or proposed contract or arrangement notwithstanding that he/she may be interested therein and if he/she does so his/her vote shall be counted and he/she may be counted in the quorum at any meeting of the directors at which any such contract or proposed contract or arrangement is considered. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third-party. None of our directors have a service contract with us that provides for benefits upon termination of employment.

Duties of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his duties a greater degree of skill than may reasonably be expected from a person of his knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- convening shareholders' annual general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares of our company, including the registering of such shares in our share register.

Terms of Directors and Executive Officers

Our officers are elected by and serve at the discretion of the board. Our directors are not subject to a term of office and hold office until such time as they are removed from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors or (ii) dies or is found by our company to be or becomes of unsound mind. In addition, the service agreements between us and our directors do not provide benefits upon termination of their services. See also "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Shareholders' Agreement."

Committees of the Board of Directors

Our board established an audit and risk committee, a compensation committee and a nominating and corporate governance committee in October 2018. Each committee has its defined scope of duties and terms of reference within its own charter, which empowers committee members to make decisions on certain matters and which are located on our website. Our audit and risk committee consists entirely of directors whom our board has determined to be independent under the “independence” requirements of the New York Stock Exchange Listed Company Manual. The current membership of these three committees and summary of its respective charter are provided below.

Audit and Risk Committee

Our audit and risk committee consists of Dominique Mielle, Kevin F. Sullivan and Nigel Alan Dean, and is chaired by Mr. Sullivan. All of our audit and risk committee members satisfy the “independence” requirements of Section 303A of the New York Stock Exchange Listed Company Manual and meet the independence standards under Rule 10A-3 under the Exchange Act. The audit and risk committee is responsible for assisting our board in overseeing and monitoring:

- the audits of the financial statements of our company;
- the qualifications and independence of our independent auditors;
- the performance of our independent auditors;
- the account and financial reporting processes of our company and the integrity of our systems of internal accounting and financial controls;
- legal and regulatory issues relating to the financial statements of our company, including the oversight of the independent auditors, the review of the financial statements and related material, the internal audit process and the procedure for receiving complaints regarding accounting, internal accounting controls, auditing or other related matters;
- the disclosure, in accordance with our relevant policies, of any material information regarding the quality or integrity of our financial statements;
- the integrity and effectiveness of our internal audit function; and
- the risk management policies, procedures and practices.

The other duties of the audit and risk committee include:

- reviewing and recommending to our board for approval, the appointment, re-appointment or removal of the independent auditor, after considering its annual performance evaluation of the independent auditor;
- approving the remuneration and terms of engagement of the independent auditor and pre-approving all auditing and non-auditing services permitted to be performed by our independent auditors;
- at least annually, obtaining a written report from our independent auditor describing matters relating to its independence and quality control procedures;
- discussing with our independent auditor and our management, among other things, the audits of the financial statements, including whether any material information brought to their attention should be disclosed, issues regarding accounting and auditing principles and practices and the management’s internal control report;
- reviewing and recommending the financial statements for inclusion within our quarterly earnings releases and to our board for inclusion in our annual reports;

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- approving all material related party transactions brought to its attention, without further approval of our board;
- establishing and overseeing procedures for the handling of complaints and whistleblowing;
- approving the internal audit charter and annual audit plans, and undertaking an annual performance evaluation of the internal audit function;
- assessing senior management’s policies and procedures to identify, accept, mitigate, allocate or otherwise manage various types of risks presented by management, and making recommendations with respect to our risk management process for the board’s approval;
- reviewing our financial controls, internal control and risk management systems, and discussing with our management the system of internal control and ensuring that our management has discharged its duty to have an effective internal control system including the adequacy of resources, the qualifications and experience of our accounting and financial staff, and their training programs and budget;
- together with our board, evaluating the performance of the audit and risk committee on an annual basis;
- assessing the adequacy of the charter of the audit and risk committee; and
- co-operating with the other board committees in any areas of overlapping responsibilities.

Compensation Committee

Our compensation committee consists of Dominique Mielle, Kevin F. Sullivan, David Anthony Reganato and Nigel Alan Dean, and is chaired by Mr. Dean. Each of Dominique Mielle, Kevin F. Sullivan and Nigel Alan Dean satisfies the “independence” requirements of Section 303A of the New York Stock Exchange Listed Company Manual. Our compensation committee assists the board in discharging the responsibilities of the board relating to compensation of our executives, including by designing (in consultation with management and our board), recommending to our board for approval and evaluating the executive and director compensation plans, policies and programs of our company. Members of this committee are not prohibited from direct involvement in determining their own compensation.

Our executive officers may not be present at any compensation committee meeting during which their compensation is deliberated upon. The compensation committee will be responsible for, among other things:

- overseeing the development and implementation of compensation programs in consultation with our management;
- at least annually, making recommendations to our board with respect to the compensation arrangements for our non-executive directors, and approving compensation arrangements for our property president and property chief financial officer;
- at least annually, reviewing and approving our general compensation scheme and equity-based plans, if any, and overseeing the administration of these plans and discharging any responsibilities imposed on the compensation committee by any of these plans;
- reviewing and approving the compensation payable to our executive officers in connection with any loss or termination of their office or appointment;
- reviewing and recommending any benefits in kind received by any director or approving executive officer where such benefits are not provided for under the relevant employment terms;
- reviewing executive officer and director indemnification and insurance matters;
- overseeing our regulatory compliance with respect to compensation matters, including our policies on restrictions on compensation plans and loans to officers;
- together with the board, evaluating the performance of the compensation committee on an annual basis;

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- assessing the adequacy of the charter of the compensation committee; and
- co-operating with the other board committees in any areas of overlapping responsibilities.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee consists of Dominique Mielle, Kevin F. Sullivan, Timothy Paul Lavelle and Nigel Alan Dean, and is chaired by Ms. Mielle. Each of Dominique Mielle, Kevin F. Sullivan and Nigel Alan Dean satisfies the “independence” requirements of Section 303A of the New York Stock Exchange Listed Company Manual. The nominating and corporate governance committee will be responsible for, among other things, assisting our board in discharging its responsibilities regarding:

- the identification of qualified candidates to become members and chairs of the board committees and to fill any such vacancies, and reviewing the appropriateness of the continued service of directors;
- ensuring that our board meets the criteria for independence under the New York Stock Exchange corporate governance rules and nominating directors who meet such independence criteria;
- oversight of our compliance with legal and regulatory requirements, in particular the legal and regulatory requirements of Macau, the Cayman Islands, the SEC and the New York Stock Exchange;
- the development and recommendation to our board of a set of corporate governance principles applicable to our company; and
- the disclosure, in accordance with our relevant policies, of any material information (other than that regarding the quality or integrity of our financial statements).

The other duties of the nominating and corporate governance committee include:

- making recommendations to our board for its approval, the appointment or re-appointment of any members of our board and the chairs and members of its committees, including evaluating any succession planning;
- reviewing on an annual basis the appropriate skills, knowledge and characteristics required of board members and of the committees of our board and making any recommendations to improve the performance of our board and its committees;
- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or New York Stock Exchange rules, or otherwise considered desirable and appropriate;
- developing a set of corporate governance principles and reviewing such principles at least annually;
- deciding whether any material information which is brought to its attention (other than that regarding the quality or integrity of our financial statements) should be disclosed;
- reviewing and monitoring the training and continuous professional development of our directors and senior management;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to staff and directors;
- together with the board, evaluating the performance of the committee on an annual basis;
- assessing the adequacy of the charter of the nominating and corporate governance committee; and
- co-operating with the other board committees in any areas of overlapping responsibilities.

Employment Agreements

We have, through our subsidiary, entered into employment agreements with our executive officers. Each of our executive officers is employed for a continuous term, unless either we or the executive officer gives prior notice to terminate such employment. Whenever an executive officer is a non-resident worker, the term of the employment agreement is subject to the issuance and subsequent renewal of the appropriate working visa. We may terminate the employment for cause at any time by immediate notice and without remuneration for certain acts of the executive officer, including but not limited to the commitments of any serious breach, continued failure to perform his or her duties and responsibilities, any serious criminal offense or habitual neglect of his or her duties. An executive officer may terminate his or her employment at any time with a six-month prior written notice.

Each executive officer has agreed to hold, both during and after the employment agreement expires or is earlier terminated, in confidence and not to use or disclose to any person, firm or corporation, any confidential information. Each executive officer has also agreed to disclose to us all intellectual property rights which they created, generated, made, conceived, authored, developed or acquired during the executive officer's employment with us and to waive all moral rights and rights of a similar nature in which copyright may subsist, created by him or her during the period of the executive officer's employment with us. In addition, each executive officer has agreed not to, for a certain period following termination of his or her employment: (i) be engaged, concerned or interested in any capacity (other than as a passive investor of not more than 5% of the issued ordinary shares of any company listed on a recognized investment exchange) with any business carried on within, among others, Hong Kong, Macau and the Philippines similar to or in competition with any restricted business, (ii) solicit or seek or endeavor to entice away any business orders of customers or (iii) induce, solicit or entice or endeavor to induce, solicit or entice away, or offer employment or engagement to, certain employees.

D. EMPLOYEES

Staff

There were 4,374, 4,520 and 4,812 dedicated staff members as of December 31, 2018, 2017 and 2016, respectively, performing services solely at Studio City. The Gaming Operator is responsible for the hiring, managing and training of the gaming staff and deducts such costs relating to such gaming staff from Studio City Casino's gross gaming revenue in accordance with the Services and Right to Use Arrangements. See "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Services and Right to Use Arrangements." Under the Management and Shared Services Arrangements, the Master Service Providers, recruit, place, allocate, train, manage and supervise the staff who are solely dedicated to our property to perform corporate and administrative functions and carry out other non-gaming activities, and the relevant personnel costs are charged back to us. In addition, we receive certain centralized corporate and management services from the senior management and other shared service staff of the Master Service Providers who devote a portion of their time under the arrangements. See "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Management and Shared Services Arrangements." The property president and property chief financial officer are employed by us and oversee the operations of Studio City. Our property president has oversight over all non-gaming staff members solely dedicated to Studio City and exercises input over their performance, which enables us to effectively evaluate their performance and manage talent. Our property chief financial officer has oversight over our expenses (including shared service related items), receipts and disbursements, record-keeping and financial reporting to management and facilitates in the financial budgeting process. The following table indicates the distribution of these staff by function pursuant to the Management and Shared Services Arrangements as of December 31, 2018:

<u>Function</u>	<u>Number of Staff</u>
Management, Administrative and Finance	35
Gaming	1,775
Hotel	698
Food and Beverage	916
Property Operations	509
Entertainment and Projects	125
Marketing	195
Others	121
Total	4,374

Through the Management and Shared Services Arrangements, we are able to leverage the resources and platform of the Master Service Providers to have qualified staff dedicated to working on our property. Our success depends on the ability of the Master Service Providers and us to attract, retain, motivate, and inspire qualified personnel. We believe that we maintain a good working relationship with the staff working at Studio City. We have not experienced any significant labor disputes. None of the dedicated staff members performing services solely at Studio City are members of any labor union and neither we nor any of the Master Service Providers are a party to any collective bargaining or similar agreement with such staff.

E. SHARE OWNERSHIP

Share Ownership of Directors and Members of Senior Management

The following table sets forth the beneficial interest of each director and executive officer in our ordinary shares as of March 27, 2019.

	Number of Class A ordinary shares	Number of Class B ordinary shares	Approximate percentage of voting power (1)
Directors and Executive Officers:			
Lawrence Yau Lung Ho (2)	170,834,928	—	54.3%
Evan Andrew Winkler	—	—	—
Clarence Yuk Man Chung	*	—	*
Geoffrey Stuart Davis	—	—	—
Stephanie Cheung	—	—	—
Akiko Takahashi	—	—	—
David Anthony Reganato	—	—	—
Timothy Paul Lavelle	—	—	—
Dominique Mielle	—	—	—
Kevin F. Sullivan	—	—	—
Nigel Alan Dean	—	—	—
Geoffrey Philip Andres	—	—	—
Timothy Green Nauss	—	—	—
Directors and executive officers as a group	170,838,168	—	54.3%

* Represents less than 1% of our total outstanding shares.

- (1) Percentage of voting power represents percentage of voting interest of our Class A ordinary shares and Class B ordinary shares voting together as a single class. Class B ordinary share have no economic rights. Percentage of voting power of each director and executive officer is calculated by dividing the number of Class A ordinary shares and Class B ordinary shares beneficially owned by such person or group, including shares that such person or group has the right to acquire within 60 days after March 27, 2019, by the sum of (i) 314,329,776 which is the total number of Class A ordinary shares and Class B ordinary shares outstanding as of March 27, 2019, and (ii) the number of Class A ordinary shares and Class B ordinary shares that such person or group has the right to acquire beneficial ownership within 60 days of March 27, 2019.
- (2) Represents 108,767,640 Class A ordinary shares and 15,330,000 ADSs (representing 61,320,000 Class A ordinary shares) held by MCO Cotai and 747,288 Class A ordinary shares held by Melco International, among which include 118 ADSs (representing 472 Class A ordinary shares) held by agents on its behalf. Mr. Ho holds approximately 55.05% of the total issued shares of Melco International, including beneficial interest, interest of his controlled corporations and interest of a trust in which he is one of the beneficiaries and taken to have interest by virtue of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong). See “Item 7. Major Shareholders and Related Party Transactions – A. Major Shareholders.”

None of our directors or executive officers who are shareholders have different voting rights from other shareholders of our Company.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS**A. MAJOR SHAREHOLDERS**

The following table sets forth the beneficial ownership of our ordinary shares as of March 27, 2019 by all persons who are known to us to be the beneficial owners of 5% or more of our share capital.

<u>Name</u>	<u>Number of Class A ordinary shares beneficially owned</u>	<u>Number of Class B ordinary shares beneficially owned</u>	<u>Percentage Voting Power (1)</u>
Melco International (2)	170,834,928	—	54.3%
New Cotai and its affiliates (3)	41,622,800	72,511,760	36.3%
Ivy Investment Management Company (4)	12,016,600	—	3.8%

- (1) Beneficial ownership is determined in accordance with Rule 13d-3 under the Exchange Act, and includes voting or investment power with respect to the securities. Percentage voting power represents percentage of voting interest of our Class A ordinary shares and Class B ordinary shares voting together as a single class. Class B ordinary share have no economic rights.
- (2) Represents 108,767,640 Class A ordinary shares and 15,330,000 ADSs (representing 61,320,000 Class A ordinary shares), constituting 70.3% of outstanding Class A ordinary shares, held by MCO Cotai and 747,288 Class A ordinary shares, constituting 0.3% of outstanding Class A ordinary shares, held by Melco International, among which include 118 ADSs (representing 472 Class A ordinary shares) held by agents on its behalf. Mr. Ho is the majority shareholder of Melco International, which is the sole shareholder of Melco Leisure and Entertainment Group Limited, or Melco Leisure, which is the majority shareholder of Melco Resorts, a publicly-traded company whose American Depositary Shares are listed on the NASDAQ Global Select Market. Melco Resorts is the sole shareholder of MCO Holdings Limited, or MCO Holdings, which is the sole shareholder of MCO Cotai. The registered address for each of MCO Cotai and MCO Holdings is Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. The principal business address for Melco Resorts is 36th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The principal business address for Melco Leisure is c/o 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong. The principal business address for Mr. Ho and Melco International is 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong.
- (3) Represents 72,511,760 Class B ordinary shares, constituting 100.0% of outstanding Class B ordinary shares, directly held by New Cotai, which is a Delaware limited liability company, and 41,622,800 Class A ordinary shares, constituting 17.2% of outstanding Class A ordinary shares, held by certain affiliates of New Cotai in the form of ADSs. Subject to the terms of the exchange arrangements described in “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions,” New Cotai, subject to certain conditions, may exchange its Participation Interest for Class A ordinary shares. In connection with such exchange, the corresponding number of Class B ordinary shares will be canceled for no consideration. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions — Participation Agreement.” Pursuant to Rule 13d-3 under the Exchange Act, a person has beneficial ownership of a security as to which that person, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares voting power and/or investment power of such security and as to which that person has the right to acquire beneficial ownership of such security within 60 days. As a result, beneficial ownership of Participation Interest is reflected as beneficial ownership of Class A ordinary shares for which such Participation Interest may be exchanged.

Information regarding beneficial ownership of Class A ordinary shares is reported as of December 31, 2018 and is based on the information contained in the Schedule 13G filed by Silver Point Capital, L.P., Edward A. Mulé and Robert J. O’Shea with the SEC on February 14, 2019.

The registered address of New Cotai is 2 Greenwich Plaza, First Floor, Greenwich, CT 06830. The address of the principal business office of Silver Point Capital, L.P., Mr. Mulé and Mr. O’Shea is Two Greenwich Plaza, Greenwich, CT 06830.

- (4) Reflects 12,016,600 Class A ordinary shares, constituting 5.0% of outstanding Class A ordinary shares, represented by ADSs. Information regarding beneficial ownership is reported as of December 31, 2018 and is based on the information contained in the Schedule 13G filed by Ivy Investment Management Company and Waddell & Reed Financial, Inc. with the SEC on February 14, 2019. The address for each of Ivy Investment Management Company and Waddell & Reed Financial, Inc. is 6300 Lamar Avenue, Overland Park, KS 66202.

As of December 31, 2018, a total of 314,329,776 Class A ordinary shares and Class B ordinary shares were outstanding, of which 132,306,684 Class A ordinary shares were registered in the name of a nominee of Deutsche Bank Trust Company Americas, the depository under the deposit agreement. Other than as described in this annual report, we have no further information as to shares held, or beneficially owned, by U.S. persons. Since the completion of our initial public offering in October 2018, all ordinary shares underlying the ADSs have been held in Hong Kong by the custodian, Deutsche Bank AG, Hong Kong Branch, on behalf of the depository.

None of our shareholders have different voting rights from other shareholders. We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our Company.

Immediately prior to the Organizational Transactions, 60% of the equity interest in us was directly held by MCO Cotai and 40% of the equity interest in us was directly held by New Cotai.

See “Item 4. Information on the Company — C. Organizational Structure” for our current corporate structure.

B. RELATED PARTY TRANSACTIONS

For a discussion of significant related party transactions we entered into during the years ended December 31, 2018, 2017 and 2016, see note 14 to the consolidated financial statements included elsewhere in this annual report.

Pre-IPO Organizational Transactions

Immediately prior to the Organizational Transactions, 60% of the equity interest in us was directly held by MCO Cotai and 40% of the equity interest in us was directly held by New Cotai. Prior to the completion of our initial public offering, we entered into an implementation agreement, or the Implementation Agreement, with MCO Cotai, Melco Resorts, New Cotai and MSC Cotai to effect and implement the Organizational Transaction, which included the following:

- We amended and restated our memorandum of association and articles of association to, among other things, authorize two classes of ordinary shares.
- MCO Cotai’s 60% equity interest in our company was reclassified into Class A ordinary shares.
- New Cotai’s 40% equity interest in our company was exchanged for Class B ordinary shares.
- In addition, New Cotai was granted a Participation Interest in MSC Cotai, the terms of which are set forth in the Participation Agreement that was entered into by MSC Cotai, New Cotai and us. See “— Participation Agreement.”
- The Participation Agreement provides that New Cotai is entitled to exchange all or a portion of its Participation Interest for a number of Class A ordinary shares subject to adjustments, exceptions and conditions as set out in the Participation Agreement. See “— Participation Agreement.” When New Cotai exchanges all or a portion of the Participation Interest for Class A ordinary shares pursuant to the terms of exchange set forth in the Participation Agreement and described herein, a proportionate number of Class B ordinary shares will be deemed surrendered and automatically canceled for no consideration as set out in the Participation Agreement.

Participation Agreement

As part of the Organizational Transactions, we, MSC Cotai and New Cotai entered into the participation agreement, or the Participation Agreement, pursuant to which MSC Cotai granted a participation interest, or the Participation Interest, to New Cotai (as the sole initial holder of the Participation Interest). Pursuant to the terms of the Participation Agreement, New Cotai or any permitted transferees to whom all or part of the Participation Interest may be transferred (collectively referred to as the Participants) are entitled to receive from MSC Cotai a ratable proportionate amount of the distributions and dividends paid by MSC Cotai to the Company. The Participation Agreement also provides that the Participants are entitled to exchange all or a portion of its Participation Interest, along with the deemed surrender and automatic cancelation of a corresponding number of Class B ordinary shares, for the rateable number of Class A ordinary shares.

Payments on the Participation Interest. Generally, Participants are entitled to receive a ratable proportionate amount of the distributions and dividends paid by MSC Cotai to the Company. Such ratable proportionate amount due to each Participant is generally determined by multiplying the amount of the relevant distribution or dividend paid by MSC Cotai to the Company by the number of percentage points represented by such Participant's Participation Interest, subject to adjustment from time to time as set forth in the Participation Agreement (the "Participation Percentage").

Adjustments to Participation Interest and the Number of Class B Ordinary Shares Held. Generally, the Participation Interest is subject to adjustments in the case of (i) the new issuances of shares of MSC Cotai to the Company in exchange for capital contributions by the Company to MSC Cotai (including as a result of our initial public offering), (ii) repurchases and redemptions by MSC Cotai of shares of MSC Cotai, and (iii) any exchanges of the Participation Interest, as follows. In addition, the number of Class B ordinary shares held by each Participant will be adjusted by the Company from time to time so that the voting interest represented by such Class B ordinary shares is equal to the economic right represented by the Class A ordinary shares that such Participant would receive if such Participant would exchange its entire Participation Interest for Class A ordinary shares at such time.

Capital Contributions. Upon any Class A ordinary share issuance by the Company, the Company will contribute all proceeds to MSC Cotai and MSC Cotai will issue the same number of new shares of MSC Cotai to the Company and the Participation Interest will be adjusted to reflect the dilution that would have occurred if the Participants had been holding a corresponding number of Class A ordinary shares instead of the Participation Interest. This back-to-back arrangement for share issuances by the Company and MSC Cotai will apply to share issuances (i) to non-affiliates, (ii) to affiliates that are approved by the Company directors that are disinterested in the transaction, (iii) for assured entitlement arrangements, and (iv) pursuant to public offerings. Issuances to affiliates, unless they are made through public offerings, will generally be subject to pre-emption as further described below.

Share Repurchases and Redemptions. In the event that MSC Cotai carries out a share redemption or repurchase of shares of MSC Cotai (the proceeds of which must be used by the Company to redeem Class A ordinary shares in a back-to-back arrangement), the Participation Interest will be adjusted to reflect the effect of such share redemption or repurchase if the Participants had been holding a corresponding number of Class A ordinary shares instead of the Participation Interest.

Exchanges of Participation Interest. A Participant may elect, from time to time, to exchange its Participation Interest, in whole or in part, for Class A ordinary shares. When electing to exchange, a Participant must deliver an exchange notice to MSC Cotai, which notice must be delivered at least five business days prior to the proposed exchange date; provided, that settlement may not occur later than 90 days from the notice date. The exchanging Participant may withdraw its exchange notice at any time prior to the exchange date. Each party will bear its own expenses in connection with an election to exchange. If an election to exchange request is withdrawn, the Participant will reimburse MSC Cotai for all out-of-pocket expenses incurred by MSC Cotai and

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the Company in connection with such withdrawn exchange. Following any exchange of all or a portion of the Participation Interest for Class A ordinary shares, the Participation Interest will be reduced to reflect the decrease in number of Class A ordinary shares that such Participant would be entitled to receive post-exchange if all of the remaining Participation Interest were to be exchanged.

Mandatory Exchanges. In case of certain change of control events relating to the Company, distributions to be made upon MSC Cotai's liquidation, dissolution or unwinding or when the holders of the Participation Interest hold less than the specified minimum threshold set out in the Participation Agreement in the Company resulting in a termination of the Participation Agreement, and in certain other cases, any outstanding Participation Interest must be surrendered to MSC Cotai (along with the corresponding number of Class B ordinary shares) by the holders for Class A ordinary shares, or, at MSC Cotai's option, for cash in certain cases.

Preemptive Rights. If the Company (1) proposes to offer equity securities solely or primarily to Melco Resorts or one of its affiliates (except in connection with a public offering, equity incentive plan or assured entitlement arrangements) or (2) grants any right, option or warrant (other than in connection with any equity plan) at a price per share less than the current price of average Class A ordinary shares, or that does not expire by the 30th day after such grant, each Participant will have the pro rata right to purchase an increase in its Participation Interest or to receive similar rights, options or warrants, as case may be so as to maintain its then-existing number of percentage points represented by its Participation Interest, subject to certain conditions.

Other Provisions

Capital Contributions. The Company is required to contribute to MSC Cotai all net proceeds received by it from sales of equity securities and sales of assets.

Debt Arrangements. If the Company enters into any debt financing or other borrowing arrangement, the Company will be required to loan the entire proceeds from such financing or borrowing arrangement to MSC Cotai on the same terms and conditions that the Company borrowed such proceeds.

HoldCo Relationship. The Company covenants that it will always own all of the issued and outstanding shares of MSC Cotai, and that it will not own equity interests in any other entity.

Permitted Transferees. Holders of the Participation Interests are able to transfer all or part of their Participation Interest and any rights in respect thereof to certain permitted transferees, as provided in the Participation Agreement, subject to certain conditions. The total Participation Interest percentage will not be changed as a result of such transfers. At any given time, the number of participants may not exceed the prescribed number set out in the Participation Agreement and any transfer in violation of such limit or other applicable provisions of the Participation Agreement will be null and void.

Termination, Governing Law and Arbitration. The Participation Agreement will terminate when the holders of the Participation Interest hold less than the specified minimum threshold set out in the participation agreement in the Company. The Participation Agreement is governed by New York law, and any disputes, other than certain disputed calculations under the Participation Agreement and any claims seeking injunctive relief, which can be sought in courts in Hong Kong, are intended to be resolved by arbitration sitting in Hong Kong including any disputes under the U.S. federal securities laws and claims not in connection with our initial public offering. We believe arbitration provisions in commercial agreements are generally respected by federal courts and state courts of New York.

Assured Entitlement Subscription Agreement

Pursuant to the assured entitlement distribution, we entered into a subscription agreement with Melco International pursuant to which Melco International purchased from us 800,376 new Class A ordinary shares at the initial public offering price per ADS divided by the number of Class A ordinary shares represented by one ADS for each Class A ordinary share for the purpose of its assured entitlement distribution in specie.

Shareholders' Agreement

In connection with our initial public offering and the Organizational Transactions, we entered into an amended shareholders agreement with Melco Resorts, MCO Cotai and New Cotai which took effect immediately after the completion of our initial public offering (as amended, the "Shareholders' Agreement"). The Shareholders' Agreement contains a variety of provisions governing the relationship between MCO Cotai and New Cotai, as our shareholders, including but not limited to the composition of the board of directors, related party transactions, corporate governance, the development and operation of Studio City, restrictions on transfer of certain of our shares and other related matters.

Registration Rights Agreement

In connection with our initial public offering and the Organizational Transactions, we entered into an amended Registration Rights Agreement with New Cotai which took effect on October 16, 2018 (as amended and restated, the "Registration Rights Agreement"). Under the Registration Rights Agreement, New Cotai, holder of our registrable securities, has certain registration rights with respect to: (i) any Class A ordinary shares, (ii) any other stock or securities that the holder of Class A ordinary shares may be entitled to receive, or have received, (iii) any securities issued or issuable directly or indirectly with respect to the securities referred to in the foregoing clause (i) or (ii) by way of conversion, substitution or exchange thereof or share dividend or share split or in connection with a combination of shares, recapitalization, reclassification, merger, amalgamation, arrangement, consolidation or other reorganization subject to the terms and conditions set forth in the Registration Rights Agreement.

Employment Agreements

See "Item 6. Directors, Senior Management and Employees — C. Board Practices — Employment Agreements."

Transaction with the Gaming Operator under Services and Right to Use Arrangements

Under the Services and Right to Use Arrangements, the Gaming Operator is responsible for the operation of Studio City Casino and deducts gaming tax and the costs incurred in connection with its operation of Studio City Casino from the gross gaming revenues. We receive the residual gross gaming revenues and recognize these amounts as revenues from provision of gaming related services. See "— Services and Right to Use Arrangements" for details of the terms of the Services and Right to Use Arrangements.

In 2018, 2017 and 2016, total gaming tax and costs incurred in connection with the operation of Studio City Casino deducted by the Gaming Operator from gross gaming revenues were US\$1,243.9 million, US\$1,142.5 million and US\$554.6 million, respectively. After the deduction by the Gaming Operator of gaming tax and the costs incurred in connection with its operation of Studio City Casino from gross gaming revenues, we recognized revenues from the provision of gaming related services of US\$339.9 million, US\$295.6 million and US\$151.6 million in 2018, 2017 and 2016, respectively.

Services and Right to Use Arrangements

On May 11, 2007, our subsidiary, Studio City Entertainment, and the Gaming Operator entered into the Services and Right to Use Agreement (as amended on June 15, 2012, together with the reimbursement agreement of the same date and other agreements or arrangements entered into from time to time regarding the operation of Studio City Casino, the "Services and Right to Use Arrangements") pursuant to which the Gaming Operator operates Studio City Casino. These arrangements remain effective until June 26, 2022, and will be extended if the Gaming Operator obtains a gaming concession, subconcession or other right to legally operate gaming in Macau beyond June 26, 2022 and if the Macau government permits such extension.

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The Services and Right to Use Arrangements set forth the terms and conditions for the operation of Studio City Casino by the Gaming Operator and the obligations of Studio City Entertainment in respect thereof.

Under the Services and Right to Use Arrangements, Studio City Entertainment allows the Gaming Operator to use and occupy Studio City Casino for purposes of managing all day-to-day operations, and the Gaming Operator provides the necessary security and develops and implements all systems and controls necessary for Studio City Casino. The Gaming Operator also recruits all casino staff, including dealers, cashiers, security and surveillance personnel and managers. The Gaming Operator will deduct gaming tax and costs incurred in connection with its operation of Studio City Casino. Studio City Entertainment receives the residual gross gaming revenues and recognizes these amounts as our revenues from provision of gaming related services.

Studio City Entertainment has sole responsibility with respect to the design, construction and any refurbishments of Studio City Casino and shall be responsible for all costs. The Gaming Operator shall procure all necessary permits, authorizations and licenses necessary to operate Studio City Casino in accordance with Macau law.

The Services and Right to Use Agreement is subject to customary events of default, including failure of Studio City Entertainment to make any payment required by the agreement or any action by Studio City Entertainment which causes or is likely to cause the Gaming Operator to be in breach of its subconcession. The parties may terminate the Services and Right to Use Agreement in the event of a default under the Services and Right to Use Agreement or, among others, as a result of regulatory review, except that as long as Studio City Entertainment is directly or indirectly under the control of Melco Resorts, the Gaming Operator may not terminate the Services and Right to Use Agreement.

In November 2016, pursuant to a request we made under the Services and Right to Use Agreement, the Gaming Operator commenced the operation of VIP tables at Studio City Casino. On or after October 1, 2018, either we or the Gaming Operator may request the operations of the VIP tables at Studio City Casino to cease following a 12-month notice period. In January 2019, the Gaming Operator informed us that it will cease the operation of VIP rolling chip tables at the Studio City Casino on January 15, 2020.

Management and Shared Services Arrangements

Master Services Agreement

On December 21, 2015, Studio City Entertainment, Studio City Hotels, Studio City Retail Services Limited, Studio City Developments, Studio City Ventures Limited, Studio City Services Limited and the Company (the “Studio City Entities,” each a “Studio City Entity”) and the Master Service Providers entered into a Master Services Agreement (the “Master Services Agreement”), which sets out the terms and conditions that apply to certain services to be provided under the individual work agreements (the “Work Agreements,” each a “Work Agreement” and together with the Master Services Agreement and other arrangements for non-gaming services at the properties in Macau, the “Management and Shared Services Arrangements”) by the Master Service Providers to the Studio City Entities and vice versa.

Under the Management and Shared Services Arrangements, the Master Service Providers recruit, allocate, train, manage and supervise a majority of the staff who are all solely dedicated to our property to perform our corporate and administrative functions and carry out other non-gaming activities, including food and beverage management, retail management, hotel management, entertainment projects, mall development and sales and marketing activities. In addition, leveraging the resources and platform of Melco Resorts, we receive services from the Master Service Providers, including operational management services and general corporate services, such as payroll, human resources, information technology, marketing, accounting and legal services.

Each type of service to be provided is to be set out in a separate Work Agreement between the relevant Studio City Entities and the Master Service Providers. As required by the parties, additional Work Agreements

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(conforming to the pre-agreed format) may be entered into. New Master Service Providers or Studio City Entities may also accede to existing Work Agreements as agreed between the parties. The parties to a Work Agreement may also agree to modify or add to the services covered by that Work Agreement.

The Master Services Agreement is effective from December 21, 2015 until June 26, 2022 unless terminated, extended or renewed by mutual agreement of the parties in writing. The Master Services Agreement may be terminated (a) by mutual agreement in writing, (b) automatically if the Services and Right to Use Agreement is terminated, (c) by any party upon a 30-day prior written notice if all Work Agreements have been terminated and are no longer in effect, (d) by the Master Service Providers (i) when there is a material breach by a Studio City Entity which remains uncured after 30 days of written notice provided by the Master Service Providers of such breach, or (ii) upon a specified change of control event whereby Melco Resorts does not directly or indirectly control the Company or any other entity that controls Studio City and the gaming areas in particular, or where relevant actions taken by any lenders lead to the foregoing results, and (e) by the Studio City Entities upon any material breach by a Master Service Provider which remains uncured after 30 days of written notice of such breach. If the Master Services Agreement is terminated, all Work Agreements shall automatically terminate.

Specifically, in case of any breach by either party under the “provision of services” and “standard of care; quality” clauses under the Master Services Agreement, the exclusive remedy of the non-breaching party, subject to indemnification for third-party claims and certain limitations on liabilities regarding consequential and other damages as well as caps on a party’s liability equal to the fees paid or charged under the relevant Work Agreement, is for the breaching party to (a) perform or re-perform the relevant services if reasonably determined by the non-breaching party that the performance of the relevant services is commercially practicable and/or (b) refund any fees paid if reasonably determined by the non-breaching parties that performance or re-performance is not commercially practicable or would not be sufficient compensation for the breach. Otherwise, parties of the Master Services Agreement may seek through arbitration or in a court of competent jurisdiction for specific performance, temporary, preliminary or permanent injunction relief and other interim measure to prevent breaches or threatened breaches.

In the event the Management and Shared Services Arrangements are terminated, all accrued unpaid fees for relevant services will be due and payable immediately. Between the notice of termination or six months prior to the expiration and the termination or expiration date, the parties to such agreements enter a period of transition. During the transition period, at the request of a service recipient, a service provider will cause its third-party vendors to assist and cooperate and work together with the service recipient to assist in the transition of the performance of such terminated services, including by (a) making available necessary information and materials as requested by the service recipient (excluding intellectual property), (b) complying with the termination or transition provisions of the applicable Work Agreement, (c) making available to the service recipient any personnel to answer questions that the service recipient may have regarding the terminated services or management and operation in relation thereto, and (d) assisting in development and installation of hardware and software systems as necessary to continue to manage and operate its business and properties relating to the terminated services. The transition period can be extended by up to 180 days, but cannot be extended beyond June 26, 2022.

The Master Services Agreement provides for a regular review process to ensure the quality of the services provided and for payments and charges made in accordance with the Work Agreements. Significant contested items and other disputes may, if unable to be resolved amicably, ultimately be referred to arbitral proceedings.

Work Agreements

We entered into eight Work Agreements on December 21, 2015, between certain of the Master Service Providers and the Studio City Entities. The Work Agreements cover: (1) services related to the sale and purchase

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of certain property, plant and equipment and inventory and supplies; (2) corporate services; (3) certain pay-as-used charges; (4) operational and property sharing services; (5) limousine transportation services provided by the Master Service Providers; (6) aviation services; (7) collection and payment services; and (8) limousine transportation services provided by the Studio City Entities. The terms of the Work Agreements run concurrently with the Master Services Agreement.

Certain of the Work Agreements state that only the Master Service Providers can provide certain services to the Studio City Entities, and not vice versa. This is because the Studio City Entities are not in a position to provide many of the services that they receive from the Master Service Providers, such as corporate, provision of personnel, construction, development and aviation services. For other types of services, either the Master Service Providers or the Studio City Entities may be service providers. These include intra-party sales of inventory and supplies, computer software and hardware services, limousine services and sales services in relation to attraction tickets.

Payment arrangements between the service provider and service recipient are provided for in the individual Work Agreement and may vary depending on the services provided. Corporate services are charged at pre-negotiated rates, subject to a base fee and cap. Senior management service fees and staff costs on operational services are allocated to us based on a percentage of efforts on the services provided to us. Other costs in relation to shared office equipment are allocated based on percentages of usage. Each of the Work Agreements also outlines the fees and reasonable documented out-of-pocket expenses that will be due from the service recipient to the service provider.

Services and Right to Use Direct Agreement

On November 26, 2013, Studio City Company, the Gaming Operator, Studio City Holdings Five Limited and the security agent under the 2013 Project Facility, among others, entered into the Services and Right to Use Direct Agreement, which sets forth, among other things, certain restrictions on the rights of the Gaming Operator to (subject to the necessary regulatory approvals being obtained) suspend the continued operation of Studio City Casino and/or terminate the Services and Right to Use Arrangements.

C. INTERESTS OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

We have appended consolidated financial statements filed as part of this annual report.

Legal and Administrative Proceedings

From time to time, we may become subject to legal and administrative proceedings, investigations and claims incidental to, or arising out of, the ordinary course of our business, including but not limited to, the construction, renovation, licensing or operation of non-gaming premises which may, from time to time, involve closure or suspension of operations or construction works while administrative proceedings are pending. We are not currently a party to, nor are we aware of, any material legal or administrative proceeding, investigation or claim which, in the opinion of our management, individually or in the aggregate, is likely to have a material adverse effect on our business, financial condition or results of operations. We may also from time to time initiate legal proceedings to protect our rights and interests.

Dividend Policy

We have not previously declared or paid cash dividends and do not have any plan to declare or pay any dividends in the foreseeable future. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Our board of directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law and certain restrictions set forth in the instruments in relation to our outstanding borrowings. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our board of directors decides to pay dividends, the form, frequency and amount will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends on our Class A ordinary shares, we will pay those dividends which are payable in respect of the Class A ordinary shares underlying our ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders who will receive payment to the same extent as holders of our Class A ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. Cash dividends on our Class A ordinary shares, if any, will be paid in U.S. Dollars.

We are a holding company incorporated in the Cayman Islands. For our cash requirements, including any payment of dividends to our shareholders, we rely on dividends distributed by our subsidiaries in Macau, Hong Kong and the British Virgin Islands to MSC Cotai and MSC Cotai to us. The Macau regulations may restrict the ability of our Macau subsidiaries to pay dividends to us. For example, our Macau subsidiaries are subject to a Macau complementary tax of up to 12% on taxable income, as defined in the relevant tax laws. However, we were granted a Macau complementary tax exemption through 2021 on profits generated from income received from the Gaming Operator, to the extent that such income results from gaming operations within Studio City Casino and has been subject to gaming tax. We remain subject to Macau complementary tax on our non-gaming profits. See “Item 4. Information on the Company — B. Business Overview — Taxation.” Furthermore, regulations in Macau currently require our subsidiaries incorporated in Macau to set aside a minimum of 25% of the relevant entity’s profit after taxation to their legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of its share capital and the legal reserve is not available for distribution to the shareholders of such subsidiaries. See “Item 3. Key Information — D. Risk Factors — Risks Relating to Our Shares and ADSs — Because we do not expect to pay dividends in the foreseeable future, you must rely on price appreciation of our ADSs for return on your investment.”

In addition, the respective indentures governing our existing notes including the 2012 Notes and the 2016 Notes, the agreement for the 2016 Credit Facility and the 2019 Notes contain certain covenants that, subject to certain exceptions and conditions, restrict the payment of dividends by some of our subsidiaries. See “Item 5. Operating and Financial Review and Prospects — B. Liquidity and Capital Resources — Restrictions on Distributions.”

B. SIGNIFICANT CHANGES

Except as disclosed elsewhere in this annual report, we have not experienced any significant changes since the date of our audited consolidated financial statements included in this annual report.

ITEM 9. THE OFFER AND LISTING

A. OFFERING AND LISTING DETAILS

Our ADSs, each representing four Class A ordinary shares, have been listed on the New York Stock Exchange under the symbol “MSC” from October 18, 2018.

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The following table provides the high and low trading prices for our ADSs on the New York Stock Exchange:

	NYSE	
	High	Low
	(in US\$)	
Monthly High and Low		
March 2019 (through March 27, 2019)	18.50	14.80
February 2019	18.75	14.03
January 2019	16.92	12.73
December 2018	20.39	15.50
November 2018	28.59	13.79
October 2018 (from October 18, 2018)	21.17	14.85
Quarterly High and Low		
First Quarter 2019 (through March 27, 2019)	18.75	12.73
Fourth Quarter 2018 (from October 18, 2018)	28.59	13.79
Annual High and Low		
2018 (from October 18, 2018)	28.59	13.79

B. PLAN OF DISTRIBUTION

Not applicable.

C. MARKETS

Our ADSs, each representing four Class A ordinary shares, have been listed on the New York Stock Exchange under the symbol “MSC” from October 18, 2018.

D. SELLING SHAREHOLDERS

Not applicable.

E. DILUTION

Not applicable.

F. EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. SHARE CAPITAL

Not applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

The following are summaries of material provisions of our memorandum and articles of association and the Companies Law (as amended) of the Cayman Islands, or Companies Law below, insofar as they relate to the material terms of our ordinary shares.

General

All of our outstanding ordinary shares are fully paid and non-assessable. Some of the ordinary shares are issued in registered form only with no share certificates. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares. Under Article 4 of our memorandum of association, the objects for which we were established are unrestricted and we have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law.

Dividends

The holders of our Class A ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law and our articles of association. Holders of the Class B ordinary shares do not have any right to receive dividends or distributions upon our liquidation or winding up.

Our articles of association require notice of any dividend that may have been declared to be given to each holder of our Class A ordinary shares or Class B ordinary shares and, pursuant to our articles of association, all dividends unclaimed for one year after having been declared may be forfeited by resolution of the directors for the benefit of the Company.

Voting Rights

Each of our Class A ordinary shares and Class B ordinary shares entitles its holder to one vote on all matters to be voted on by shareholders generally. Holders of our Class A and Class B ordinary shares vote together as a single class on all matters presented to our shareholders for their vote or approval, except as otherwise required by applicable law or our memorandum of association and articles of association. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by our chairman or one or more shareholders present in person or by proxy entitled to vote and who together hold not less than 20% of the paid up voting share capital of our company.

A quorum required for a meeting of shareholders consists of one or more shareholders who hold at least 50 percent of our ordinary shares at the meeting present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. Shareholders' meetings are held at least annually and may be convened by our board on its own initiative or, failing a request by our board, upon a request to the directors by shareholders holding in aggregate at least 20 percent of our ordinary shares. Advance notice of at least seven clear days is required for the convening of our annual general meeting and other shareholders meetings.

An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of not less than two-thirds of the votes cast attaching to the ordinary shares. A special resolution will be required for important matters such as changing our name or making changes to our memorandum and articles of association.

Transfer of Ordinary Shares

Subject to the restrictions in our memorandum and articles of association and the Participation Agreement, as applicable, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our board.

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Our board of directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our board of directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required; or
- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four.

Our board of directors is required to refuse to register any purported transfer of Class B ordinary shares made otherwise than in compliance with the Participation Agreement.

If our directors refuse to register a transfer they must, within two months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

Exchange Right of New Cotai

Subject to certain conditions, New Cotai and its permitted transferees thereof may exchange their Participation Interest in MSC Cotai for a number of Class A ordinary shares. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions — Participation Agreement.” If New Cotai exchanges all or a portion of the Participation Interest for Class A ordinary shares, it will also be deemed to have surrendered an equal number of Class B ordinary shares, and any Class B ordinary shares so surrendered will be canceled for no consideration. See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions — Participation Agreement.”

Liquidation

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of Class A ordinary shares will be distributed among the holders of the Class A ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately. Holders of our Class B ordinary shares do not have any right to receive a distribution upon a liquidation or winding up of the Company.

Calls on Ordinary Shares and Forfeiture of Ordinary Shares

Our board may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares in a notice served to such shareholders at least 14 clear days prior to the specified time and place of payment. The ordinary shares that have been called upon and remain unpaid on the specified time are subject to forfeiture. Shareholders are not liable for any capital calls by the Company except to the extent there is an amount unpaid on their shares.

Redemption of Ordinary Shares

Subject to the provisions of the Companies Law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner as the directors may determine.

Prohibitions on the Receipt of Dividends, the Exercise of Voting or Other Rights or the Receipt of Other Remuneration

Our memorandum and articles of association prohibit anyone who is an unsuitable person or an affiliate of an unsuitable person from:

- receiving dividends or interest with regard to our shares;
- exercising voting or other rights conferred by our shares; and
- receiving any remuneration in any form from us or an affiliated company for services rendered or otherwise.

Such unsuitable person or its affiliate must sell all of the shares, or allow us to redeem or repurchase the shares on such terms and manner as the directors may determine and agree with the shareholders, within such period of time as specified by a gaming authority.

These prohibitions commence on the date that a gaming authority serves notice of a determination of unsuitability or our board determines that a person or its affiliate is unsuitable and continue until the securities are owned or controlled by persons found suitable by a gaming authority or our board, as applicable, to own them. An “unsuitable person” is any person who is determined by a gaming authority to be unsuitable to own or control any of our shares or who causes us or any affiliated company to lose or to be threatened with the loss of any gaming license, or who, in the sole discretion of our board, is deemed likely to jeopardize our or any of our affiliates’ application for, receipt of approval for right to the use of, or entitlement to, any gaming license.

The terms “affiliated companies,” “gaming authority” and “person” have the meanings set forth in our articles of association.

Redemption of Securities Owned or Controlled by an Unsuitable Person or an Affiliate

Our memorandum and articles of association provide that shares owned or controlled by an unsuitable person or an affiliate of an unsuitable person are redeemable by us, out of funds legally available for that redemption, by appropriate action of our board to the extent required by the gaming authorities making the determination of unsuitability or to the extent deemed necessary or advisable by our board having regard to relevant gaming laws. From and after the redemption date, the securities will not be considered outstanding and all rights of the unsuitable person or affiliate will cease, other than the right to receive the redemption price and the right to receive any dividends declared prior to any receipt of any written notice from a gaming authority declaring the suitable person to be an unsuitable person but not yet paid. The redemption price will be the price, if any, required to be paid by the gaming authority making the finding of unsuitability or, if the gaming authority does not require a price to be paid, the sum deemed to be the fair value of the securities by our board. The price for the shares will not exceed the closing price per share of the shares on the principal national securities exchange on which the shares are then listed on the trading date on the day before the redemption notice is given. If the shares are not then listed, the redemption price will not exceed the closing sales price of the shares as quoted on an automated quotation system, or if the closing price is not then reported, the mean between the bid and asked prices, as quoted by any other generally recognized reporting system. Our right of redemption is not exclusive of any other rights that we may have or later acquire under any agreement, its bylaws or otherwise. The redemption price may be paid in cash, by promissory note, or both, as required by the applicable gaming authority and, if not, as we elect.

Our memorandum and articles of association require any unsuitable person and any affiliate of an unsuitable person to indemnify us and our affiliated companies for any and all losses, costs and expenses, including legal fees, incurred by us and our affiliates as a result of, or arising out of, the unsuitable person’s or affiliate’s continuing ownership or control of shares, the neglect, refusal or other failure to comply with the provisions of our memorandum and articles of association relating to unsuitable persons, or failure to promptly divest itself of any shares in us when required by the relevant gaming laws or our memorandum and articles of association.

Variations of Rights of Shares

All or any of the rights attached to any class of shares may, subject to the provisions of our memorandum and articles of association and the Companies Law, be varied or abrogated either with the written consent of the holders of at least a majority of the issued shares of that class or with the approval of the holders of at least a majority of the shares of that class present in person or by proxy at a separate general meeting of the holders of the shares of that class.

Changes in Capital

We may from time to time by ordinary resolution (but subject to other provisions of our memorandum and of articles of association):

- increase the share capital by such sum, to be divided into shares of such classes and amount, as the resolution may prescribe;
- consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
- convert all or any of our paid-up shares into stock and reconvert that stock into paid up shares of any denomination;
- sub-divide our existing shares, or any of them, into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced share will be the same as it was in case of the share from which the reduced share is derived; or
- cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of our share capital by the amount of the shares so canceled.

We may by special resolution (subject to our memorandum and articles) reduce our share capital and any capital redemption reserve in any manner authorized by law.

Accounts and Audit

No shareholder (other than a director) has any right to inspect any of our accounting record or book or document except as conferred by law or authorized by our board or our company by ordinary resolution of the shareholders.

Subject to compliance with all applicable laws, we may send to every person entitled to receive notices of our general meetings under the provisions of the articles of association a summary financial statement derived from our annual accounts and our board's report.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the articles of association. The remuneration of the auditors shall be fixed by our board.

Our financial statements shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the shareholders in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

Exempted Company

We are an exempted company incorporated with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary resident company except for the exemptions and privileges listed below:

- annual reporting requirements are minimal and consist mainly of a statement that the company has conducted its operations mainly outside of the Cayman Islands and has complied with the provisions of the Companies Law;
- an exempted company's register of members is not open to inspection;
- an exempted company does not have to hold an annual general meeting;
- an exempted company may issue shares with or without par value;
- an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- an exempted company may register as a limited duration company; and
- an exempted company may register as a segregated portfolio company.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to Delaware corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to Delaware corporations and their shareholders.

Mergers and Similar Arrangements

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes:

- a "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company; and
- a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company.

In order to effect a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by:

- a special resolution of the shareholders of each constituent company; and
- such other authorization, if any, as may be specified in such constituent company's articles of association.

A merger between a parent company incorporated in the Cayman Islands and its subsidiary or subsidiaries incorporated in the Cayman Islands does not require authorization by a resolution of shareholders of the constituent companies provided a copy of the plan of merger is given to every shareholder of each subsidiary company to be merged unless that shareholder agrees otherwise. For this purpose, a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

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The plan of merger or consolidation must be filed with the Registrar of Companies in the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger and consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares if they follow the required procedures, subject to certain exceptions. The fair value of the shares will be determined by the Cayman Islands court if it cannot be agreed among the parties. Court approval is not required for a merger or consolidation effected in compliance with these statutory procedures.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must in addition represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands.

While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.

When a take-over offer is made and accepted by holders of not less than 90% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed unless there is evidence of fraud, bad faith or collusion.

If the arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

Derivative actions have been brought in the Cayman Islands courts. In most cases, the company will be the proper plaintiff in any claim based on a breach of duty owed to it, and a claim against (for example) the company's officers or directors usually may not be brought by a shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority and be applied by a court in the Cayman Islands, exceptions to the foregoing principle apply in circumstances in which:

- a company is acting, or proposing to act, illegally or beyond the scope of its authority;
- the act complained of, although not beyond the scope of the authority, could be effected if duly authorized by more than the number of votes which have actually been obtained; or
- those who control the company are perpetrating a "fraud on the minority."

A shareholder may have a direct right of action against the company where the individual rights of that shareholder have been infringed or are about to be infringed.

Directors' Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components, the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director must act in a manner he or she reasonably believes to be in the best interests of the corporation. A director must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interests of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, the director must prove the procedural fairness of the transaction and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company, and therefore it is considered that he or she owes the following duties to the company: a duty to act bona fide in the best interests of the company, a duty not to make a profit out of his or her position as director (unless the company permits him or her to do so), a duty not to put himself or herself in a position where the interests of the company conflict with his or her personal interests or his or her duty to a third party and a duty to exercise powers for the purpose for which such powers were intended. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, there are indications that the courts are moving towards an objective standard with regard to the required skill and care.

Under our memorandum and articles of association, directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract with our company must declare the nature of their interest at a meeting of the board of directors. Following such declaration, a director may vote in respect of any contract or proposed contract notwithstanding his or her interest.

Shareholder Action by Written Resolution

Under the Delaware General Corporation Law, a corporation's certificate of incorporation may eliminate the right of stockholders to act by written consent. Our memorandum and articles of association allow shareholders to act by written resolutions.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation's certificate of incorporation specifically provides for it. Cumulative voting potentially facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled for a single director, which increases the shareholder's voting interest with respect to electing such director.

As permitted under Cayman Islands law, our memorandum and articles of association do not provide for cumulative voting.

Removal of Directors

Under the Delaware General Corporation Law, a director of a corporation may be removed with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Under our memorandum and articles of association, subject to the Shareholders' Agreement, directors can be removed by special resolution of the shareholders.

Transactions with Interested Shareholders

The Delaware General Corporation Law contains a business combination statute applicable to Delaware public corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an "interested shareholder" for three years following the date on which such person becomes an interested shareholder. An interested shareholder generally is one which owns or owned 15% or more of the target's outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction that resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware public corporation to negotiate the terms of any acquisition transaction with the target's board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions entered into must be bona fide in the best interests of the company, for a proper corporate purpose and not with the effect of perpetrating a fraud on the minority shareholders.

Dissolution and Winding Up

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting interest of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation's outstanding shares. The Delaware General Corporation Law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board of directors.

Under our memorandum and articles of association, if our company is wound up, the liquidator of our company may distribute the assets with the sanction of an ordinary resolution of the shareholders and any other sanction required by law.

Variation of Rights of Shares

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides otherwise.

Under Cayman Islands law and our memorandum and articles of association, if our share capital is divided into more than one class of shares, we may (subject to qualifications in the memorandum and articles of association) vary the rights attached to any class with the consent in writing of the holders of a majority of the issued shares of the relevant class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of such class by a majority of the votes cast at such a meeting.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation's governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise.

Our memorandum and articles of association may be amended by a special resolution of shareholders.

Waiver of Certain Corporate Opportunities

Under our memorandum and articles of association, the Company has renounced any interest or expectancy of the Company in, or in being offered an opportunity to participate in, certain opportunities where such opportunities come into the possession of one of our directors other than in his or her capacity as a director (as more particularly described in our memorandum and articles of association). This is subject to applicable law and may be waived by the relevant director.

Inspection of Books and Records

Under the Delaware General Corporation Law, any shareholder of a corporation may for any proper purpose inspect or make copies of the corporation's stock ledger, list of shareholders and other books and records.

Holders of our shares have no general right under Cayman Islands law to inspect or obtain copies of our register of members or our corporate records (other than the memorandum and articles of association). However, we intend to provide our shareholders with annual reports containing audited financial statements.

Anti-takeover Provisions in our Memorandum and Articles of Association

Some provisions of our memorandum and articles of association may discourage, delay or prevent a change of control of our company or management that shareholders may consider favorable, including a provision that authorizes our board of directors to issue preference shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preference shares without any further vote or action by our shareholders.

Such shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue these preference shares, the price of our ordinary shares may fall and the voting and other rights of the holders of our ordinary shares may be materially adversely affected.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Rights of Non-resident or Foreign Shareholders

There are no limitations imposed by our memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

C. MATERIAL CONTRACTS

We have not entered into any material contracts other than in the ordinary course of business and other than those described in “Item 4. Information on the Company” and “Item 7. Major Shareholders and Related Party Transactions” or elsewhere in this annual report on Form 20-F.

D. EXCHANGE CONTROLS

With regard to our operations in Macau, no foreign exchange controls exist in Macau and Hong Kong and there is a free flow of capital into and out of Macau and Hong Kong. There are no restrictions on remittances of H.K. dollar or any other currency from Macau and Hong Kong to persons not resident in Macau and Hong Kong for the purpose of paying dividends or otherwise.

E. TAXATION

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us levied by the government of the Cayman Islands except for stamp duties which may be applicable on instruments executed in, or, after execution, brought within the jurisdiction of the Cayman Islands. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of our ordinary shares, nor will gains derived from the disposal of our ordinary shares be subject to Cayman Islands income or corporation tax.

No stamp duty is payable in respect of the issue of our ordinary shares or on an instrument of transfer in respect of our ordinary shares.

United States Federal Income Taxation

The following discussion describes the material United States federal income tax consequences to a United States Holder (as defined below), under current law, of an investment in our ADSs. Such laws are subject to change, which change could apply retroactively and could significantly affect the tax consequences described below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following discussion and there can be no assurance that the IRS or a court will agree with our statements and conclusions.

This discussion applies only to a United States Holder (as defined below) that holds ADSs as capital assets for United States federal income tax purposes (generally, property held for investment). The discussion neither addresses the tax consequences to any particular investor nor describes all of the tax consequences applicable to persons in special tax situations, such as:

- banks and certain other financial institutions;
- insurance companies;
- regulated investment companies;
- real estate investment trusts;
- brokers or dealers in stocks and securities, or currencies;

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- persons who use or are required to use a mark-to-market method of accounting;
- certain former citizens or residents of the United States subject to Section 877 of the Code;
- entities subject to the United States anti-inversion rules;
- tax-exempt organizations and entities;
- persons whose functional currency is other than the United States dollar;
- persons holding ADSs as part of a straddle, hedging, conversion or integrated transaction;
- persons that actually or constructively own 10% or more of the total combined voting interest of all classes of our voting stock or 10% or more of the total value of shares of all classes of our stock;
- persons who acquired ADSs pursuant to the exercise of an employee stock option or otherwise as compensation;
- partnerships or other pass-through entities, or persons holding ADSs through such entities; or
- a person subject to special tax accounting rules as a result of any item of gross income with respect to ADSs being taken into account in an “applicable financial statement” (as defined in the Code).

Except as described below under “— Information with Respect to Foreign Financial Assets,” this discussion does not address any reporting obligations that may be applicable to persons holding ADSs through a bank, financial institution or other entity, or a branch thereof, located, organized or resident outside the United States.

If a partnership (including an entity or arrangement treated as a partnership for United States federal income tax purposes) holds the ADSs, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. A partnership or partner in a partnership holding ADSs should consult its own tax advisors regarding the tax consequences of investing in and holding the ADSs.

THE FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE UNITED STATES FEDERAL INCOME TAX LAWS TO THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE FEDERAL ESTATE OR GIFT TAX LAWS, THE ALTERNATIVE MINIMUM TAX, THE MEDICARE TAX ON NET INVESTMENT INCOME OR THE LAWS OF ANY STATE, LOCAL OR NON-UNITED STATES TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

For purposes of the discussion below, a “United States Holder” is a beneficial owner of the ADSs that is, for United States federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to United States federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury Regulations to treat such trust as a domestic trust.

The discussion below assumes that the representations contained in the deposit agreement and any related agreement are true and that the obligations in such agreements will be complied with in accordance with their terms.

ADSs

If you own our ADSs, then you should be treated as the owner of the underlying Class A ordinary shares represented by those ADSs for United States federal income tax purposes. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs should not be subject to United States federal income tax.

The United States Treasury Department and the IRS have expressed concerns that United States holders of American depositary shares may be claiming foreign tax credits in situations where an intermediary in the chain of ownership between the holder of an American depositary share and the issuer of the security underlying the American depositary share has taken actions that are inconsistent with the ownership of the underlying security by the person claiming the credit. Such actions (for example, a pre-release of an ADS by a depositary) also may be inconsistent with the claiming of the reduced rate of tax applicable to certain dividends received by non-corporate United States holders of ADSs, including individual United States holders. Accordingly, the availability of foreign tax credits or the reduced tax rate for dividends received by non-corporate United States Holders, each discussed below, could be affected by actions taken by intermediaries in the chain of ownership between the holder of an ADS and our company.

Dividends and Other Distributions on the ADSs

Subject to the PFIC rules discussed below, the gross amount of any distribution that we make to you with respect to the ADSs will be taxable as a dividend, to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including any withheld taxes) will be includable in your gross income on the day actually or constructively received by the depositary if you own ADSs. Because we do not intend to determine our earnings and profits on the basis of United States federal income tax principles, any distribution paid generally will be reported as a “dividend” for United States federal income tax purposes. Such dividends will not be eligible for the dividends-received deduction allowed to qualifying corporations under the Code.

Dividends received by a non-corporate United States Holder may qualify for the lower rates of tax applicable to “qualified dividend income,” if the dividends are paid by a “qualified foreign corporation” and other conditions discussed below are met. A non-United States corporation is treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares (or American depositary shares backed by such shares) that are readily tradable on an established securities market in the United States. However, a non-United States corporation will not be treated as a qualified foreign corporation if it is a PFIC in the taxable year in which the dividend is paid or the preceding taxable year.

Under a published IRS Notice, common or ordinary shares, or American depositary shares representing such shares, are considered to be readily tradable on an established securities market in the United States if they are listed on the New York Stock Exchange, as our ADSs are. Subject to the limitations described in the following paragraph, we believe that dividends we pay on our ADSs will be eligible for the reduced rates of taxation.

Even if dividends were treated as paid by a qualified foreign corporation, a non-corporate United States Holder would not be eligible for reduced rates of taxation if either (i) it does not hold our ADSs for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date or (ii) the United States Holder elects to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code. In addition, the rate reduction will not apply to dividends of a qualified foreign corporation if the non-corporate United States Holder receiving the dividend is obligated to make related payments with respect to positions in substantially similar or related property.

You should consult your own tax advisors regarding the availability of the lower tax rates applicable to qualified dividend income for any dividends that we pay with respect to the ADSs, as well as the effect of any change in applicable law after the date of this annual report on Form 20-F.

For purposes of calculating your foreign tax credit limitation, dividends paid to you with respect to the ADSs will be treated as income from sources outside the United States and generally will constitute passive category income. The rules relating to the determination of the foreign tax credit are complex, and you should consult your tax advisors regarding the availability of a foreign tax credit in your particular circumstances.

Disposition of the ADSs

You will recognize gain or loss on a sale or exchange of the ADSs in an amount equal to the difference between the amount realized on the sale or exchange and your tax basis in the ADSs. Subject to the discussion under “— Passive Foreign Investment Company” below, such gain or loss generally will be capital gain or loss. Capital gains of a non-corporate United States Holder, including an individual, that has held the ADS for more than one year currently are eligible for reduced tax rates. The deductibility of capital losses is subject to limitations.

Any gain or loss that you recognize on a disposition of the ADSs generally will be treated as United States-source income or loss for foreign tax credit limitation purposes.

Passive Foreign Investment Company

Based on the value of our assets and the composition of our income and assets, we do not believe we were a PFIC for our taxable year ended December 31, 2018. However, the determination of PFIC status involves extensive factual investigation, including ascertaining the fair market value of all of our assets on a quarterly basis and the character of each item of income that we earn, and is subject to uncertainty in several respects. Changes in the composition of our income or assets or the value of our assets may cause us to become a PFIC. The determination of the value of our assets may depend in part upon the value of our goodwill not reflected on our balance sheet (which may depend upon the market value of the ADSs from time to time, which may be volatile). Accordingly, we cannot assure you that we will not be a PFIC for our current taxable year ending December 31, 2019, or for any future taxable year. Our United States tax counsel therefore expresses no opinion with respect to our PFIC status for any taxable year or our beliefs and expectations relating to such status set forth in this discussion.

A non-United States corporation such as ourselves will be treated as a PFIC for United States federal income tax purposes for any taxable year if, applying applicable look-through rules, either:

- at least 75% of its gross income for such year is passive income; or
- at least 50% of the value of its assets (determined based on a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than certain royalties and rents derived in the active conduct of a trade or business and not derived from a related person). We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, more than 25% by value of the stock.

If we were a PFIC for any taxable year during which you hold ADSs, then, unless you make a “mark-to-market” election (as discussed below), you generally would be subject to special adverse tax rules with respect to any “excess distribution” that you receive from us and any gain that you recognize from a sale or other disposition, including, in certain circumstances, a pledge, of ADSs. For this purpose, distributions that you receive in a taxable year that are greater than 125% of the average annual distributions that you received during

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the shorter of the three preceding taxable years or your holding period for the ADSs will be treated as an excess distribution. Under these rules:

- the excess distribution or recognized gain would be allocated ratably over your holding period for the ADSs;
- the amount of the excess distribution or recognized gain allocated to the taxable year of distribution or gain, and to any taxable years in your holding period prior to the first taxable year in which we were treated as a PFIC, would be treated as ordinary income; and
- the amount of the excess distribution or recognized gain allocated to each other taxable year would be subject to the highest tax rate in effect for individuals or corporations, as applicable, for each such year and the resulting tax will be subject to the interest charge generally applicable to underpayments of tax.

If we were a PFIC for any taxable year during which you hold ADSs and any of our non-United States subsidiaries or other corporate entities in which we own equity interests is also a PFIC, you would be treated as owning a proportionate amount (by value) of the shares of each such non-United States entity classified as a PFIC (each such entity, a lower tier PFIC) for purposes of the application of these rules. You should consult your own tax advisor regarding the application of the PFIC rules to any of our lower tier PFICs.

If we were a PFIC for any taxable year during which you hold ADSs, then in lieu of being subject to the tax and interest-charge rules discussed above, you may make an election to include gain on our ADSs as ordinary income under a mark-to-market method, provided that our ADSs constitute “marketable stock.” Marketable stock is stock that is regularly traded on a qualified exchange or other market, as defined in applicable Treasury regulations. Our ADSs, but not our ordinary shares, are listed on the New York Stock Exchange, which is a qualified exchange or other market for these purposes.

Consequently, if the ADSs continue to be listed on the New York Stock Exchange and are regularly traded, and you are a holder of ADSs, we expect that the mark-to-market election would be available to you if we were to become a PFIC, but no assurances are given in this regard.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC, you will include as ordinary income the excess of the fair market value of your ADSs at the end of the year over your adjusted basis in the ADSs. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted basis in the ADSs over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

If you make an effective mark-to-market election, any gain you recognize upon the sale or other disposition of your ADSs in a year that we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if we were a PFIC for any taxable year, a United States Holder that makes the mark-to-market election may continue to be subject to the tax and interest charges under the general PFIC rules with respect to such United States Holder’s indirect interest in any investments held by us that are treated as an equity interest in a PFIC for United States federal income tax purposes.

In certain circumstances, a shareholder in a PFIC may avoid the adverse tax and interest-charge regime described above by making a “qualified electing fund” election to include in income its share of the corporation’s income on a current basis. However, you may make a qualified electing fund election with respect to the ADSs only if we agree to furnish you annually with a PFIC annual information statement as specified in the applicable Treasury regulations. There is no assurance that we will provide such information that would enable you to make a qualified electing fund election.

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A United States Holder that holds the ADSs in any year in which we were a PFIC would be required to file an annual report containing such information as the United States Treasury Department may require.

You should consult your own tax advisor regarding the application of the PFIC rules to your ownership and disposition of the ADSs and the availability, application and consequences of the elections discussed above.

Information Reporting and Backup Withholding

Information reporting to the IRS and backup withholding generally will apply to dividends in respect of our ADSs, and the proceeds from the sale or exchange of our ADSs, that are paid to you within the United States (and in certain cases, outside the United States), unless you furnish a correct taxpayer identification number and make any other required certification, generally on IRS Form W-9 or you otherwise establish an exemption from information reporting and backup withholding. Backup withholding is not an additional tax. Amounts withheld as backup withholding generally are allowed as a credit against your United States federal income tax liability, and you may be entitled to obtain a refund of any excess amounts withheld under the backup withholding rules if you file an appropriate claim for refund with the IRS and furnish any required information in a timely manner.

United States Holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules.

Information with Respect to Foreign Financial Assets

United States Holders who are individuals (and certain entities closely held by individuals) generally will be required to report our name, address and such information relating to an interest in the ADSs as is necessary to identify the class or issue of which the ADSs are a part. These requirements are subject to exceptions, including an exception for ADSs held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all “specified foreign financial assets” (as defined in the Code) does not exceed \$50,000.

United States Holders should consult their tax advisors regarding the application of these information reporting rules.

F. DIVIDENDS AND PAYING AGENTS

Not applicable.

G. STATEMENT BY EXPERTS

Not applicable.

H. DOCUMENTS ON DISPLAY

We are subject to the periodic reporting and other informational requirements of the Exchange Act. Under the Exchange Act, we are required to file reports and other information with the SEC. Specifically, we are required to file an annual report on Form 20-F no later than four months after the close of each fiscal year, which is December 31. As permitted by the SEC, in Item 19 of this annual report, we incorporate by reference certain information we have filed with the SEC. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this annual report.

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Copies of reports and other information, when so filed, may be inspected without charge at the SEC's Public Reference Room at 100 F Street, N.E., Washington D.C. 20549. The public may obtain information regarding the Washington, D.C. Public Reference Room by calling the SEC at 1-800-SEC- 0330. The SEC also maintains a web site at www.sec.gov that contains reports, proxy and information statements, and other information regarding registrants that make electronic filings with the SEC using its EDGAR system.

As a foreign private issuer, we are exempt from the rules under the Exchange Act prescribing the furnishing and content of quarterly reports and proxy statements, and officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act.

Our financial statements have been prepared in accordance with U.S. GAAP. Our annual reports will include a review of operations and annual audited consolidated financial statements prepared in conformity with U.S. GAAP.

In accordance with NYSE Rule 203.01, we will post this annual report on our website www.studiocity-macau.com. In addition, we will provide hardcopies of our annual report to shareholders, including ADS holders, free of charge upon request.

I. SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. We believe our and our subsidiaries' primary exposure to market risk will be foreign exchange risk associated with our operations.

Foreign Exchange Risk

Our exposure to foreign exchange rate risk is associated with the currency of our operations and the presentation of our consolidated financial statements in U.S. Dollars. The majority of our revenues are denominated in Hong Kong Dollars, since the Hong Kong Dollar is the predominant currency used in Macau and is often used interchangeably with the Macau Pataca in Macau, while our expenses are denominated predominantly in Macau Patacas and Hong Kong Dollars. A significant portion of our indebtedness, as a result of the 2012 Notes, 2016 Notes, the 2019 Notes and the costs associated with servicing and repaying such debts are denominated in U.S. Dollars. In addition, the 2016 Credit Facility and the costs associated with servicing and repaying such debt are denominated in Hong Kong Dollars. The Hong Kong Dollar is pegged to the U.S. Dollar within a narrow range and the Macau Pataca is in turn pegged to the Hong Kong Dollar, and the exchange rates between these currencies have remained relatively stable over the past several years. However, we cannot assure you that the current peg or linkages between the U.S. Dollar, Hong Kong Dollar and Macau Pataca will not be de-pegged, de-linked or modified and subjected to fluctuation as such exchange rates may be affected by, among other things, changes in political and economic conditions.

Major currencies in which our cash and bank balances (including restricted cash) were held as of December 31, 2018 included U.S. Dollars, Hong Kong Dollars and the Macau Patacas. Based on the cash and bank balances as of December 31, 2018, an assumed 1% change in the exchange rates between currencies other than U.S. Dollars against the U.S. Dollar would cause a maximum foreign transaction gain or loss of approximately US\$2.5 million for the year ended December 31, 2018.

To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk.

Inflation Risk

We generated all of our revenues from our operations in Macau in 2018, 2017 and 2016. Inflation did not have a material impact on our results of operations. According to the Statistics and Census Services of the Macau government, inflation as measured by the consumer price index in Macau was 3.01%, 1.23% and 2.37% in 2018, 2017 and 2016, respectively. Although we have not been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in Macau.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

A. DEBT SECURITIES

Not applicable.

B. WARRANTS AND RIGHTS

Not applicable.

C. OTHER SECURITIES

Not applicable.

D. AMERICAN DEPOSITARY SHARES

As an ADS holder, you will be required to pay the following service fees to the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs):

<u>Service</u>	<u>Fees</u>
• To any person to which ADSs are issued or to any person to which a distribution is made in respect of ADS distributions pursuant to stock dividends or other free distributions of stock, bonus distributions, stock splits or other distributions (except where converted to cash)	Up to US\$0.05 per ADS issued
• Cancellation of ADSs, including the case of termination of the deposit agreement	Up to US\$0.05 per ADS canceled
• Distribution of cash dividends	Up to US\$0.05 per ADS held
• Distribution of cash entitlements (other than cash dividends) and/or cash proceeds from the sale of rights, securities and other entitlements	Up to US\$0.05 per ADS held
• Distribution of ADSs pursuant to exercise of rights	Up to US\$0.05 per ADS held
• Distribution of securities other than ADSs or rights to purchase additional ADSs	Up to US\$0.05 per ADS held
• Depositary services	Up to US\$0.05 per ADS held on the applicable record date(s) established by the depositary bank

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As an ADS holder, you will also be responsible to pay certain fees and expenses incurred by the depositary bank and certain taxes and governmental charges (in addition to any applicable fees, expenses, taxes and other governmental charges payable on the deposited securities represented by any of your ADSs) such as:

- Fees for the transfer and registration of Class A ordinary shares charged by the registrar and transfer agent for the Class A ordinary shares in the Cayman Islands (i.e., upon deposit and withdrawal of Class A ordinary shares).
- Expenses incurred for converting foreign currency into U.S. dollars.
- Expenses for cable, telex and fax transmissions and for delivery of securities.
- Taxes and duties upon the transfer of securities, including any applicable stamp duties, any stock transfer charges or withholding taxes (i.e., when Class A ordinary shares are deposited or withdrawn from deposit).
- Fees and expenses incurred in connection with the delivery or servicing of Class A ordinary shares on deposit.
- Fees and expenses incurred in connection with complying with exchange control regulations and other regulatory requirements applicable to Class A ordinary shares, deposited securities, ADSs and ADRs.
- Any applicable fees and penalties thereon.

The depositary fees payable upon the issuance and cancellation of ADSs are typically paid to the depositary bank by the brokers (on behalf of their clients) receiving the newly issued ADSs from the depositary bank and by the brokers (on behalf of their clients) delivering the ADSs to the depositary bank for cancellation. The brokers in turn charge these fees to their clients. Depositary fees payable in connection with distributions of cash or securities to ADS holders and the depositary services fee are charged by the depositary bank to the holders of record of ADSs as of the applicable ADS record date.

The depositary fees payable for cash distributions are generally deducted from the cash being distributed or by selling a portion of distributable property to pay the fees. In the case of distributions other than cash (i.e., share dividends, rights), the depositary bank charges the applicable fee to the ADS record date holders concurrent with the distribution. In the case of ADSs registered in the name of the investor (whether certificated or uncertificated in direct registration), the depositary bank sends invoices to the applicable record date ADS holders. In the case of ADSs held in brokerage and custodian accounts (via The Depository Trust Company, or DTC), the depositary bank generally collects its fees through the systems provided by DTC (whose nominee is the registered holder of the ADSs held in DTC) from the brokers and custodians holding ADSs in their DTC accounts. The brokers and custodians who hold their clients' ADSs in DTC accounts in turn charge their clients' accounts the amount of the fees paid to the depositary banks.

In the event of refusal to pay the depositary fees, the depositary bank may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder.

The depositary may make payments to us or reimburse us for certain costs and expenses, by making available a portion of the ADS fees collected in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary bank agree from time to time.

Fees and Other Payments Made by the Depositary to Us

In 2018, we did not receive any reimbursement from the depositary.

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

See “Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions — Pre-IPO Organizational Transactions.”

Use of proceeds

The following “Use of Proceeds” information relates to our initial public offering, at US\$12.50 per ADS, of 33,062,050 ADSs, after giving effect to the full exercise of the over-allotment option by the underwriters for our initial public offering. The registration statement on Form F-1 (File No. 333-227759), as amended, for our initial public offering was declared effective by the SEC on October 17, 2018. On October 22, 2018, we completed our initial public offering where the initial 28,750,000 ADSs were sold. On November 19, 2018, we completed an additional sale of 4,312,500 ADSs pursuant to the exercise of the over-allotment option by the underwriters for our initial public offering. Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. International plc acted as the representatives of the underwriters in our initial public offering.

We received aggregate gross proceeds of US\$413.3 million and net proceeds of US\$406.7 million from the ADSs sold in our initial public offering and aggregate gross proceeds of approximately US\$2.5 million from the concurrent private placement to Melco International in connection with Melco International’s “assured entitlement” distribution to its shareholders, after deducting underwriting discounts and commissions and a structuring fee, but before deducting offering expenses payable by us.

The total expenses in connection with our initial public offering were estimated to be approximately US\$16.6 million, including underwriting discounts and commissions of approximately US\$2.8 million, a structuring fee payable to the underwriters of approximately US\$3.8 million and other fees and expenses of approximately US\$10.0 million.

From October 17, 2018, the effective date of our registration statement on Form F-1 for our initial public offering, to December 31, 2018, we used the entirety of the net proceeds from our initial public offering to partially redeem the 2012 Notes in December 2018.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this annual report, our management, with the participation of our property president and property chief financial officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures within the meaning of Rules 13a-15(e) and 15d-15(e) of the Exchange Act. In designing and evaluating the disclosure controls and procedures, it should be noted that any controls and procedures, no matter how well designed and operated, can only provide reasonable, but not absolute, assurance of achieving the desired control objectives and management is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon that evaluation, our property president and property chief financial officer have concluded that, as of the end of the period covered by this annual report, our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed,

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summarized and reported, within the time period specified in the SEC’s rules and forms, and accumulated and communicated to our management, including our property president and property chief financial officer, to allow timely decisions regarding required disclosure.

Management’s Annual Report on Internal Control Over Financial Reporting and Attestation Report of the Registered Public Accounting Firm

This annual report does not include a report of management’s assessment regarding internal control over financial reporting or an attestation report of the company’s registered public accounting firm due to a transition period established by rules of the Securities and Exchange Commission for newly public companies.

Changes in Internal Controls Over Financial Reporting

There were no changes in our Company’s internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, our Company’s internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our board has determined that Mr. Kevin F. Sullivan qualifies as “audit committee financial expert” as defined in Item 16A of Form 20-F. Each of the members of our audit and risk committee satisfies the “independence” requirements of Section 303A of the New York Stock Exchange Listed Company Manual and Rule 10A-3 under the Exchange Act. See “Item 6. Directors, Senior Management and Employees.”

ITEM 16B. CODE OF ETHICS

Our board has adopted a code of business conduct and ethics that applies to our directors, officers, employees and agents, including certain provisions that specifically apply to our Property President, Property Chief Financial Officer and any other persons who perform similar functions for us. We have posted our current code of business conduct and ethics on our website at www.studiocity-macau.com. We hereby undertake to provide to any person without charge, a copy of our code of business conduct and ethics within ten working days after we receive such person’s written request.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table sets forth the aggregate fees by categories specified below in connection with certain professional services rendered by our principal external auditors, for the years indicated. We did not pay any other fees to our auditor during the years indicated below.

	Year Ended December 31,	
	2018	2017
	<i>(In thousands of US\$)</i>	
Audit fees (1)	\$ 481	\$ 200
Audit-related fees (2)	270	270
Tax fees (3)	24	50
All other fees	—	—

- (1) “Audit fees” means the aggregate fees in each of the fiscal years indicated for our calendar year audits. The audit fees in 2018 relate to the audit of the financial statements for the year ended December 31, 2018 included in our annual report on Form 20-F filed with the SEC following the completion of our initial public offering in October 2018. In 2017, the Company was a privately-owned entity.
- (2) “Audit-related fees” include the aggregate fees for professional services provided in connection with our registration statement on Form F-1 for our initial public offering and the issuance of the 2019 Notes.
- (3) “Tax fees” include fees billed for tax consultations.

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The policy of our audit and risk committee is to pre-approve all audit and non-audit services provided by our independent registered public accounting firm, including audit services, audit-related services, tax services and other services, other than those for *de minimis* services which are approved by our audit and risk committee prior to the completion of the audit.

For the years ended December 31, 2018 and 2017, nil of the total audit-related, tax and all other fees as described above were approved by our audit and risk committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

The following table sets forth information about our repurchases made in the fiscal year ended December 31, 2018.

<u>Period</u>	<u>Total Number of Class A Ordinary Shares Purchased</u>	<u>Average Price Paid Per Ordinary Share (US\$)</u>	<u>Total Number of Ordinary Shares Purchased as Part of Publicly Announced Program</u>	<u>Maximum Dollar Value of Ordinary Shares that May Yet be Purchased Under Publicly Announced Program (US\$)</u>
January 2018	—	—	—	—
February 2018	—	—	—	—
March 2018	—	—	—	—
April 2018	—	—	—	—
May 2018	—	—	—	—
June 2018	—	—	—	—
July 2018	—	—	—	—
August 2018	—	—	—	—
September 2018	—	—	—	—
October 2018	62,120,376 (1)	3.125 (1)	—	—
November 2018	—	—	—	—
December 2018	—	—	—	—
Total	62,120,376	3.125	—	—

Notes:

- (1) In connection with our initial public offering in October 2018, MCO Cotai acquired 15,330,000 ADSs (representing 61,320,000 Class A ordinary shares) and Melco International acquired 800,376 Class A ordinary shares, each at the initial public offering price of US\$12.50 per ADS.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

NYSE Rule 303A.00 permits foreign private issuers like us to follow “home country practice” in certain corporate governance matters. For example, NYSE Rule 303A.01 generally requires that a majority of an issuer’s board of directors must consist of independent directors. In addition, NYSE Rules 303A.04 and 303A.05, respectively, generally require that an issuer’s nominating and corporate governance committee and compensation committee must consist entirely of independent directors. We rely on this “home country practice” exception and do not have a majority of independent directors serving on our board and also do not have a nominating and corporate governance committee or compensation committee consisting entirely of independent directors.

ITEM 16H. MINE SAFETY DISCLOSURE

Not applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

We have elected to provide financial statements pursuant to Item 18.

ITEM 18. FINANCIAL STATEMENTS

The consolidated financial statements of Studio City International Holdings Limited and its subsidiaries are included at the end of this annual report.

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ITEM 19. EXHIBITS

<u>Exhibit Number</u>	<u>Description of Document</u>
1.1*	<u>Amended and Restated Memorandum and Articles of Association of the Registrant</u>
1.2*	<u>Memorandum and Articles of Association of MSC Cotai Limited</u>
2.1	<u>Form of Registrant's Specimen American Depositary Receipt (included in Exhibit 2.3)</u>
2.2	<u>Registrant's Specimen Certificate for Ordinary Shares (incorporated herein by reference to Exhibit 4.2 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.3†	<u>Form of Deposit Agreement between the Registrant, the depository and owners and holders of the ADSs</u>
2.4	<u>Indenture relating to 5.875% senior secured notes due 2019 and dated November 30, 2016, among Studio City Company Limited, as issuer, Studio City Investments Limited, as parent guarantor, the subsidiary guarantors parties thereto, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.9 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.5	<u>Supplemental Indenture relating to 5.875% senior secured notes due 2019 and dated November 30, 2016, among Studio City Company Limited, Industrial and Commercial Bank of China (Macau) Limited, as the security agent, DB Trustees (Hong Kong) Limited, as the intercreditor agent and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.10 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.6	<u>Second Supplemental Indenture relating to 5.875% senior secured notes due 2019 and dated July 30, 2018, among Studio City Company Limited, Studio City (HK) Two Limited, as a new guarantor, Studio City Investments Limited, as parent guarantor, the subsidiary guarantors parties thereto and Deutsche Bank Trust Company Americas, as the trustee (incorporated herein by reference to Exhibit 4.11 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.7	<u>Indenture relating to 7.250% senior secured notes due 2021 and dated November 30, 2016, among Studio City Company Limited, as issuer, Studio City Investments Limited, as parent guarantor, the subsidiary guarantors parties thereto, and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.12 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.8	<u>Supplemental Indenture relating to 7.250% senior secured notes due 2021 and dated November 30, 2016, among Studio City Company Limited, Industrial and Commercial Bank of China (Macau) Limited, as the security agent, DB Trustees (Hong Kong) Limited, as the intercreditor agent and Deutsche Bank Trust Company Americas, as the trustee (incorporated herein by reference to Exhibit 4.13 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.9	<u>Second Supplemental Indenture relating to 7.250% senior secured notes due 2021 and dated July 30, 2018, among Studio City (HK) Two Limited, as a new guarantor, Studio City Company Limited, Studio City Investments Limited, as parent guarantor, the subsidiary guarantors parties thereto and Deutsche Bank Trust Company Americas, as the trustee (incorporated herein by reference to Exhibit 4.14 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>

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<u>Exhibit Number</u>	<u>Description of Document</u>
2.10	<u>Amended and Restated Credit Agreement relating to HK\$233 million revolving credit facility and HK\$1 million term loan facility dated November 23, 2016, among Studio City Company Limited and certain of its subsidiaries and affiliates with Bank of China Limited, Macau Branch, among others (incorporated herein by reference to Exhibit 4.15 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.11	<u>Intercreditor Agreement dated December 1, 2016, among Studio City Company Limited, the guarantors of the 5.875% senior secured notes due 2019 and 7.250% senior secured notes due 2021, the lenders and agent for Studio City Company Limited's HK\$233 million revolving credit facility and HK\$1 million term loan facility, the security agent and intercreditor agent named therein, among others (incorporated herein by reference to Exhibit 4.16 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.12*	<u>Amended and Restated Shareholders' Agreement, among MCO Cotai Investments Limited, New Cotai, LLC, Melco Resorts & Entertainment Limited and the Registrant</u>
2.13	<u>Amended and Restated Registration Rights Agreement, between New Cotai, LLC and the Registrant (form of which is incorporated herein by reference to Exhibit 10.5 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
2.14*	<u>Subscription Agreement between Melco International Development Limited and the Registrant</u>
2.15*	<u>Indenture relating to 7.250% senior notes due 2024 and dated February 11, 2019, among Studio City Finance Limited, as issuer, the subsidiary guarantors parties thereto, and Deutsche Bank Trust Company Americas, as trustee</u>
4.1	<u>Form of Indemnification Agreement between the Registrant and each of its directors and executive officers (incorporated herein by reference to Exhibit 10.1 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.2	<u>Form of Employment Agreement with the Executive Officers of the Registrant (incorporated herein by reference to Exhibit 10.2 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.3	<u>English Translation of subconcession contract for operating casino games of chance or games of other forms in the Macau Special Administrative Region dated September 8, 2006, between Wynn Resorts (Macau) S.A. and Melco Resorts (Macau) Limited, which was formerly known as Melco Crown (Macau) Limited (incorporated herein by reference to Exhibit 10.3 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.4	<u>Services and Right to Use Agreement dated May 11, 2007, as amended, between Studio City Entertainment Limited and Melco Resorts (Macau) Limited, which was formerly known as Melco Crown (Macau) Limited (incorporated herein by reference to Exhibit 10.7 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.5	<u>Reimbursement Agreement dated June 15, 2012, between Studio City Entertainment Limited and Melco Resorts (Macau) Limited, which was formerly known as Melco Crown (Macau) Limited (incorporated herein by reference to Exhibit 10.8 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.6	<u>Services and Right to Use Direct Agreement dated November 26, 2013, among Studio City Company Limited as borrower, Melco Resorts (Macau) Limited, which was formerly known as Melco Crown (Macau) Limited, Studio City Holdings Five Limited, Industrial and Commercial Bank of China (Macau) Limited as security agent and POA agent and Deutsche Bank AG, Hong Kong Branch as agent, among others (incorporated herein by reference to Exhibit 10.9 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.7	<u>Master Services Agreement dated December 21, 2015, among Studio City Entertainment Limited, Melco Resorts (Macau) Limited, which was formerly known as Melco Crown (Macau) Limited, and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.10 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.8	<u>Work Agreement No. 1 dated December 21, 2015, related to sale and purchase of certain property, plant and equipment and inventory and supplies among Studio City Entertainment Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.11 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.9	<u>Work Agreement No. 2 dated December 21, 2015, related to corporate services among Studio City Entertainment Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.12 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.10	<u>Work Agreement No. 3 dated December 21, 2015, related to certain pay-as-used charges among Studio City Entertainment Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.13 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.11	<u>Work Agreement No. 4 dated December 21, 2015, related to operational and property sharing services among Studio City Entertainment Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.14 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.12	<u>Work Agreement No. 5 dated December 21, 2015, related to limousine transportation services among Studio City Hotels Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.15 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.13	<u>Work Agreement No. 6 dated December 21, 2015, related to aviation services among Studio City Entertainment Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.16 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.14	<u>Work Agreement No. 7 dated December 21, 2015, related to collection and payment services among Studio City Entertainment Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.17 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.15	<u>Work Agreement No. 8 dated December 21, 2015, related to limousine transportation services among Studio City Hotels Limited and other subsidiaries and affiliates of the Registrant (incorporated herein by reference to Exhibit 10.18 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.16	<u>English Translation of the Order of Secretary for Public Works and Transportation published in Macau Official Gazette No. 100/2001 dated October 9, 2001, in relation to the Studio City Land Concession (incorporated herein by reference to Exhibit 10.19 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.17	<u>English Translation of the amended Order of Secretary for Public Works and Transportation published in Macau Official Gazette No. 31/2012 dated July 19, 2012, in relation to the Studio City Land Concession (incorporated herein by reference to Exhibit 10.20 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.18	<u>English Translation of the amended Order of Secretary for Public Works and Transportation published in Macau Official Gazette No. 92/2015 dated September 10, 2015, in relation to the Studio City Land Concession (incorporated herein by reference to Exhibit 10.21 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.19	<u>Participation Agreement among MSC Cotai Limited, New Cotai, LLC and the Registrant (form of which is incorporated herein by reference to Exhibit 10.22 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.20	<u>Implementation Agreement among MCO Cotai Investments Limited, New Cotai, LLC, Melco Resorts & Entertainment Limited and the Registrant (form of which is incorporated herein by reference to Exhibit 10.23 from our registration statement on Form F-1 (File No. 333-227232), as amended, initially filed with the SEC on September 7, 2018)</u>
4.21*	<u>Underwriting Agreement, dated October 17, 2018, among the Registrant, Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. International plc as underwriters</u>
4.22*	<u>Purchase Agreement, dated January 29, 2019, among Studio City Finance Limited, the subsidiary guarantors as specified therein, Deutsche Bank AG, Singapore Branch, Australia and New Zealand Banking Group Limited, Bank of Communications Co., Ltd. Macau Branch, BOCI Asia Limited, Industrial and Commercial Bank of China (Asia) Limited, ICBC (Macau) Capital Limited and Mizuho Securities Asia Limited regarding the 7.250% Senior Notes due 2024</u>
8.1*	<u>Significant Subsidiaries of the Registrant</u>
12.1*	<u>CEO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
12.2*	<u>CFO Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>
13.1*	<u>CEO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
13.2*	<u>CFO Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u>
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document

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- * Furnished with this annual report on Form 20-F.
- † Previously filed with the Registration Statement on Form F-6 (File No. 333-227759), dated October 9, 2018, and incorporated herein by reference.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

Date: March 29, 2019

By: /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Property President

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Studio City International Holdings Limited

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Studio City International Holdings Limited (the Company) as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and the financial statement schedule included in Schedule 1 (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

Adoption of New Accounting Standard

As discussed Note 2(v) to the consolidated financial statements, the Company changed its method for accounting for revenues from contracts with customers due to the adoption of ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), as amended, effective January 1, 2018, using the modified retrospective approach.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young

We have served as the Company's auditor since 2017.

Hong Kong
March 29, 2019

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 345,854	\$ 348,399
Bank deposits with original maturities over three months	—	9,884
Restricted cash	31,582	34,400
Accounts receivable, net	1,712	2,345
Amounts due from affiliated companies	42,339	37,826
Inventories	9,904	10,143
Prepaid expenses and other current assets	27,650	17,930
Total current assets	<u>459,041</u>	<u>460,927</u>
PROPERTY AND EQUIPMENT, NET	2,175,858	2,280,116
LONG-TERM PREPAYMENTS, DEPOSITS AND OTHER ASSETS	45,766	60,722
RESTRICTED CASH	129	130
LAND USE RIGHT, NET	121,544	125,672
TOTAL ASSETS	<u>\$ 2,802,338</u>	<u>\$ 2,927,567</u>
LIABILITIES, SHAREHOLDERS' EQUITY AND PARTICIPATION INTEREST		
CURRENT LIABILITIES		
Accounts payable	\$ 6,421	\$ 2,722
Accrued expenses and other current liabilities	62,825	155,840
Income tax payable	33	—
Current portion of long-term debt, net	347,740	—
Amounts due to affiliated companies	21,953	19,508
Total current liabilities	<u>438,972</u>	<u>178,070</u>
LONG-TERM DEBT, NET	1,261,904	1,999,354
OTHER LONG-TERM LIABILITIES	4,017	9,512
DEFERRED TAX LIABILITIES	1,044	588
TOTAL LIABILITIES	<u>\$ 1,705,937</u>	<u>\$ 2,187,524</u>
COMMITMENTS AND CONTINGENCIES (Note 13)		

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS - continued
(In thousands of U.S. dollars, except share and per share data)

	December 31,	
	2018	2017
SHAREHOLDERS' EQUITY AND PARTICIPATION INTEREST		
Class A ordinary shares, par value \$0.0001; 1,927,488,240 shares authorized; 241,818,016 and 181,279,400 shares issued and outstanding	\$ 24	\$ 18
Class B ordinary shares, par value \$0.0001; 72,511,760 shares authorized; 72,511,760 and nil shares issued and outstanding	7	—
Additional paid-in capital	1,655,602	1,512,705
Accumulated other comprehensive (loss) income	(14,063)	488
Accumulated losses	(798,098)	(773,168)
Total shareholders' equity	<u>843,472</u>	<u>740,043</u>
PARTICIPATION INTEREST	252,929	—
Total shareholders' equity and participation interest	<u>1,096,401</u>	<u>740,043</u>
TOTAL LIABILITIES, SHAREHOLDERS' EQUITY AND PARTICIPATION INTEREST	<u>\$ 2,802,338</u>	<u>\$ 2,927,567</u>

The accompanying notes are an integral part of the consolidated financial statements.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars, except share and per share data)

	Year Ended December 31,		
	2018	2017	2016
OPERATING REVENUES			
Provision of gaming related services from related parties	\$ 339,924	\$ 295,638	\$ 151,597
Rooms (including revenues from related parties of \$53,925, \$53,945 and \$48,917 for the years ended December 31, 2018, 2017 and 2016, respectively)	88,317	88,699	84,643
Food and beverage (including revenues from related parties of \$35,937, \$28,917 and \$22,771 for the years ended December 31, 2018, 2017 and 2016, respectively)	65,904	60,705	61,536
Entertainment (including revenues from related parties of \$1,191, \$1,328 and \$5,465 for the years ended December 31, 2018, 2017 and 2016, respectively)	12,073	18,534	35,155
Services fee from related parties	39,126	39,971	51,842
Mall	22,298	29,498	34,020
Retail and other	3,571	6,769	5,738
Total revenues	<u>571,213</u>	<u>539,814</u>	<u>424,531</u>
OPERATING COSTS AND EXPENSES			
Provision of gaming related services (including costs to related parties of \$17,634, \$20,386 and \$23,478 for the years ended December 31, 2018, 2017 and 2016, respectively)	(20,263)	(24,019)	(25,332)
Rooms (including costs to related parties of \$12,572, \$12,926 and \$14,462 for the years ended December 31, 2018, 2017 and 2016, respectively)	(21,855)	(21,750)	(22,752)
Food and beverage (including costs to related parties of \$27,089, \$28,954 and \$34,436 for the years ended December 31, 2018, 2017 and 2016, respectively)	(56,342)	(54,266)	(62,200)
Entertainment (including costs to related parties of \$4,815, \$6,884 and \$11,446 for the years ended December 31, 2018, 2017 and 2016, respectively)	(11,978)	(16,364)	(41,432)
Mall (including costs to related parties of \$2,010, \$2,181 and \$2,201 for the years ended December 31, 2018, 2017 and 2016, respectively)	(10,960)	(9,098)	(11,083)
Retail and other (including costs to related parties of \$2,370, \$3,523 and \$3,475 for the years ended December 31, 2018, 2017 and 2016, respectively)	(2,411)	(4,750)	(3,696)
General and administrative (including expenses to related parties of \$74,514, \$69,043 and \$65,942 for the years ended December 31, 2018, 2017 and 2016, respectively)	(132,637)	(130,465)	(135,071)
Pre-opening costs (including expenses to related parties of \$152, \$101 and \$3,509 for the years ended December 31, 2018, 2017 and 2016, respectively)	(4,550)	(116)	(4,044)
Amortization of land use right	(3,298)	(3,323)	(3,323)
Depreciation and amortization	(164,593)	(173,003)	(168,539)
Property charges and other	(4,464)	(22,210)	(1,825)
Total operating costs and expenses	<u>(433,351)</u>	<u>(459,364)</u>	<u>(479,297)</u>
OPERATING INCOME (LOSS)	<u>\$ 137,862</u>	<u>\$ 80,450</u>	<u>\$ (54,766)</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS - continued
(In thousands of U.S. dollars, except share and per share data)

	Year Ended December 31,		
	2018	2017	2016
NON-OPERATING INCOME (EXPENSES)			
Interest income	\$ 3,578	\$ 2,171	\$ 1,152
Interest expenses	(160,508)	(159,918)	(159,236)
Loan commitment fees	(419)	(419)	(1,647)
Foreign exchange gains (losses), net	1,972	466	(3,445)
Other (expenses) income, net	(197)	574	1,163
Loss on extinguishment of debt	(2,489)	—	(17,435)
Costs associated with debt modification	—	—	(8,101)
Total non-operating expenses, net	<u>(158,063)</u>	<u>(157,126)</u>	<u>(187,549)</u>
LOSS BEFORE INCOME TAX	(20,201)	(76,676)	(242,315)
INCOME TAX (EXPENSE) CREDIT	(544)	239	(474)
NET LOSS	(20,745)	(76,437)	(242,789)
NET INCOME ATTRIBUTABLE TO PARTICIPATION INTEREST	(853)	—	—
NET LOSS ATTRIBUTABLE TO STUDIO CITY INTERNATIONAL HOLDINGS LIMITED	<u>\$ (21,598)</u>	<u>\$ (76,437)</u>	<u>\$ (242,789)</u>
NET LOSS ATTRIBUTABLE TO STUDIO CITY INTERNATIONAL HOLDINGS LIMITED PER CLASS A ORDINARY SHARE:			
Basic and diluted	<u>\$ (0.113)</u>	<u>\$ (0.422)</u>	<u>\$ (1.339)</u>
WEIGHTED AVERAGE CLASS A ORDINARY SHARES OUTSTANDING USED IN NET LOSS ATTRIBUTABLE TO STUDIO CITY INTERNATIONAL HOLDINGS LIMITED PER SHARE CALCULATION:			
Basic and diluted	<u>191,533,455</u>	<u>181,279,400</u>	<u>181,279,400</u>

The accompanying notes are an integral part of the consolidated financial statements.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of U.S. dollars)

	Year Ended December 31,		
	2018	2017	2016
Net loss	\$(20,745)	\$(76,437)	\$(242,789)
Other comprehensive (loss) income:			
Foreign currency translation adjustments, before and after tax	(18,774)	—	—
Changes in fair values of interest rate swap agreements, before and after tax	—	—	61
Other comprehensive (loss) income	(18,774)	—	61
Total comprehensive loss	(39,519)	(76,437)	(242,728)
Comprehensive loss attributable to participation interest	3,370	—	—
Comprehensive loss attributable to Studio City International Holdings Limited	<u>\$(36,149)</u>	<u>\$(76,437)</u>	<u>\$(242,728)</u>

The accompanying notes are an integral part of the consolidated financial statements.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(In thousands of U.S. dollars, except share and per share data)

	Studio City International Holdings Limited Shareholders' Equity								
	Class A Ordinary Shares		Class B Ordinary Shares		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Losses	Participation Interest	Total Equity
	Shares	Amount	Shares	Amount					
BALANCE AT JANUARY 1, 2016	181,279,400	\$ 18	—	\$ —	\$ 1,512,844	\$ 427	\$ (453,942)	\$ —	\$ 1,059,347
Net loss for the year	—	—	—	—	—	—	(242,789)	—	(242,789)
Changes in fair values of interest rate swap agreements	—	—	—	—	—	61	—	—	61
Loss on purchase of property and equipment from an affiliated company	—	—	—	—	(139)	—	—	—	(139)
BALANCE AT DECEMBER 31, 2016	181,279,400	18	—	—	1,512,705	488	(696,731)	—	816,480
Net loss for the year	—	—	—	—	—	—	(76,437)	—	(76,437)
BALANCE AT DECEMBER 31, 2017	181,279,400	18	—	—	1,512,705	488	(773,168)	—	740,043
Cumulative-effect adjustment upon adoption of New Revenue Standard (as described in Note 2(v))	—	—	—	—	—	—	(3,332)	—	(3,332)
Net loss for the year	—	—	—	—	—	—	(21,598)	—	(20,745)
Foreign currency translation adjustments	—	—	—	—	—	(14,551)	—	853	(18,774)
Exchange of Class A ordinary shares to Class B ordinary shares	(72,511,760)	(7)	72,511,760	7	—	—	—	—	—
Shares issued, net of offering expenses	133,050,376	13	—	—	399,196	—	—	—	399,209
Participation Interest resulted from Organizational Transactions and the Offering (as described in Note 1)	—	—	—	—	(256,299)	—	—	256,299	—
BALANCE AT DECEMBER 31, 2018	<u>241,818,016</u>	<u>\$ 24</u>	<u>72,511,760</u>	<u>\$ 7</u>	<u>\$ 1,655,602</u>	<u>\$ (14,063)</u>	<u>\$ (798,098)</u>	<u>\$ 252,929</u>	<u>\$ 1,096,401</u>

The accompanying notes are an integral part of the consolidated financial statements.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of U.S. dollars)

	Year Ended December 31,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net loss	\$ (20,745)	\$ (76,437)	\$ (242,789)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	167,891	176,326	171,862
Amortization of deferred financing costs	8,189	7,600	25,626
Loss (gain) on disposal of property and equipment and other long-term assets	905	489	(444)
Impairment loss recognized on property and equipment	—	19,645	—
Provision for doubtful debts	109	887	588
Loss on extinguishment of debt	2,489	—	17,435
Costs associated with debt modification	—	—	8,101
Changes in operating assets and liabilities:			
Accounts receivable	241	442	2,837
Amounts due from affiliated companies	(9,906)	(38,269)	34,204
Inventories and prepaid expenses and other	(9,390)	(7,223)	6,125
Long-term prepayments, deposits and other assets	9,869	(854)	(5,094)
Accounts payable and accrued expenses and other	(4,806)	5,817	(4,255)
Amounts due to affiliated companies	140	(13,054)	3,989
Other long-term liabilities	(5,468)	(7,056)	(3,606)
Net cash provided by operating activities	<u>139,518</u>	<u>68,313</u>	<u>14,579</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for acquisition of property and equipment	(151,279)	(42,370)	(111,396)
Placement of bank deposits with original maturities over three months	(24,823)	(9,884)	—
Funds to an affiliated company	(13,355)	(2,839)	(8,492)
Advance payments and deposits for acquisition of property and equipment	(1,968)	(1,427)	(335)
Proceeds from sale of property and equipment and other long-term assets	9,235	1,067	13,513
Withdrawal of bank deposits with original maturities over three months	34,675	—	—
Insurance proceeds received for damaged property and equipment and other long-term assets	—	108	—
Net cash used in investing activities	<u>(147,515)</u>	<u>(55,345)</u>	<u>(106,710)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on long-term debt	(400,000)	—	(95,560)
Net proceeds from issuance of share capital	405,152	—	—
Payments of deferred financing costs	—	(1,285)	(27,226)
Net cash provided by (used in) financing activities	<u>5,152</u>	<u>(1,285)</u>	<u>(122,786)</u>
EFFECT OF FOREIGN EXCHANGE ON CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
	(2,519)	—	—
NET (DECREASE) INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	<u>(5,364)</u>	<u>11,683</u>	<u>(214,917)</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	382,929	371,246	586,163
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 377,565</u>	<u>\$ 382,929</u>	<u>\$ 371,246</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS - continued
(In thousands of U.S. dollars)

	Year Ended December 31,		
	2018	2017	2016
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS			
Cash paid for interest	\$ (155,153)	\$ (152,318)	\$ (127,098)
NON-CASH INVESTING AND FINANCING ACTIVITIES			
Change in accrued expenses and other current liabilities and other long-term liabilities related to acquisition of property and equipment	10,316	18,817	23,690
Change in amounts due from/to affiliated companies related to acquisition of property and equipment and other long-term assets	19,320	4,696	11,286
Offering expenses capitalized for the issuance of share capital included in accrued expenses and other current liabilities	5,943	—	—
Amounts due from affiliated companies offsetting with amounts due to affiliated companies	—	2,950	—
Deferred financing costs included in accrued expenses and other current liabilities	—	—	3,180
	<u>—</u>	<u>—</u>	<u>3,180</u>
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONSOLIDATED BALANCE SHEETS			
		December 31,	
		2018	2017
Cash and cash equivalents		\$ 345,854	\$ 348,399
Current portion of restricted cash		31,582	34,400
Non-current portion of restricted cash		129	130
Total cash, cash equivalents and restricted cash		<u>\$ 377,565</u>	<u>\$ 382,929</u>

The accompanying notes are an integral part of the consolidated financial statements.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(In thousands of U.S. dollars, except share and per share data)

1. COMPANY INFORMATION

Studio City International Holdings Limited (the “Company”) was redomiciled by way of continuation as an exempted company incorporated with limited liability in the Cayman Islands in connection with the Organizational Transactions as described below. On October 22, 2018, the Company completed an initial public offering of 28,750,000 American depositary shares (“ADSs”), representing 115,000,000 Class A ordinary shares with par value of \$0.0001 per share, and listed its ADS on the New York Stock Exchange under the symbol “MSC” in the United States of America (the “Offering”).

The Company conducts its principal activities through its subsidiaries, which are primarily located in the Macau Special Administrative Region of the People’s Republic of China (“Macau”). The Company together with its subsidiaries (collectively referred to as the “Group”) currently operates the non-gaming operations of Studio City, a cinematically-themed integrated entertainment, retail and gaming resort in Cotai, Macau, and provides gaming related services to Melco Resorts (Macau) Limited (“Melco Resorts Macau”), a subsidiary of Melco Resorts & Entertainment Limited (“Melco”) with its ADS listed on the NASDAQ Global Select Market in the United States of America, which holds the gaming subconcession in Macau, for the operations of the gaming area at Studio City (“Studio City Casino”).

Immediately prior to the Organizational Transactions as described below, the Company was 60% held directly by MCO Cotai Investments Limited (formerly known as MCE Cotai Investments Limited) (“MCO Cotai”), a subsidiary of Melco, and 40% held directly by New Cotai, LLC (“New Cotai”), a private company organized in the United States of America. As of December 31, 2018 and 2017, Melco’s single largest shareholder is Melco International Development Limited (“Melco International”), a company listed in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”).

Organizational Transactions

Prior to the completion of the Offering, the Group underwent a series of organizational transactions (the “Organizational Transactions”), all of which were completed in October 2018, pursuant to, among others, an implementation agreement entered into among MCO Cotai, Melco, New Cotai, MSC Cotai Limited (“MSC Cotai”), a subsidiary of the Company, and the Company. The Organizational Transactions included, among other things, the following: (i) the Company contributed substantially all of its assets and liabilities to MSC Cotai in exchange for newly-issued ordinary shares of MSC Cotai; (ii) the Company authorized two classes of ordinary shares, the Class A ordinary shares and the Class B ordinary shares, in each case with a par value of \$0.0001 each; (iii) the 60% equity interest in the Company held directly by MCO Cotai prior to the Organizational Transactions was reclassified into 108,767,640 Class A ordinary shares; (iv) the 40% equity interest in the Company held directly by New Cotai prior to the Organizational Transactions was exchanged for 72,511,760 Class B ordinary shares, which have only voting and no economic rights and, through its Class B ordinary shares, New Cotai has voting rights in the Company which controls MSC Cotai; (v) New Cotai has a non-voting, non-shareholding economic participation interest (the “Participation Interest”) in MSC Cotai, the terms of which are set forth in a participation agreement (the “Participation Agreement”) that was entered into by MSC Cotai, New Cotai and the Company; and (iv) the Company was redomiciled by way of continuation as an exempted company incorporated with limited liability in the Cayman Islands.

The Class A ordinary share and Class B ordinary share have the same rights, except that holders of the Class B ordinary shares do not have any right to receive dividends or distributions upon the Company’s liquidation or winding up or to otherwise share in our profits and surplus assets. Immediately prior to the Offering, the Participation Interest entitled New Cotai to receive from MSC Cotai an amount equal to 66 2/3% of the amount of any distribution, dividend or other consideration paid by MSC Cotai to the Company, subject to adjustments, exceptions and conditions as set out in the Participation Agreement (the

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

1. COMPANY INFORMATION - continued

“MSC Cotai’s Distribution”). The 66 2/3% represented the equivalent of New Cotai’s 40% interest in the Company prior to the Organizational Transactions. The Participation Agreement also provides that New Cotai is entitled to exchange all or a portion of its Participation Interest for a number of Class A ordinary shares subject to adjustments, exceptions and conditions as set out in the Participation Agreement and a proportionate number of Class B ordinary shares will be deemed surrendered and automatically canceled for no consideration as set out in the Participation Agreement when New Cotai exchanges all or a portion of the Participation Interest for Class A ordinary shares.

Immediately following the completion of the Offering, with a concurrent private placement of 800,376 Class A ordinary shares issued to Melco International to effect an assured entitlement distribution, 115,800,376 Class A ordinary shares were issued; and pursuant to the full exercise by the underwriters of the over-allotment option, an additional 4,312,500 ADSs, representing 17,250,000 Class A ordinary shares, were issued in November 2018.

As a result of the Organizational Transactions, the Offering including the concurrent private placement, and the full exercise by the underwriters of the over-allotment option as mentioned above, the Group recognized an adjustment to the Participation Interest in accordance with the Participation Agreement with a corresponding decrease in the Group’s additional paid-in capital. As of December 31, 2018, the Participation Interest entitled New Cotai to receive from MSC Cotai an amount equal to approximately 30.0% of the MSC Cotai’s Distribution.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation and Principles of Consolidation

On May 11, 2007, one of the Company’s subsidiaries and Melco Resorts Macau entered into a services and right to use agreement, as amended on June 15, 2012, together with related agreements (together, the “Services and Right to Use Arrangements”). Under these arrangements, Melco Resorts Macau deducts gaming tax and the costs of operation of Studio City Casino. The Group receives the residual gross gaming revenues and recognizes these amounts as revenues from provision of gaming related services.

In December 2015, certain of the Company’s subsidiaries entered into a master services agreement and related work agreements (collectively, the “Management and Shared Services Arrangements”) with certain of Melco’s subsidiaries with respect to services provided to and from Studio City.

Under the Management and Shared Services Arrangements, certain of the corporate and administrative functions as well as operational activities of the Group are administered by staff employed by certain Melco’s subsidiaries, including senior management services, centralized corporate functions and operational and venue support services. Payment arrangements for the services are provided for in the individual work agreements and may vary depending on the services provided. Corporate services are charged at pre-negotiated rates, subject to a base fee and cap. Senior management service fees and staff costs on operational services are allocated to the Group based on percentages of efforts on the services provided to the Group. Other costs in relation to shared office equipment are allocated based on a percentage of usage.

The Group believes the costs incurred under the Services and Right to Use Arrangements and the allocation methods under the Management and Shared Services Arrangements are reasonable and the

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(a) Basis of Presentation and Principles of Consolidation - continued

consolidated financial statements reflect the Group's cost of doing business. However, such allocations may not be indicative of the actual expenses the Group would have incurred had it operated as an independent company for the periods presented. Details of the services and related charges are disclosed in Note 14.

The consolidated financial statements have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP").

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated on consolidation.

Effective January 1, 2018, the Group adopted the accounting standards update on the classification and presentation of restricted cash in the statement of cash flows, using the retrospective method, and the updated classification and presentation are reflected for the years presented in the consolidated statements of cash flows. Details of the adoption of this guidance are disclosed in Note 2(v).

(b) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. These estimates and judgments are based on historical information, information that is currently available to the Group and on various other assumptions that the Group believes to be reasonable under the circumstances. Accordingly, actual results could differ from those estimates.

(c) Fair Value of Financial Instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The Group estimated the fair values using appropriate valuation methodologies and market information available as of the balance sheet date.

(d) Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with original maturities of three months or less.

Cash equivalents are placed with financial institutions with high-credit ratings and quality.

(e) Restricted Cash

The current portion of restricted cash represents cash deposited into bank accounts which are restricted as to withdrawal and use and the Group expects these funds will be released or utilized in accordance with the terms of the respective agreements within the next twelve months, while the non-current portion of restricted cash represents funds that will not be released or utilized within the next twelve months. Restricted cash mainly consists of i) bank accounts that are restricted for withdrawals and for payment of project costs or debt servicing associated with borrowings under the respective senior notes and credit facilities; and ii) collateral bank accounts associated with borrowings under the credit facilities.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(f) Accounts Receivable and Credit Risk

Accounts receivable, including hotel and other receivables, are typically non-interest bearing and are initially recorded at cost. Accounts are written off when management deems it is probable the receivables are uncollectible. Recoveries of accounts previously written off are recorded when received. An estimated allowance for doubtful debts is maintained to reduce the Group's receivables to their carrying amounts, which approximate fair values. The allowance is estimated based on specific reviews of customer accounts as well as management's experience with collection trends in the industry and current economic and business conditions. Management believes that as of December 31, 2018 and 2017, no significant concentrations of credit risk existed for which an allowance had not already been recorded.

(g) Inventories

Inventories consist of retail merchandise, food and beverage items and certain operating supplies, which are stated at the lower of cost or net realizable value. Cost is calculated using the first-in, first-out, weighted average and specific identification methods.

(h) Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization, and impairment losses, if any. Gains or losses on dispositions of property and equipment are included in the consolidated statements of operations. Major additions, renewals and betterments are capitalized, while maintenance and repairs are expensed as incurred.

During the construction and development stage of Studio City, direct and incremental costs related to the design and construction, including costs under the construction contracts, duties and tariffs, equipment installation, shipping costs, payroll and payroll-benefit related costs, applicable portions of interest and amortization of deferred financing costs, are capitalized in property and equipment. The capitalization of such costs begins when the construction and development of a project starts and ceases once the construction is substantially completed or development activity is suspended for more than a brief period.

Depreciation and amortization expense related to capitalized construction costs and other property and equipment is recognized from the time each asset is placed in service. This may occur at different stages as Studio City's facilities are completed and opened.

Property and equipment are depreciated and amortized over the following estimated useful lives on a straight-line basis:

Buildings	4 to 40 years
Furniture, fixtures and equipment	2 to 15 years
Leasehold improvements	4 to 10 years or over the lease term, whichever is shorter
Motor vehicles	5 years

(i) Other Long-term Assets

Other long-term assets, represent the payments for the future economic benefits of certain plant and equipment for the operations of the Studio City Casino transferred from Melco Resorts Macau to the Group pursuant to the Services and Right to Use Arrangements (the "Studio City Gaming Assets"), are stated at cost, net of accumulated amortization, and impairment losses, if any. The legal ownerships of the Studio City Gaming Assets are retained by Melco Resorts Macau. An item of the Studio City

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(i) Other Long-term Assets - continued

Gaming Assets is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of an item of the Studio City Gaming Assets. Any gain or loss arising on the disposal or retirement of an item of the Studio City Gaming Assets is determined as the difference between the sale proceeds and the carrying amount of an item of the Studio City Gaming Assets and is recognized in the consolidated statements of operations.

Amortization is recognized so as to write off the cost of the Studio City Gaming Assets using straight-line method over the respective estimated useful lives of the Studio City Gaming Assets, ranging from 2 to 10 years.

(j) Capitalized Interest

Interest, including amortization of deferred financing costs, associated with major development and construction projects is capitalized and included in the cost of the project. The capitalization of interest ceases when the project is substantially completed or the development activity is suspended for more than a brief period. The amount to be capitalized is determined by applying the weighted average interest rate of the Group's outstanding borrowings to the average amount of accumulated qualifying capital expenditures for assets under construction during the year. Total interest expenses incurred amounted to \$160,508, \$159,918 and \$159,236, of which no interest expenses were capitalized during the years ended December 31, 2018, 2017 and 2016, respectively.

(k) Impairment of Long-lived Assets

The Group evaluates the long-lived assets with finite lives to be held and used for impairment whenever indicators of impairment exist. The Group then compares the estimated future cash flows of the assets, on an undiscounted basis, to the carrying values of the assets. If the undiscounted cash flows exceed the carrying values, no impairments are indicated. If the undiscounted cash flows do not exceed the carrying values, then an impairment charge is recorded based on the fair values of the assets, typically measured using a discounted cash flow model. If an asset is still under development, future cash flows include remaining construction costs.

During the year ended December 31, 2017, impairment loss of \$19,645 was recognized, mainly due to reconfigurations and renovations at Studio City, and included in the consolidated statements of operations. No impairment loss was recognized during the years ended December 31, 2018 and 2016.

(l) Deferred Financing Costs

Direct and incremental costs incurred in obtaining loans or in connection with the issuance of long-term debt are capitalized and amortized to interest expenses over the terms of the related debt agreements using the effective interest method. Deferred financing costs incurred in connection with the issuance of revolving credit facilities are included in long-term prepayments, deposits and other assets in the consolidated balance sheets. All other deferred financing costs are presented as a reduction of long-term debt in the consolidated balance sheets.

(m) Land Use Right

Land use right is recorded at cost less accumulated amortization. Amortization is provided over the estimated term of the land use right of 40 years on a straight-line basis.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(n) Revenue Recognition

On January 1, 2018, the Group adopted Accounting Standards Codification 606, *Revenue from Contracts with Customers*, using the modified retrospective method. The Group's revenues from contracts with customers consist of provision of gaming related services, sales of rooms, food and beverage, entertainment, retail and other goods and services.

Revenues from provision of gaming related services represent revenues arising from the provision of facilities for the operations of Studio City Casino and services related thereto pursuant to the Services and Right to Use Arrangements, under which Melco Resorts Macau operates the Studio City Casino. Melco Resorts Macau deducts gaming tax and the costs incurred in connection with the operations of Studio City Casino pursuant to the Services and Right to Use Arrangements, including the standalone selling prices of complimentary services within Studio City provided to the Studio City gaming patrons, from the Studio City Casino gross gaming revenues. The Group recognizes the residual amount as revenues from provision of gaming related services. The Group has concluded that it is not the controlling entity to the arrangements and recognizes the revenues from provision of gaming related services on a net basis.

Non-gaming revenues include services provided for cash consideration and services provided on a complimentary basis to the gaming patrons at Studio City. The transaction prices for rooms, food and beverage, entertainment, retail and other goods and services are the net amounts collected from customers for such goods and services that are recorded as revenues when the goods are provided, services are performed or events are held. Service taxes and other applicable taxes collected by the Group are excluded from revenues. Advance deposits on rooms and advance ticket sales are recorded as customer deposits until services are provided to the customers. Revenues from contracts with multiple goods or services provided by the Group are allocated to each good or service based on its relative standalone selling price.

Minimum operating and right to use fees representing lease revenues, adjusted for contractual base fees and operating fee escalations, are included in mall revenues and are recognized over the terms of the related agreements on a straight-line basis.

Contract and Contract-Related Liabilities

In providing goods and services to its customers, there may be a timing difference between cash receipts from customers and recognition of revenues, resulting in a contract or contract-related liability. The Group's primary type of liabilities related to contracts with customers is advance deposits on rooms and advance ticket sales which represent cash received in advance for goods or services to be provided in the future. These amounts are included in accrued expenses and other current liabilities on the consolidated balance sheets and will be recognized as revenues when the goods or services are provided or the events are held. Decreases in this balance generally represent the recognition of revenues and increases in the balance represent additional deposits made by customers. The deposits are expected to primarily be recognized as revenues within one year. Advance customer deposits and ticket sales of \$4,380 as of December 31, 2018 decreased by \$29 from the balance of \$4,409 as of January 1, 2018.

The major changes from the previous basis, as a result of the adoption of the new revenue standard are summarized in Note 2(v).

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(o) **Pre-opening Costs**

Pre-opening costs represent personnel, marketing and other costs incurred prior to the opening of new or start-up operations and are expensed as incurred. During the years ended December 31, 2018, 2017 and 2016, the Group incurred pre-opening costs in connection with the development and other one-off activities related to the marketing of new facilities and operations of Studio City.

(p) **Advertising and Promotional Costs**

The Group expenses advertising and promotional costs the first time the advertising takes place or as incurred. Advertising and promotional costs included in the accompanying consolidated statements of operations were \$28,009, \$23,854 and \$20,989 for the years ended December 31, 2018, 2017 and 2016, respectively.

(q) **Foreign Currency Transactions and Translations**

All transactions in currencies other than functional currencies of the Company and its subsidiaries during the year are remeasured at the exchange rates prevailing on the respective transaction dates. Monetary assets and liabilities existing at the balance sheet date denominated in currencies other than functional currencies are remeasured at the exchange rates existing on that date. Exchange differences are recorded in the consolidated statements of operations.

The functional currencies of the Company and its subsidiaries are the United States dollar (“\$” or “US\$”), the Hong Kong dollar (“HK\$”) or the Macau Pataca, respectively. All assets and liabilities are translated at the rates of exchange prevailing at the balance sheet date and all income and expense items are translated at the average rates of exchange over the year. All exchange differences arising from the translation of subsidiaries’ financial statements are recorded as a component of comprehensive loss.

(r) **Income Tax**

The Group is subject to income taxes in Macau and Hong Kong where it operates.

Deferred income taxes are recognized for all significant temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The Group’s income tax returns are subject to examination by tax authorities in the jurisdictions where it operates. The Group assesses potentially unfavorable outcomes of such examinations based on accounting standards for uncertain income taxes. These accounting standards utilize a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position, based on the technical merits of position, will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely, based on cumulative probability.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(s) Net Loss Attributable to Studio City International Holdings Limited Per Class A Ordinary Share

Basic net loss attributable to Studio City International Holdings Limited per Class A ordinary share is calculated by dividing the net loss attributable to Studio City International Holdings Limited by the weighted average number of Class A ordinary shares outstanding during the year.

Diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share is calculated by dividing the net loss attributable to Studio City International Holdings Limited by the weighted average number of Class A ordinary shares outstanding during the year adjusted to include the number of additional Class A ordinary shares that would have been outstanding if potential dilutive securities had been issued and the if-converted method is applied for the potential dilutive effect of the exchange of Class B ordinary share for the proportionate number of Class A ordinary share. During the years ended December 31, 2018, 2017 and 2016, there were no potentially dilutive securities issued or outstanding.

Basic and diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share does not include Class B ordinary share as such share do not participate in the loss of the Company. As a result, Class B ordinary share are not considered participating securities and are not included in the weighted average share outstanding for purposes of computing net loss attributable to Studio City International Holdings Limited per share. For the calculation of net loss attributable to Studio City International Holdings Limited per Class A ordinary share for periods prior to the Offering, including the year ended December 31, 2018 for which a portion of the period preceded the Offering, the Company has retrospectively presented net loss attributable to Studio City International Holdings Limited per Class A ordinary share and the share capital as if the Organizational Transactions had occurred at the beginning of the earliest period presented. Such retrospective presentation reflects the redesignation of the then issued 18,127.94 ordinary shares of \$1 par value each into 181,279,400 Class A ordinary shares of \$0.0001 par value each. For periods prior to the Offering date, the retrospective presentation does not include the exchange of 72,511,760 Class A ordinary shares into 72,511,760 Class B ordinary shares of \$0.0001 par value each and the issuance of 115,000,000 Class A ordinary shares in the Offering.

(t) Accounting for Derivative Instruments and Hedging Activities

The Group uses derivative financial instruments such as floating-for-fixed interest rate swap agreements to manage its risks associated with interest rate fluctuations in accordance with lenders' requirements under the Group's prior senior secured credit facilities agreement. All derivative instruments are recognized in the consolidated financial statements at fair value at the balance sheet date. Any changes in fair value are recorded in the consolidated statements of operations or comprehensive loss, depending on whether the derivative is designated and qualifies for hedge accounting, the type of hedge transaction and the effectiveness of the hedge. The estimated fair values of interest rate swap agreements are based on a standard valuation model that projects future cash flows and discounts those future cash flows to a present value using market-based observable inputs such as interest rate yields. All outstanding interest rate swap agreements expired during the year ended December 31, 2016.

(u) Comprehensive Loss and Accumulated Other Comprehensive (Loss) Income

Comprehensive loss includes net loss, foreign currency translation adjustments and changes in fair values of interest rate swap agreements and is reported in the consolidated statements of comprehensive loss.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(u) **Comprehensive Loss and Accumulated Other Comprehensive (Loss) Income** - continued

As of December 31, 2018 and 2017, the Group's accumulated other comprehensive (loss) income consisted solely of foreign currency translation adjustment.

(v) **Recent Changes in Accounting Standards**

Newly Adopted Accounting Pronouncements:

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update (as subsequently amended) which outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance ("New Revenue Standard"). The core principle of this new revenue recognition model is that an entity should recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services. This update also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenues and cash flows arising from an entity's contracts with customers.

On January 1, 2018, the Group adopted the New Revenue Standard using the modified retrospective method applying to those contracts not yet completed as of January 1, 2018. The Group recognized the cumulative effect of adopting the New Revenue Standard as an adjustment to the opening balance of accumulated losses. Amounts for the periods beginning on or after January 1, 2018 are presented under the New Revenue Standard, while prior period amounts are not adjusted and continue to be reported in accordance with the previous basis. The major changes as a result of the adoption of the New Revenue Standard are as follows:

- (1) Complimentary services provided to Studio City Casino's gaming patrons are deducted from the gross gaming revenues and are measured based on stand-alone selling prices under the New Revenue Standard, replacing the previously used retail values. The non-gaming revenues associated with the provision of these complimentary services are measured on the same basis. The change impacts the amount of revenues from the provision of gaming related services received by the Group with corresponding changes to the non-gaming revenues.
- (2) The New Revenue Standard changes the measurement basis for the non-discretionary incentives (including the loyalty program) provided to Studio City Casino's gaming patrons, as administered by Melco Resorts Macau, from previously used estimated costs to standalone selling prices. The non-discretionary incentives are deducted from the gross gaming revenues by Melco Resorts Macau and impact the amount of revenues from provision of gaming related services received by the Group. Similarly, the redemption of non-discretionary incentives for non-gaming services provided by the Group are measured on the same basis. At the adoption date on January 1, 2018, the Group recognized an increase to the opening balance of accumulated losses of \$3,332 with a corresponding decrease in amounts due from affiliated companies.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(v) Recent Changes in Accounting Standards - continued

Newly Adopted Accounting Pronouncements: - continued

The amounts of affected financial statement line items for the current period before and after the adoption of the New Revenue Standard are as follows:

	Year Ended December 31, 2018		
	Balances under New Revenue Standard (As reported)	Balances under previous basis	Effect of change higher/ (lower)
<u>Statement of Operations</u>			
<i>Operating Revenues</i>			
Provision of gaming related services	\$ 339,924	\$ 340,091	\$ (167)
Rooms	88,317	87,657	660
Food and beverage	65,904	65,512	392
Entertainment	12,073	13,125	(1,052)
Net income attributable to participation interest	853	861	(8)
Net loss attributable to Studio City International Holdings Limited	21,598	21,439	159
Basic and diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share	0.113	0.112	0.001
	As at December 31, 2018		
	Balances under New Revenue Standard (As reported)	Balances under previous basis	Effect of change higher/ (lower)
<u>Balance Sheet</u>			
<i>Current Assets</i>			
Amounts due from affiliated companies	\$ 42,339	\$ 45,838	\$ (3,499)
<i>Shareholders' Equity and Participation Interest</i>			
Additional paid-in capital	\$ 1,655,602	\$ 1,654,833	\$ 769
Accumulated losses	798,098	794,607	3,491
Participation interest	252,929	253,706	(777)

In August 2016, the FASB issued an accounting standards update which amended the guidance on the classification of certain cash receipts and payments in the statement of cash flows. The guidance was effective as of January 1, 2018 and the Group adopted this new guidance on a retrospective basis. The adoption of this guidance did not have a material impact on the Group's consolidated financial statements.

In November 2016, the FASB issued an accounting standards update which amended and clarified the guidance on the classification and presentation of restricted cash in the statement of cash flows. The guidance required that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, restricted cash and restricted cash equivalents. Accordingly, restricted cash and

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(v) Recent Changes in Accounting Standards - continued

Newly Adopted Accounting Pronouncements: - continued

restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The guidance was effective as of January 1, 2018 and the Group adopted this new guidance on a retrospective basis. The adoption of this guidance impacted the presentation and classification of restricted cash in the statements of cash flows. For the years ended December 31, 2017 and 2016, substantially all of the changes in restricted cash of \$67 and \$266,633, respectively, were previously reported within net cash used in investing activities in the consolidated statements of cash flows. For the years ended December 31, 2017 and 2016, substantially all of the changes in restricted cash of \$64 and \$2,082, respectively, were previously reported within net cash used in investing activities in the condensed statements of cash flows included in Schedule 1.

Recent Accounting Pronouncement Not Yet Adopted:

In February 2016, the FASB issued an accounting standards update on leases, which amends various aspects of existing accounting guidance for leases. The guidance requires all lessees to recognize a lease liability and a right-of-use asset, measured at the present value of the future minimum lease payments, at the lease commencement date. Lessor accounting remains largely unchanged under the new guidance. The guidance is effective for interim and fiscal years beginning after December 15, 2018, with early adoption permitted. In July 2018, the FASB issued an accounting standards update which provides entities with an additional transition method to adopt the new leases standard. The amendments also provide lessors with a practical expedient to not separate non-lease components from the associated lease components if certain conditions are met. The Group has adopted this guidance using the modified retrospective method, recognizing the cumulative effect of initially applying the guidance at the date of initial application on January 1, 2019. The Group has elected the package of practical expedients, which allows the Group not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease, (2) lease classification for any expired or existing leases as of the adoption date and (3) initial direct costs for any existing leases as of the adoption date. While the Group is currently assessing the quantitative impact the guidance will have on its consolidated financial statements and related disclosures, the Group expects the most significant changes will be related to the recognition of right-of-use assets and lease liabilities for operating leases on the Group's consolidated balance sheet, with no material impact to net income or cash flows.

3. ACCOUNTS RECEIVABLE, NET

Components of accounts receivable, net are as follows:

	December 31,	
	2018	2017
Hotel	\$ 1,420	\$ 1,415
Other	1,252	1,518
Sub-total	2,672	2,933
Less: allowances for doubtful debts	(960)	(588)
	<u>\$ 1,712</u>	<u>\$ 2,345</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

3. ACCOUNTS RECEIVABLE, NET - continued

During the years ended December 31, 2018, 2017 and 2016, the Group has made additional provision for doubtful debts of \$376, \$33 and \$588, respectively, and nil, \$33 and nil were written off during the years ended December 31, 2018, 2017 and 2016, respectively.

4. PROPERTY AND EQUIPMENT, NET

	December 31,	
	2018	2017
Cost		
Buildings	\$ 2,309,897	\$ 2,326,063
Furniture, fixtures and equipment	206,629	197,934
Leasehold improvements	80,670	72,859
Motor vehicles	2,588	3
Construction in progress	39,554	10,734
Sub-total	2,639,338	2,607,593
Less: accumulated depreciation and amortization	(463,480)	(327,477)
Property and equipment, net	<u>\$ 2,175,858</u>	<u>\$ 2,280,116</u>

As of December 31, 2018 and 2017, construction in progress in relation to Studio City included interest capitalized in accordance with applicable accounting standards and other direct incidental costs capitalized which, in the aggregate, amounted to \$5,110 and \$2,556, respectively.

5. LAND USE RIGHT, NET

	December 31,	
	2018	2017
Cost	\$ 177,290	\$ 178,464
Less: accumulated amortization	(55,746)	(52,792)
Land use right, net	<u>\$ 121,544</u>	<u>\$ 125,672</u>

6. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31,	
	2018	2017
Operating expense and other accruals and liabilities	\$ 45,293	\$ 47,928
Property and equipment payables	13,152	103,503
Advance customer deposits and ticket sales	4,380	4,409
	<u>\$ 62,825</u>	<u>\$ 155,840</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

7. LONG-TERM DEBT, NET

Long-term debt, net consisted of the following:

	December 31,	
	2018	2017
Senior Notes(a)		
2012 Studio City Notes, due 2020 (net of unamortized deferred financing costs of \$2,644 and \$7,493, respectively)	\$ 422,356	\$ 817,507
2016 5.875% SC Secured Notes, due 2019 (net of unamortized deferred financing costs of \$2,260 and \$4,580, respectively)	347,740	345,420
2016 7.250% SC Secured Notes, due 2021 (net of unamortized deferred financing costs of \$10,580 and \$13,702, respectively)	839,420	836,298
Credit Facilities(b)		
2016 Studio City Credit Facilities(1)	128	129
	1,609,644	1,999,354
Current portion of long-term debt (net of unamortized deferred financing costs of \$2,260)	(347,740)	—
	<u>\$ 1,261,904</u>	<u>\$ 1,999,354</u>

Note

(1) Unamortized deferred financing costs of \$1,299 and \$1,686 as of December 31, 2018 and 2017, respectively, related to the 2016 SC Revolving Credit Facility of 2016 Studio City Credit Facilities are included in long-term prepayments, deposits and other assets in the accompanying consolidated balance sheets.

(a) Senior Notes

2012 Studio City Notes

On November 26, 2012, Studio City Finance Limited (“Studio City Finance”), a subsidiary of the Company, issued \$825,000 in aggregate principal amount of 8.5% senior notes due 2020 and priced at 100% (the “2012 Studio City Notes”). Studio City Finance used the net proceeds from the offering to fund the Studio City project with conditions and sequence for disbursements in accordance with an agreement. On December 31, 2018, Studio City Finance partially redeemed the 2012 Studio City Notes in aggregate principal amount of \$400,000 at a price of 100%, together with accrued interest. The Group recorded a loss on extinguishment of debt of \$2,489 during the year ended December 31, 2018 in connection with this redemption.

On January 22, 2019, Studio City Finance initiated a conditional tender offer to purchase the outstanding balance of 2012 Studio City Notes in aggregate principal amount of \$425,000, with \$216,534 aggregated principal amount of 2012 Studio City Notes tendered on February 4, 2019, and the remaining outstanding 2012 Studio City Notes in aggregate principal amount of \$208,466 were redeemed in full on March 13, 2019. Further details are disclosed in Note 16.

The 2012 Studio City Notes would have matured on December 1, 2020 and the interest on the 2012 Studio City Notes was accrued at a rate of 8.5% per annum, payable semi-annually in arrears on June 1 and December 1 of each year. The 2012 Studio City Notes were general obligations of Studio City Finance,

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

7. LONG-TERM DEBT, NET - continued

(a) Senior Notes - continued

2012 Studio City Notes - continued

secured by a first-priority security interest in certain specified bank accounts incidental to the 2012 Studio City Notes and a pledge of certain intercompany loans as defined under the 2012 Studio City Notes, ranked equally in right of payment to all existing and future senior indebtedness of Studio City Finance and ranked senior in right of payment to any existing and future subordinated indebtedness of Studio City Finance. The 2012 Studio City Notes were effectively subordinated to all of Studio City Finance's existing and future secured indebtedness to the extent of the value of the property and assets securing such indebtedness.

All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries that provided guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities (as described below)) (the "2012 Studio City Notes Guarantors") jointly, severally and unconditionally guaranteed the 2012 Studio City Notes on a senior basis (the "2012 Studio City Notes Guarantees"). The 2012 Studio City Notes Guarantees were general obligations of the 2012 Studio City Notes Guarantors, ranked equally in right of payment with all existing and future senior indebtedness of the 2012 Studio City Notes Guarantors and ranked senior in right of payment to any existing and future subordinated indebtedness of the 2012 Studio City Notes Guarantors. The 2012 Studio City Notes Guarantees were effectively subordinated to the 2012 Studio City Notes Guarantors' obligations under the 2016 Studio City Credit Facilities and the 2016 Studio City Secured Notes (as described below) and any future secured indebtedness that was secured by property and assets of the 2012 Studio City Notes Guarantors to the extent of the value of such property and assets.

At any time on or after December 1, 2015, Studio City Finance had the option to redeem all or a portion of the 2012 Studio City Notes at any time at fixed redemption prices that declined ratably over time and also had the option to redeem in whole, but not in part the 2012 Studio City Notes at fixed redemption prices under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2012 Studio City Notes.

The indenture governing the 2012 Studio City Notes contained certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Finance and its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) make specified restricted payments; (iii) issue or sell capital stock; (iv) sell assets; (v) create liens; (vi) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (vii) enter into transactions with shareholders or affiliates; and (viii) effect a consolidation or merger. The indenture governing the 2012 Studio City Notes also contained conditions and events of default customary for such financings.

There were provisions under the indenture governing the 2012 Studio City Notes that limited or prohibited certain payments of dividends and other distributions by Studio City Finance and its restricted subsidiaries to companies or persons who were not Studio City Finance or restricted subsidiaries of Studio City Finance, subject to certain exceptions and conditions. As of December 31, 2018, the net assets of Studio City Finance and its restricted subsidiaries of approximately \$1,117,000 were restricted from being distributed under the terms of the 2012 Studio City Notes.

2016 Studio City Secured Notes

On November 30, 2016, Studio City Company Limited ("Studio City Company"), a subsidiary of the Company, issued \$350,000 in aggregate principal amount of 5.875% senior secured notes due 2019 and

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

7. LONG-TERM DEBT, NET - continued

(a) Senior Notes - continued

2016 Studio City Secured Notes - continued

priced at 100% (the “2016 5.875% SC Secured Notes”) and \$850,000 in aggregate principal amount of 7.250% senior secured notes due 2021 and priced at 100% (the “2016 7.250% SC Secured Notes” and together with the 2016 5.875% SC Secured Notes, the “2016 Studio City Secured Notes”). The Group used the net proceeds from the offering, together with cash on hand, to fund the repayment of the Group’s prior senior secured credit facilities. The 2016 5.875% SC Secured Notes and 2016 7.250% SC Secured Notes mature on November 30, 2019 and November 30, 2021, respectively, and the interest on the 2016 5.875% SC Secured Notes and 2016 7.250% SC Secured Notes is accrued at a rate of 5.875% and 7.250% per annum, respectively, and is payable semi-annually in arrears on May 30 and November 30 of each year, commenced on May 30, 2017.

The 2016 Studio City Secured Notes are senior secured obligations of Studio City Company, rank equally in right of payment with all existing and future senior indebtedness of Studio City Company (although any liabilities in respect of obligations under the 2016 Studio City Credit Facilities that are secured by common collateral securing the 2016 Studio City Secured Notes will have priority over the 2016 Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral) and rank senior in right of payment to any existing and future subordinated indebtedness of Studio City Company and effectively subordinated to Studio City Company’s existing and future secured indebtedness that is secured by assets that do not secure the 2016 Studio City Secured Notes, to the extent of the assets securing such indebtedness.

All of the existing subsidiaries of Studio City Investments Limited (“Studio City Investments”), the shareholder of the Studio City Company, (other than Studio City Company) and any other future restricted subsidiaries that provide guarantees of certain specified indebtedness (including the 2016 Studio City Credit Facilities) (the “2016 Studio City Secured Notes Guarantors”) jointly, severally and unconditionally guarantee the 2016 Studio City Secured Notes on a senior basis (the “2016 Studio City Secured Notes Guarantees”). The 2016 Studio City Secured Notes Guarantees are senior obligations of the 2016 Studio City Secured Notes Guarantors, rank equally in right of payment with all existing and future senior indebtedness of the 2016 Studio City Secured Notes Guarantors and rank senior in right of payment to any existing and future subordinated indebtedness of the 2016 Studio City Secured Notes Guarantors. The 2016 Studio City Secured Notes Guarantees are *pari passu* to the 2016 Studio City Secured Notes Guarantors’ obligations under the 2016 Studio City Credit Facilities, and effectively subordinated to any future secured indebtedness that is secured by assets that do not secure the 2016 Studio City Secured Notes and the 2016 Studio City Secured Notes Guarantees, to the extent of the value of the assets.

The 2016 Studio City Secured Notes are secured, on an equal basis with the 2016 Studio City Credit Facilities, by substantially all of the material assets of Studio City Investments and its subsidiaries (although obligations under the 2016 Studio City Credit Facilities that are secured by common collateral securing the 2016 Studio City Secured Notes will have priority over the 2016 Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral). The common collateral (shared with the 2016 Studio City Credit Facilities) includes a first-priority mortgage over any rights under the land concession contract of Studio City and an assignment of certain leases or rights to use agreements; as well as other customary security. Each series of the 2016 Studio City Secured Notes is secured by the common collateral and, in addition, certain bank accounts (together with the common collateral, the “Collateral”). All bank accounts of Melco Resorts Macau related solely to the operations of the Studio City

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

7. LONG-TERM DEBT, NET - continued

(a) Senior Notes - continued

2016 Studio City Secured Notes - continued

Casino are pledged under 2016 Studio City Credit Facilities and related finance documents. In addition, the 2016 Studio City Secured Notes are also separately secured by certain specified bank accounts.

At any time prior to November 30, 2018, Studio City Company had the options i) to redeem all or a portion of the 2016 7.250% SC Secured Notes at a “make-whole” redemption price; and ii) to redeem up to 35% of the 2016 7.250% SC Secured Notes with the net cash proceeds of certain equity offerings at a fixed redemption price. Thereafter, Studio City Company has the option to redeem all or a portion of the 2016 7.250% SC Secured Notes at any time at fixed redemption prices that decline ratably over time. At any time prior to November 30, 2019, Studio City Company has the options i) to redeem all or a portion of the 2016 5.875% SC Secured Notes at a “make-whole” redemption price; and ii) to redeem up to 35% of the 2016 5.875% SC Secured Notes with the net cash proceeds of certain equity offerings at a fixed redemption price. Further, under certain circumstances and subject to certain exceptions as more fully described in the indenture governing the 2016 Studio City Secured Notes, Studio City Company also has the option to redeem in whole, but not in part the 2016 Studio City Secured Notes at fixed redemption prices.

In the event that the 2012 Studio City Notes were not refinanced or repaid in full by June 1, 2020 in accordance with the terms of the 2016 7.250% SC Secured Notes (and in the case of a refinancing, with refinancing indebtedness with a weighted average life to maturity no earlier than 90 days after the stated maturity date of the 2016 7.250% SC Secured Notes), each holder of the 2016 7.250% SC Secured Notes would have the right to require Studio City Company to repurchase all or any part of such holder’s 2016 7.250% SC Secured Notes at a fixed redemption price.

The indenture governing the 2016 Studio City Secured Notes contains certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Company, Studio City Investments and their respective restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments (including dividends and distribution with respect to shares of Studio City Company) and investments; (iii) prepay or redeem subordinated debt or equity and make payments of principal of the 2012 Studio City Notes; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the Collateral; (viii) enter into agreements that restrict the restricted subsidiaries’ ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with shareholders or affiliates; and (xi) effect a consolidation or merger. The indenture governing the 2016 Studio City Secured Notes also contains conditions and events of default customary for such financings.

There are provisions under the indenture governing the 2016 Studio City Secured Notes that limit or prohibit certain payments of dividends and other distributions by Studio City Company, Studio City Investments and their respective restricted subsidiaries to companies or persons who are not Studio City Company, Studio City Investments and their respective restricted subsidiaries, subject to certain exceptions and conditions. As of December 31, 2018, the net assets of Studio City Investments and its restricted subsidiaries of approximately \$1,044,000 were restricted from being distributed under the terms of the 2016 Studio City Secured Notes.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

7. LONG-TERM DEBT, NET - continued

(b) Credit Facilities

2016 Studio City Credit Facilities

On November 30, 2016, Studio City Company (the “Studio City Borrower”), a subsidiary of the Company, amended and restated the Studio City Borrower’s prior senior secured credit facilities agreement from HK\$10,855,880,000 (equivalent to \$1,395,357) to HK\$234,000,000 (equivalent to \$30,077) senior secured credit facilities agreement (the “2016 Studio City Credit Facilities”), comprising a HK\$1,000,000 (equivalent to \$129) term loan facility (the “2016 SC Term Loan Facility”) and a HK\$233,000,000 (equivalent to \$29,948) revolving credit facility (the “2016 SC Revolving Credit Facility”). Accordingly, the Group recorded a loss on extinguishment of debt of \$17,435 and costs associated with debt modification of \$8,101 during the year ended December 31, 2016 in connection with such amendments. As of December 31, 2018, the 2016 SC Term Loan Facility had been fully drawn down with an outstanding amount of HK\$1,000,000 (equivalent to \$128), and the entire 2016 SC Revolving Credit Facility of HK\$233,000,000 (equivalent to \$29,752) remains available for future drawdown as of December 31, 2018.

The 2016 SC Term Loan Facility and the 2016 SC Revolving Credit Facility mature on November 30, 2021 (December 1, 2021 Hong Kong time). The 2016 SC Term Loan Facility has to be repaid at maturity with no interim amortization payments. The 2016 SC Revolving Credit Facility is available from January 1, 2017 up to the date that is one month prior to the 2016 SC Revolving Credit Facility’s final maturity date. The 2016 SC Term Loan Facility is collateralized by cash collateral equal to HK\$1,012,500 (equivalent to \$129) (representing the principal amount of the 2016 SC Term Loan Facility plus expected interest expense in respect of the 2016 SC Term Loan Facility for one financial quarter). The Studio City Borrower is subject to mandatory prepayment requirements in respect of various amounts of the 2016 SC Revolving Credit Facility as specified in the 2016 Studio City Credit Facilities; in the event of the disposal of all or substantially all of the business and assets of the Studio City borrowing group which includes the Studio City Borrower and certain of its subsidiaries as defined under the 2016 Studio City Credit Facilities (the “2016 Studio City Borrowing Group”), the 2016 Studio City Credit Facilities are required to be repaid in full. In the event of a change of control, the Studio City Borrower may be required, at the election of any lender under the 2016 Studio City Credit Facilities, to repay such lender in full (other than the principal amount of the 2016 SC Term Loan Facility).

The indebtedness under the 2016 Studio City Credit Facilities is guaranteed by Studio City Investments and its subsidiaries (other than the Studio City Borrower). Security for the 2016 Studio City Credit Facilities includes a first-priority mortgage over any rights under the land concession contract of Studio City and an assignment of certain leases or rights to use agreements; as well as other customary security. The 2016 Studio City Credit Facilities contain certain affirmative and negative covenants customary for such financings, as well as affirmative, negative and financial covenants equivalent to those contained in the 2016 Studio City Secured Notes. All bank accounts of Melco Resorts Macau related solely to the operations of the Studio City Casino are pledged under 2016 Studio City Credit Facilities and related finance documents. The 2016 Studio City Credit Facilities are secured, on an equal basis with the 2016 Studio City Secured Notes, by substantially all of the material assets of Studio City Investments and its subsidiaries (although obligations under the 2016 Studio City Credit Facilities that are secured by common collateral securing the 2016 Studio City Secured Notes will have priority over the 2016 Studio City Secured Notes with respect to any proceeds received upon any enforcement action of such common collateral).

The 2016 Studio City Credit Facilities contain certain covenants that, subject to certain exceptions and conditions, limit the ability of Studio City Company, Studio City Investments and their respective restricted

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**7. LONG-TERM DEBT, NET - continued****(b) Credit Facilities - continued***2016 Studio City Credit Facilities - continued*

subsidiaries to, among other things: (i) incur or guarantee additional indebtedness and issue certain preferred stock; (ii) make specified restricted payments (including dividends and distribution with respect to shares of Studio City Company) and investments; (iii) prepay or redeem subordinated debt or equity and make payments of principal of the 2012 Studio City Notes; (iv) issue or sell capital stock; (v) transfer, lease or sell assets; (vi) create or incur certain liens; (vii) impair the security interests in the Collateral as defined below; (viii) enter into agreements that restrict the restricted subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; (ix) change the nature of the business of the relevant group; (x) enter into transactions with shareholders or affiliates; and (xi) effect a consolidation or merger. The 2016 Studio City Credit Facilities also contains conditions and events of default customary for such financings.

There are provisions that limit certain payments of dividends and other distributions by the 2016 Studio City Borrowing Group to companies or persons who are not members of the 2016 Studio City Borrowing Group. As of December 31, 2018, the net assets of Studio City Investments and its restricted subsidiaries of approximately \$1,044,000 were restricted from being distributed under the terms of the 2016 Studio City Credit Facilities.

Borrowings under the 2016 Studio City Credit Facilities bear interest at HIBOR plus a margin of 4% per annum. The Studio City Borrower may select an interest period for borrowings under the 2016 Studio City Credit Facilities ranging from one to six months or any other agreed period. The Studio City Borrower is obligated to pay a commitment fee from January 1, 2017 on the undrawn amount of the 2016 SC Revolving Credit Facility and recognized loan commitment fees on the 2016 SC Revolving Credit Facility of \$419 and \$419 during the years ended December 31, 2018 and 2017, respectively.

(c) Borrowing Rates and Scheduled Maturities of Long-term Debt

During the years ended December 31, 2018, 2017 and 2016, the Group's average borrowing rates were approximately 7.50%, 7.52% and 6.33% per annum, respectively.

Scheduled maturities of the long-term debt (excluding unamortized deferred financing costs) as of December 31, 2018 are as follows:

Year ending December 31,	
2019	\$ 350,000
2020	425,000
2021	850,128
2022	—
2023	—
	<u>\$ 1,625,128</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

8. FAIR VALUE MEASUREMENTS

Authoritative literature provides a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The level in the hierarchy within which the fair value measurement in its entirety falls is based upon the lowest level of input that is significant to the fair value measurement as follows:

- Level 1 – inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.
- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models and similar techniques.

The carrying values of cash and cash equivalents, bank deposits with original maturities over three months and restricted cash approximated fair value and were classified as level 1 in the fair value hierarchy. The carrying values of long-term deposits and other long-term liabilities approximated fair value and were classified as level 2 in the fair value hierarchy. The estimated fair value of long-term debt as of December 31, 2018 and 2017, which included the 2012 Studio City Notes, the 2016 Studio City Secured Notes and the 2016 Studio City Credit Facilities, were approximately \$1,648,050 and \$2,108,138, respectively, as compared to its carrying value, excluding unamortized deferred financing costs, of \$1,625,128 and \$2,025,129, respectively. Fair values were estimated using quoted market prices and were classified as level 1 in the fair value hierarchy for the 2012 Studio City Notes and the 2016 Studio City Secured Notes. Fair value for the 2016 Studio City Credit Facilities approximated the carrying value as the instrument carried variable interest rates approximated the market rates and was classified as level 2 in the fair value hierarchy.

As of December 31, 2018 and 2017, the Group did not have any non-financial assets or liabilities that were recognized or disclosed at fair value in the consolidated financial statements.

9. CAPITAL STRUCTURE

As of December 31, 2017, the Company’s authorized share capital was 200,000 shares of \$1 par value per share and 18,127.94 ordinary shares were issued and fully paid.

In October 2018, in connection with the Organizational Transactions, the Company amended and restated the memorandum and articles of association to, among other things, authorized two classes of ordinary shares, the Class A ordinary shares and the Class B ordinary shares, in each case with a par value of US\$0.0001 each. The Company’s authorized share capital of \$200 was divided into 2,000,000,000 shares comprising of 1,927,488,240 Class A ordinary shares and 72,511,760 Class B ordinary shares of a par value of \$0.0001 each. The 60% equity interest in the Company held directly by MCO Cotai prior to the Organizational Transactions was reclassified into 108,767,640 Class A ordinary shares while the 40% equity interest in the Company held directly by New Cotai prior to the Organizational Transactions was exchanged for 72,511,760 Class B ordinary shares.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**9. CAPITAL STRUCTURE - continued**

Each Class A ordinary share and each Class B ordinary share entitles its holder to one vote on all matters to be voted on by shareholders generally and holders of Class A ordinary shares and Class B ordinary shares will vote together as a single class on all matters presented to the shareholders for their vote or approval, except as otherwise required by applicable law or the memorandum of association and articles of association. The Class A ordinary shares and the Class B ordinary shares have the same rights, except that holders of the Class B ordinary shares only have voting and no economic rights to receive dividends or distribution upon the liquidation or winding up of the Company. In addition, pursuant to the terms of the Participation Agreement, New Cotai has a non-voting, non-shareholding economic Participation Interest in MSC Cotai, which entitles New Cotai to receive from MSC Cotai an amount equal to a certain percentage of the MSC Cotai's Distribution, subject to adjustments, exceptions and conditions as set out in the Participation Agreement. The Participation Agreement also provides that New Cotai is entitled to exchange all or a portion of its Participation Interest for a number of Class A ordinary shares subject to adjustments, exceptions and conditions as set out in the Participation Agreement and a proportionate number of Class B ordinary shares will be deemed surrendered and automatically canceled for no consideration as set out in the Participation Agreement when New Cotai exchanges all or a portion of the Participation Interest for Class A ordinary shares.

On October 22, 2018, the Company completed the Offering of 28,750,000 ADSs, representing 115,000,000 Class A ordinary shares, and together with the concurrent private placement of 800,376 Class A ordinary shares to Melco International to effect an assured entitlement distribution, a total of 115,800,376 Class A ordinary shares were issued with gross proceeds amounting to \$361,876 and offering expenses of \$16,573.

On November 19, 2018, pursuant to the full exercise by the underwriters of the over-allotment option, the Company issued an additional 4,312,500 ADSs, representing 17,250,000 Class A ordinary shares with gross proceeds amounting to \$53,906.

As of December 31, 2018, the Company had 241,818,016 Class A ordinary shares and 72,511,760 Class B ordinary shares issued and outstanding.

For the preparation of the accompanying consolidated financial statements, the Company has retrospectively presented the share capital as if the Organizational Transactions had occurred at the beginning of the earliest period presented. Such retrospective presentation reflects the redesignation of the then issued 18,127.94 ordinary shares of \$1 par value each into 181,279,400 Class A ordinary shares of \$0.0001 par value each. Further information is included in Note 2(s).

10. INCOME TAXES

Loss before income tax consisted of:

	Year Ended December 31,		
	2018	2017	2016
Macau operations	\$ 137,918	\$ 83,201	\$ (50,983)
Hong Kong and other jurisdictions operations	(158,119)	(159,877)	(191,332)
Loss before income tax	<u>\$ (20,201)</u>	<u>\$ (76,676)</u>	<u>\$ (242,315)</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

10. INCOME TAXES - continued

The income tax expense (credit) consisted of:

	Year Ended December 31,		
	2018	2017	2016
Under provision of income taxes in prior years:			
Macau Complementary Tax	\$ 86	\$ —	\$ —
Income tax expense (credit) - deferred:			
Macau Complementary Tax	458	(239)	474
Total income tax expense (credit)	\$544	\$ (239)	\$ 474

A reconciliation of the income tax expense (credit) from loss before income tax per the consolidated statements of operations is as follows:

	Year Ended December 31,		
	2018	2017	2016
Loss before income tax	\$(20,201)	\$(76,676)	\$(242,315)
Macau Complementary Tax rate	12%	12%	12%
Income tax credit at Macau Complementary Tax rate	(2,424)	(9,201)	(29,078)
Under provision in prior years	86	—	—
Effect of income for which no income tax expense is payable	(177)	—	(1)
Effect of expenses for which no income tax benefit is receivable	20,001	20,190	23,820
Effect of profits exempted from Macau Complementary Tax	(35,698)	(29,833)	(11,890)
Changes in valuation allowances	18,756	18,605	17,623
	\$ 544	\$ (239)	\$ 474

The Company and certain of its subsidiaries are exempt from tax in the Cayman Islands or BVI, where they are incorporated. The Company's remaining subsidiaries incorporated in Macau and Hong Kong are subject to Macau Complementary Tax and Hong Kong Profits Tax, respectively, during the years ended December 31, 2018, 2017 and 2016.

Macau Complementary Tax and Hong Kong Profits Tax are provided at 12% and 16.5% on the estimated taxable income earned in or derived from Macau and Hong Kong, respectively, during the years ended December 31, 2018, 2017 and 2016, if applicable.

One of the Company's subsidiaries in Macau has been exempted from Macau Complementary Tax on profits generated from income received from Melco Resorts Macau under the Services and Right to Use Arrangements until 2016, to the extent that such income is derived from Studio City gaming operations and has been subject to gaming tax pursuant to a notice issued by the Macau Government in January 2015. Additionally, this subsidiary received an exemption for an additional five years from 2017 to 2021 pursuant to the approval notice issued by the Macau Government in January 2017. The non-gaming profits and dividend distributions of such subsidiary to its shareholders continue to be subject to Macau Complementary Tax.

During the years ended December 31, 2018 and 2017, had the Group not received the income tax exemption on profits generated from income received from Melco Resorts Macau under the Services and Right to Use

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

10. INCOME TAXES - continued

Arrangements, the Group's consolidated net loss attributable to Studio City International Holdings Limited for the years ended December 31, 2018, 2017 and 2016 would have been increased by \$33,835, \$29,833 and \$11,890, and diluted net loss attributable to Studio City International Holdings Limited per Class A ordinary share would have been increased by \$0.177, \$0.165 and \$0.066 per share, respectively.

The effective tax rates for the years ended December 31, 2018, 2017 and 2016 were (2.7)%, 0.3% and (0.2)%, respectively. Such rates differ from the statutory Macau Complementary Tax rate of 12% primarily due to the effect of expenses for which no income tax benefits are receivable, the effect of profits exempted from Macau Complementary Tax and the effect of changes in valuation allowances for the years ended December 31, 2018, 2017 and 2016.

The net deferred tax liabilities as of December 31, 2018 and 2017 consisted of the following:

	December 31,	
	2018	2017
Deferred tax assets		
Net operating losses carried forward	\$ 44,237	\$ 48,751
Depreciation and amortization	14,101	9,690
Deferred deductible expenses	—	1,052
Sub-total	58,338	59,493
Valuation allowances	(58,338)	(59,493)
Total deferred tax assets	—	—
Deferred tax liabilities		
Unrealized capital allowances	(1,044)	(588)
Total deferred tax liabilities	(1,044)	(588)
Deferred tax liabilities, net	\$ (1,044)	\$ (588)

As of December 31, 2018 and 2017, valuation allowances of \$58,338 and \$59,493 were provided, respectively, as management believes it is more likely than not that these deferred tax assets will not be realized. As of December 31, 2018, adjusted operating tax losses carry forward, amounting to \$123,213, \$111,216 and \$134,220 will expire in 2019, 2020 and 2021, respectively. Adjusted operating tax losses carried forward of \$168,434 expired during the year ended December 31, 2018.

Deferred tax, where applicable, is provided under the asset and liability method at the enacted statutory income tax rate of the respective tax jurisdictions, applicable to the respective financial years, on the difference between the consolidated financial statements carrying amounts and income tax base of assets and liabilities.

Undistributed earnings of a foreign subsidiary of the Company available for distribution to the Company of approximately \$631,174 and \$337,024 as at December 31, 2018 and 2017, respectively, are considered to be indefinitely reinvested. Accordingly, no provision has been made for the dividend withholding taxes that would be payable upon the distribution of those amounts to the Company. If those earnings were to be distributed or they were determined to be no longer permanently reinvested, the Company would have to record a deferred income tax liability in respect of those undistributed earnings of approximately \$75,741 and \$40,443 as at December 31, 2018 and 2017, respectively.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

10. INCOME TAXES - continued

An evaluation of the tax positions for recognition was conducted by the Group by determining if the weight of available evidence indicates it is more likely than not that the positions will be sustained on audit, including resolution of related appeals or litigation processes, if any. Uncertain tax benefits associated with the tax positions were measured based solely on the technical merits of being sustained on examinations. The Group concluded that there were no significant uncertain tax positions requiring recognition in the consolidated financial statements for the years ended December 31, 2018, 2017 and 2016 and there are no material unrecognized tax benefits which would favorably affect the effective income tax rates in future periods. As of December 31, 2018 and 2017, there were no interest and penalties related to uncertain tax positions recognized in the consolidated financial statements. The Group does not anticipate any significant increases or decreases to its liability for unrecognized tax benefits within the next twelve months.

Income tax returns of the Company's subsidiaries remain open and subject to examination by the tax authorities of Macau and Hong Kong until the statute of limitations expire in each corresponding jurisdiction. The statute of limitations in Macau and Hong Kong are five years and six years, respectively.

11. EMPLOYEE BENEFIT PLANS

The Group provides defined contribution plans for its employees in Macau. Certain executive officers of the Group are members of defined contribution plan in Hong Kong operated by Melco. During the years ended December 31, 2018, 2017 and 2016, the Group's contributions into these plans were \$(324), \$85 and \$11, respectively.

12. DISTRIBUTION OF PROFITS

All subsidiaries of the Company incorporated in Macau are required to set aside a minimum of 25% of the entity's profit after taxation to the legal reserve until the balance of the legal reserve reaches a level equivalent to 50% of the entity's share capital in accordance with the provisions of the Macau Commercial Code. The legal reserve sets aside an amount from the subsidiaries' statements of operations and is not available for distribution to the shareholders of the subsidiaries. The appropriation of legal reserve is recorded in the subsidiaries' financial statements in the year in which it is approved by the board of directors of the relevant subsidiaries. As of December 31, 2018 and 2017, the balance of the reserve amounted to \$6 and \$6, respectively.

The Group's borrowings, subject to certain exceptions and conditions, contain certain restrictions on paying dividends and other distributions, as defined in the respective indentures governing the relevant senior notes, credit facility agreements and other associated agreements, details of which are disclosed in Note 7 under each of the respective borrowings.

During the years ended December 31, 2018, 2017 and 2016, the Company did not declare or pay any cash dividends on the ordinary shares. No dividends have been proposed since the end of the reporting period.

13. COMMITMENTS AND CONTINGENCIES

(a) Capital Commitments

As of December 31, 2018, the Group had capital commitments contracted for but not incurred for the construction and acquisition of property and equipment for Studio City totaling \$38,696.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued**
(In thousands of U.S. dollars, except share and per share data)**13. COMMITMENTS AND CONTINGENCIES - continued****(b) Operating Lease Commitments****Lessor Arrangements**

The Group entered into non-cancellable operating agreements mainly for mall spaces in Studio City with various retailers that expire at various dates through November 2026. Certain of the operating agreements include minimum base fees with escalated contingent fee clauses.

As of December 31, 2018, minimum future fees to be received under all non-cancellable operating agreements were as follows:

Year ending December 31,	
2019	\$ 19,127
2020	12,691
2021	2,912
2022	151
2023	151
Over 2023	433
	<u>\$ 35,465</u>

The total minimum future fees do not include the escalated contingent fee clauses. During the years ended December 31, 2018, 2017 and 2016, the Group earned contingent fees of \$9,301, \$10,216 and \$9,732, respectively.

(c) Other Commitment**Land Concession Contract**

One of the Company's subsidiaries has entered into a concession contract for the land in Macau on which Studio City is located ("Studio City Land"). The title to the land lease right is obtained once the related land concession contract is published in the Macau official gazette. The contract has a term of 25 years, which is renewable for further consecutive periods of 10 years, subject to applicable legislation in Macau. The Company's land holding subsidiary is required to i) pay an upfront land premium, which is recognized as a land use right in the consolidated balance sheets and an annual government land use fee, which is recognized as general and administrative expense and may be adjusted every five years; and ii) place a guarantee deposit upon acceptance of the land lease terms, which is subject to adjustments from time to time in line with the amounts paid as annual land use fee. During the land concession term, amendments may be sought which may result in revisions to the development conditions, land premium and government land use fees.

On September 23, 2015, the Macau Government published in the Macau official gazette the final amendment for revision of the land concession contract for Studio City Land. According to the revised land amendment, the government land use fees were approximately \$490 per annum during the development period of Studio City; and approximately \$1,100 per annum after the development period. In February 2018, the Macau Government granted an extension of the development period under the land concession contract for Studio City Land to July 24, 2021. As of December 31, 2018, the Group's total commitment for government land use fees for the Studio City site to be paid during the initial term of the land concession contract which expires in October 2026 was \$8,226.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

13. COMMITMENTS AND CONTINGENCIES - continued

(d) **Guarantee**

Except as disclosed in Note 7, the Group has made the following significant guarantee as of December 31, 2018:

Trade Credit Facility

In October 2013, one of the Company's subsidiaries entered into a trade credit facility agreement for HK\$200,000,000 (equivalent to \$25,538) ("Trade Credit Facility") with a bank to meet certain payment obligations of the Studio City project. The Trade Credit Facility which matured on August 31, 2017 was further extended to August 31, 2019, and is guaranteed by Studio City Company. As of December 31, 2018, approximately \$638 of the Trade Credit Facility had been utilized.

(e) **Litigation**

As of December 31, 2018, the Group is a party to certain legal proceedings which relate to matters arising out of the ordinary course of its business. Management believes that the outcome of such proceedings would have no material impact on the Group's consolidated financial statements as a whole.

14. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2018, 2017 and 2016, the Group entered into the following significant related party transactions:

Related companies	Nature of transactions	Year Ended December 31,		
		2018	2017	2016
<i>Transactions with affiliated companies</i>				
Melco and its subsidiaries	Revenues (services provided by the Group):			
	Provision of gaming related services	\$ 339,924	\$ 295,638	\$ 151,597
	Rooms and food and beverage(1)	89,862	82,862	71,688
	Services fee(2)	39,126	39,971	51,842
	Entertainment(1)	1,191	1,328	5,465
	Costs and expenses (services provided to the Group):			
	Staff costs recharges(3)	92,214	98,622	111,327
	Corporate services(4)	33,256	33,453	34,131
	Pre-opening costs and other services	12,498	11,043	13,188
	Staff and related costs capitalized in construction in progress	3,617	1,504	3,183
	Purchases of goods and services	310	312	303
	Sale and purchase of assets:			
	Transfer-in of other long-term assets	15,246	2,584	11,150
	Purchases of property and equipment(5)	41	282	457
	Sale of property and equipment and other long-term assets	9,112	1,667	7,752

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

14. RELATED PARTY TRANSACTIONS - continued

Related companies	Nature of transactions	Year Ended December 31,		
		2018	2017	2016
<i>Transactions with affiliated companies - continued</i>				
A joint venture and a subsidiary of MECOM Power and Construction Limited ("MECOM")(6)	Costs and expenses (services provided to the Group): Consultancy fee	\$2,878	\$ 568	\$—
	Purchase of assets: Construction and renovation work performed and recognized as property and equipment	3,741	5,101	—

Notes

- (1) These revenues primarily represented the retail values (before the adoption of the New Revenue Standard) or standalone selling prices (upon the adoption of the New Revenue Standard) of the complimentary services (including rooms, food and beverage and entertainment services) provided to Studio City Casino's gaming patrons and charged to Melco Resorts Macau. For the years ended December 31, 2018, 2017 and 2016, the related party rooms and food and beverage revenues and entertainment revenues aggregated to \$91,053, \$84,190, and \$77,153, respectively, of which \$81,267, \$74,326, and \$61,784 related to Studio City Casino's gaming patrons and \$9,786, \$9,864 and \$15,369 related to non-Studio City Casino's gaming patrons, respectively.
- (2) Services provided by the Group to Melco and its subsidiaries mainly include, but are not limited to, certain shared administrative services and shuttle bus transportation services provided to Studio City Casino.
- (3) Staff costs are recharged by Melco and its subsidiaries for staff who are solely dedicated to Studio City to carry out activities, including food and beverage management, retail management, hotel management, entertainment projects, mall development and sales and marketing activities and staff costs for certain shared administrative services.
- (4) Corporate services are provided to the Group by Melco and its subsidiaries. These services include, but are not limited to, general corporate services and senior executive management services for operational purposes.
- (5) During the year ended December 31, 2016, certain property and equipment with nil aggregate carrying amounts were purchased from an affiliated company at a total consideration of \$139 and the Group recognized a loss on purchase of property and equipment of \$139 as additional paid-in capital.
- (6) A company in which Mr. Lawrence Yau Lung Ho, the Company's director, has a shareholding interest of approximately 20%.

Commitments with Related Parties

As of December 31, 2018, the Group had capital commitments contracted but not incurred with a joint venture and a subsidiary of MECOM mainly for the construction for Studio City totaling \$1,883.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

14. RELATED PARTY TRANSACTIONS - continued

(a) Amounts Due from Affiliated Companies

The outstanding balances mainly arising from operating income or prepayment of operating expenses as of December 31, 2018 and 2017, are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2018	2017
Melco's subsidiaries	\$ 42,338	\$ 37,826
Others	1	—
	<u>\$ 42,339</u>	<u>\$ 37,826</u>

(b) Amounts Due to Affiliated Companies

The outstanding balances mainly arising from construction and renovation work performed and operating expenses as of December 31, 2018 and 2017, are unsecured, non-interest bearing and repayable on demand with details as follows:

	December 31,	
	2018	2017
Melco and its subsidiaries	\$ 18,543	\$ 17,168
A joint venture and a subsidiary of MECOM	3,410	2,302
Others	—	38
	<u>\$ 21,953</u>	<u>\$ 19,508</u>

15. SEGMENT INFORMATION

The Group's principal operating activities are engaged in the hospitality business and provision of gaming related services in Macau. The Group monitors its operations and evaluates earnings by reviewing the assets and operations of Studio City as one operating segment. Accordingly, the Group does not present separate segment information. As of December 31, 2018 and 2017, the Group operated in one geographical area, Macau, where it derives its revenue and its long-lived assets are located.

16. SUBSEQUENT EVENTS

- (a) In January 2019, Melco Resorts Macau informed the Group that it will cease VIP rolling chip operations at the Studio City Casino on January 15, 2020.
- (b) On January 22, 2019, Studio City Finance initiated a conditional tender offer (the "Conditional Tender Offer") to purchase the outstanding 2012 Studio City Notes in aggregate principal amount of \$425,000, with accrued interest. The Conditional Tender Offer was conditional upon sufficient funding from completion of one or more debt financing transactions, together with cash on hand. The Conditional Tender Offer expired on February 4, 2019 with \$216,534 aggregate principal amount of the 2012 Studio City Notes tendered.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued
(In thousands of U.S. dollars, except share and per share data)

16. SUBSEQUENT EVENTS - continued

- (c) On February 11, 2019, Studio City Finance issued \$600,000 in aggregate principal amount of 7.250% senior notes due 2024 and priced at 100% (the "2019 Studio City Notes"). The net proceeds from the 2019 Studio City Notes were partly used to fund the Conditional Tender Offer, and to redeem in full the remaining outstanding 2012 Studio City Notes in aggregate principal amount of \$208,466, with accrued interest on March 13, 2019. All of the existing subsidiaries of Studio City Finance and any other future restricted subsidiaries as defined in the 2019 Studio City Notes are guarantors to guarantee the indebtedness under the 2019 Studio City Notes.

In preparing the consolidated financial statements, the Group has evaluated events and transactions for potential recognition and disclosure through March 29, 2019, the date the consolidated financial statements were available to be issued.

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED BALANCE SHEETS
(In thousands of U.S. dollars, except share and per share data)

	December 31,	
	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,970	\$ 14
Bank deposit with original maturity over three months	—	5,000
Restricted cash	—	21,703
Amounts due from subsidiaries	1	129
Prepaid expenses and other current assets	—	24
Total current assets	<u>5,971</u>	<u>26,870</u>
INVESTMENTS IN SUBSIDIARIES	843,472	491,284
LOAN TO A SUBSIDIARY	—	225,000
OTHER LONG-TERM ASSETS	—	4,270
TOTAL ASSETS	<u>\$ 849,443</u>	<u>\$ 747,424</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accrued expenses and other current liabilities	\$ 5,925	\$ 4,302
Amounts due to affiliated companies	—	70
Amounts due to subsidiaries	46	3,009
Total current liabilities	<u>5,971</u>	<u>7,381</u>
TOTAL LIABILITIES	<u>5,971</u>	<u>7,381</u>
SHAREHOLDERS' EQUITY		
Class A ordinary shares, par value \$0.0001; 1,927,488,240 shares authorized; 241,818,016 and 181,279,400 shares issued and outstanding	24	18
Class B ordinary shares, par value \$0.0001; 72,511,760 shares authorized; 72,511,760 and nil shares issued and outstanding	7	—
Additional paid-in capital	1,655,602	1,512,705
Accumulated other comprehensive (loss) income	(14,063)	488
Accumulated losses	<u>(798,098)</u>	<u>(773,168)</u>
Total shareholders' equity	<u>843,472</u>	<u>740,043</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 849,443</u>	<u>\$ 747,424</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF OPERATIONS
(In thousands of U.S. dollars)

	Year Ended December 31,		
	2018	2017	2016
REVENUE	\$ —	\$ —	\$ —
OPERATING COSTS AND EXPENSES			
General and administrative	(133)	(412)	(174)
Property charges and other	—	—	(852)
Total operating costs and expenses	(133)	(412)	(1,026)
OPERATING LOSS	(133)	(412)	(1,026)
NON-OPERATING INCOME (EXPENSES)			
Interest income	102	129	17
Foreign exchange gains, net	616	—	—
Share of results of subsidiaries	(22,183)	(76,154)	(241,780)
Total non-operating expenses, net	(21,465)	(76,025)	(241,763)
LOSS BEFORE INCOME TAX	(21,598)	(76,437)	(242,789)
INCOME TAX EXPENSE	—	—	—
NET LOSS	<u>\$ (21,598)</u>	<u>\$ (76,437)</u>	<u>\$ (242,789)</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED
ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(In thousands of U.S. dollars)

	Year Ended December 31,		
	2018	2017	2016
Net loss	\$(21,598)	\$(76,437)	\$(242,789)
Other comprehensive (loss) income:			
Foreign currency translation adjustments, before and after tax	(14,551)	—	—
Changes in fair values of interest rate swap agreements, before and after tax	—	—	61
Other comprehensive (loss) income	(14,551)	—	61
Total comprehensive loss	<u>\$(36,149)</u>	<u>\$(76,437)</u>	<u>\$(242,728)</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

ADDITIONAL INFORMATION - FINANCIAL STATEMENT SCHEDULE 1
 FINANCIAL INFORMATION OF PARENT COMPANY
 CONDENSED STATEMENTS OF CASH FLOWS
 (In thousands of U.S. dollars)

	Year Ended December 31,		
	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash used in operating activities	\$ (2,346)	\$ (321)	\$ (1,142)
CASH FLOWS FROM INVESTING ACTIVITIES			
Advances to subsidiaries	(423,553)	(6)	(2,088)
Withdrawal of bank deposit with original maturity over three months	5,000	—	—
Placement of bank deposit with original maturity over three months	—	(5,000)	—
Net cash used in investing activities	(418,553)	(5,006)	(2,088)
CASH FLOW FROM A FINANCING ACTIVITY			
Net proceeds from issuance of share capital	405,152	—	—
Cash provided by a financing activity	405,152	—	—
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(15,747)	(5,327)	(3,230)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	21,717	27,044	30,274
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 5,970</u>	<u>\$21,717</u>	<u>\$27,044</u>
NON-CASH FINANCING ACTIVITY			
Offering expenses capitalized for the issuance of share capital included in accrued expenses and other current liabilities	\$ 5,943	\$ —	\$ —

RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH TO THE CONDENSED BALANCE SHEETS

	December 31,	
	2018	2017
Cash and cash equivalents	\$ 5,970	\$ 14
Restricted cash	—	21,703
Total cash, cash equivalents and restricted cash	<u>\$ 5,970</u>	<u>\$ 21,717</u>

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

**ADDITIONAL INFORMATION—FINANCIAL STATEMENT SCHEDULE 1
FINANCIAL INFORMATION OF PARENT COMPANY
NOTES TO CONDENSED FINANCIAL STATEMENT SCHEDULE 1
(In thousands of U.S. dollars, except share and per share data)**

1. Schedule 1 has been provided pursuant to the requirements of Rule 12-04(a) and 4-08(e)(3) of Regulation S-X, which require condensed financial information as to financial position, cash flows and results and operations of a parent company as of the same dates and for the same periods for which audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25 percent of consolidated net assets as of end of the most recently completed fiscal year. As of December 31, 2018, approximately \$1,117,000 of the restricted net assets were not available for distribution, and as such, the condensed financial information of the Company has been presented for the years ended December 31, 2018, 2017 and 2016. The Company did not receive any cash dividend from its subsidiary during the years ended December 31, 2018, 2017 and 2016.

2. **Basis of Presentation**
The condensed financial information has been prepared using the same accounting policies as set out in the Company's consolidated financial statements except that the parent company has used equity method to account for its investments in subsidiaries.

**THE COMPANIES LAW (2018 REVISION) (AS AMENDED)
OF THE CAYMAN ISLANDS**

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

(adopted by Special Resolution dated 15 October 2018 upon the continuation of Studio City International Holdings Limited from the British Virgin Islands to the Cayman Islands)

www.verify.gov.ky File#: 343696



*Filed: 16-Oct-2018 08:00 EST
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**THE COMPANIES LAW (2018 REVISION) (AS AMENDED)
OF THE CAYMAN ISLANDS**

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

(adopted by Special Resolution dated 15 October 2018 upon the continuation of Studio City International Holdings Limited from the British Virgin Islands to the Cayman Islands)

1. The name of the company is **Studio City International Holdings Limited** (the “**Company**”).
2. The registered office of the Company will be situated at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands or at such other location as the Directors may from time to time determine.
3. The Company was first incorporated on 2 August 2000 under the name of CYBER ONE AGENTS LIMITED in the British Virgin Islands. The Company registered by way of continuation as an exempted company limited by shares under the Companies Law (2018 Revision) (as amended) of the Cayman Islands (the “**Law**”) on 15 October 2018.
4. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Law.
5. The Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by Section 27(2) of the Law.
6. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.
7. The liability of the members of the Company is limited to the amount, if any, unpaid on the shares respectively held by them.

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8. The authorised share capital of the Company is US\$200,000 divided into 2,000,000,000 shares comprising of (i) 1,927,488,240 Class A Ordinary Shares of a par value of US\$0.0001 each and (ii) 72,511,760 Class B Ordinary Shares of a par value of US\$0.0001 each; provided always that subject to the provisions of the Law and the Articles, the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.
9. The Company may exercise the power contained in Section 206 of the Law to deregister in the Cayman Islands and be registered by way of continuation in some other jurisdiction.

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THE COMPANIES LAW (2018 REVISION) (AS AMENDED)
OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

(adopted by Special Resolution dated 15 October 2018 upon the continuation of Studio City International Holdings Limited from the British Virgin Islands to the Cayman Islands)

TABLE A

The Regulations contained or incorporated in Table “A” in the First Schedule of the Law shall not apply to the Company and the following Articles shall comprise the Articles of Association of the Company:

INTERPRETATION

1. In these Articles, the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

“**ADS**” means an American Depositary Share, each representing four (4) Class A Ordinary Shares;

“**Affiliate**” means a Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, a specified Person. For the purpose of the definition of Affiliate, “control”, “controlled by” and “under common control with” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting shares, by agreement, contract or otherwise;

“**Affiliated Companies**” means those partnerships, corporations, limited liability companies, trusts or other entities that are Affiliates of the Company, including, without limitation, subsidiaries, holding companies and intermediary companies (as those and similar terms are defined in the Gaming Laws of the applicable Gaming Jurisdictions) that are registered or licensed under applicable Gaming Laws;

“**Applicable Law**” means any law or legal or regulatory compliance requirement, including at common law, in equity, under any statute, regulation or by-law and any decision, directive, guidance, guideline or requirement of any Governmental Agency or the relevant stock exchange;

“**Articles**” means these articles of association of the Company as amended or substituted from time to time;

“**Branch Register**” means any branch Register of such category or categories of Members as the Company may from time to time determine;

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“**capital**” means the share capital from time to time of the Company;

“**Class A Ordinary Shares**” means the Class A Ordinary Shares of a par value of US\$0.0001 per share in the capital of the Company, having the rights provided for in these Articles;

“**Class B Ordinary Shares**” means Class B Ordinary Shares of a par value of US\$0.0001 per share in the capital of the Company, having the rights provided for in these Articles;

“**clear days**” means in relation to the period of a notice that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

“**clearing house**” means a clearing house or central depository recognised by the laws of the jurisdiction in which the shares of the Company are listed or quoted on a stock exchange in such jurisdiction;

“**Commission**” means Securities and Exchange Commission of the United States of America or any other federal agency for the time being administering the Securities Act;

“**Company**” means Studio City International Holdings Limited, a Cayman Islands exempted company;

“**Company Subsidiary**” means any company which is or becomes a Subsidiary of the Company from time to time;

“**Company’s Website**” means the website of the Company;

“**Directors**” and “**Board of Directors**” and “**Board**” means the Directors of the Company for the time being, or as the case may be, the Directors assembled as a Board or as a committee thereof;

“**electronic**” shall have the meaning given to it in the Electronic Transactions Law (2003 Revision) of the Cayman Islands;

“**electronic communication**” means electronic posting to the Company’s Website, transmission to any number, address or internet website or other electronic delivery methods as otherwise decided and approved by not less than two-thirds of the vote of the Board;

“**Equity Securities**” means, with respect to any Person, equity securities or any securities convertible into or exchangeable or exercisable for any equity securities of such Person;

“**Gaming Activities**” mean the conduct of gaming and gambling activities by the Company or its Affiliated Companies, or the use of gaming devices, equipment and supplies in the operation of a casino or other enterprise by the Company or its Affiliated Companies;

“**Gaming Authority**” means any regulatory and licensing body or agency with authority over gaming including, but not limited to, the conduct of Gaming Activities, to whose jurisdiction the Company, its Subsidiaries or Affiliates are subject;

“**Gaming Jurisdiction**” means all jurisdictions, including their political subdivisions, in which Gaming Activities are lawfully conducted;

“**Gaming Laws**” means all laws, statutes, ordinances and regulations pursuant to which any Gaming Authority possesses regulatory and licensing authority over Gaming Activities within any Gaming Jurisdiction, and all orders, decrees, rules and regulations promulgated by such Gaming Authority thereunder;

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“**Gaming License**” means all licenses, permits, approvals, authorizations, registrations, findings of suitability, franchises, concessions, subconcessions, entitlements or other authorizations issued by a Gaming Authority necessary for or relating to the conduct of Gaming Activities;

“**Governmental Agency**” means:

- (a) a government, whether foreign, federal, state, territorial or local;
- (b) a department, office, or minister of a government acting in that capacity; or
- (c) a commission, delegate, instrumentality, agency, board or other governmental or semi-governmental, judicial, administrative, monetary, regulatory, fiscal or tax authority, whether statutory or not;

“**Group**” means the Company and the Company Subsidiaries from time to time and the expression **Group Company** means any one of them;

“**Independent Director**” means a Director who is an independent director as defined in the NYSE Rules as amended from time to time;

“**Initial Shareholders Agreement**” means the Shareholders Agreement dated July 27, 2011, as subsequently amended on September 25, 2012, May 17, 2013, June 3, 2014 and July 21, 2014, between MCE Cotai Investments Limited, an exempted company incorporated in the Cayman Islands, New Cotai, Melco Resorts & Entertainment Limited (formerly known as Melco Crown Entertainment Limited), an exempted company incorporated in the Cayman Islands, and the Company (formerly known as CYBER ONE AGENTS LIMITED). For the avoidance of doubt, the Initial Shareholders Agreement shall not include any other amendments, restatements or amended and restated agreement thereto;

“**Law**” means the Companies Law (2018 Revision) of the Cayman Islands;

“**Melco Members**” means, collectively, Melco Resorts & Entertainment Limited (formerly known as Melco Crown Entertainment Limited), an exempted company incorporated in the Cayman Islands, and all Members who are Affiliates of Melco Resorts & Entertainment Limited;

“**Melco Original Share Amount**” means the number of Securities held by the Melco Members immediately following completion of an initial underwritten public offering of the Company’s Equity Securities, or American depositary shares representing the Company’s Equity Securities, as adjusted for any split, subdivision, reverse split, consolidation, dividend or distribution in respect of Securities, including any Adjustment Event (as defined in the Participation Agreement).

“**Member**” means a person who is registered as the holder of shares in the Register and includes each subscriber to the Memorandum of Association pending entry in the Register of such subscriber;

“**Memorandum of Association**” means the Memorandum of Association of the Company, as amended and restated from time to time;

“**Memorandum and Articles of Association**” means collectively the Memorandum of Association and the Articles;

“**month**” means a calendar month;

“**NYSE**” means the New York Stock Exchange in the United States;

“**NYSE Rules**” means the relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing of any shares or ADSs on NYSE, including without limitation, the NYSE Rules;

“**Newco**” means MSC Cotai Limited, a business company limited by shares incorporated in the British Virgin Islands;

“**New Cotai**” means New Cotai, LLC, a limited liability company formed in Delaware, United States of America;

“**New Cotai Original Share Amount**” means the number of Securities held by New Cotai immediately following the completion of an initial underwritten public offering of the Company’s Equity Securities, or American depositary shares representing the Company’s Equity Securities, as adjusted for any split, subdivision, reverse split, consolidation, dividend or distribution in respect of such Securities, including any Adjustment Event (as defined in the Participation Agreement).

“**Observer**” means an observer appointed to the Board in accordance with Article 100;

“**Office**” means the registered office of the Company as required by the Law;

“**Officer**” means the officers of the Company for the time appointed pursuant to Article 163 and Article 164;

“**Ordinary Resolution**” means a resolution:

- (a) passed by a simple majority of such Members as, being entitled to do so, vote in person or, in the case of such Members being corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of the Company of which notice has been duly given in accordance with these Articles and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments if more than one, is executed;

“**Own**”, “**Ownership**” or “**Control**” mean ownership of record, beneficial ownership or the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person or the disposition of shares, by agreement, contract, agency or other manner;

“**paid up**” means paid up as to the par value in respect of the issue of any shares and includes credited as paid up;

“**Participation Agreement**” means the participation agreement dated 12 October 2018 between New Cotai, LLC, Newco and the Company, as the same may be amended from time to time;

“**Participation Interest**” means the participation interest right in Newco provided by the Participation Agreement;

“**Person**” or “**person**” means an individual, partnership, corporation, limited liability company, trust or any other entity;

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“**Principal Register**”, where the Company has established one or more Branch Registers pursuant to the Law and these Articles, means the Register maintained by the Company pursuant to the Law and these Articles that is not designated by the Directors as a Branch Register;

“**Redemption Date**” means the date, as reasonably determined by the Company, on which the relevant Gaming Authority requires that the shares Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person be redeemed by the Company;

“**Redemption Notice**” means that notice of redemption given by the Company to an Unsuitable Person or an Affiliate of an Unsuitable Person pursuant to Article 187. Each Redemption Notice shall set forth (i) the Redemption Date, (ii) the number and type of shares to be redeemed, (iii) the Redemption Price and the manner of payment therefor, (iv) the place where any certificates, if any, for such shares shall be surrendered against payment of the Redemption Price, and (v) any other requirements for the valid surrender of the certificates;

“**Redemption Price**” means the price to be paid by the Company for the shares to be redeemed pursuant to Article 187, which shall be that price (if any) required to be paid by the Gaming Authority making the finding of Unsuitability, or if such Gaming Authority does not require a certain price to be paid, that amount determined by the Board of Directors to be the fair value of the shares to be redeemed; *provided, however*, that the price per share represented by the Redemption Price shall in no event be less than (i) the VWAP per Class A Ordinary Share over the twenty (20) consecutive Trading Day period ending on the Trading Day immediately preceding the date of the Redemption Notice or (ii) if the VWAP is not available, then the market value per share of Class A Ordinary Shares as determined in good faith and in the reasonable discretion of the Board of Directors. The Redemption Price shall be paid in cash, by promissory note, or both, as required by the applicable Gaming Authority and, if not so required, as the Board of Directors otherwise determines. Any promissory note shall contain such terms and conditions permitted by the applicable Gaming Authority as the Board of Directors reasonably determines to be necessary or advisable, including without limitation, subordination provisions, to comply with any law or regulation then applicable to the Company or any Affiliate of the Company or to prevent a default under, breach of, event of default under or acceleration of any loan, promissory note, mortgage, indenture, line of credit, or other debt or financing agreement of the Company or any Affiliate of the Company. Subject to the foregoing, the promissory note shall have a term of not more than ten years, bear interest at a rate to be reasonably determined by the Board of Directors and amortize in equal monthly or quarterly installments, and shall contain such other terms and conditions as the Board of Directors reasonably determines to be necessary or advisable.

“**Register**” means the register of Members of the Company wherein holders of the shares are registered as required to be kept pursuant to the Law and includes any Branch Register(s) established by the Company in accordance with the Law;

“**Seal**” means the common seal of the Company (if adopted) including any facsimile thereof;

“**Securities Act**” means the Securities Act of 1933 of the United States of America, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time;

“**Security**” means a fully paid share in the capital of the Company carrying the rights and obligations set out in this document, which shall include Class A Ordinary Shares and Class B Ordinary Shares.

“**share**” means a share in the capital of the Company of any or all classes including Class A Ordinary Shares and Class B Ordinary Shares unless otherwise provided in these Articles;

“**signed**” means a signature or representation of a signature affixed by mechanical means;



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“**Special Resolution**” means a special resolution passed in accordance with the Law, being a resolution:

- (a) passed by a majority of not less than two-thirds of such Members as, being entitled to do so, vote in person or, in the case of such Members being corporations, by their respective duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a Special Resolution has been duly given in accordance with these Articles and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or
- (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the Special Resolution so adopted shall be the date on which the instrument or the last of such instruments if more than one, is executed;

“**Subsidiary**” means, with respect to any Person:

- (a) any corporation, association or other business entity of which (i) more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or shareholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity that is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof), or (ii) the composition of its board of directors is directly or indirectly controlled by such Person; and
- (b) any partnership or limited liability company of which (i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity;

“**Trading Day**” means a day on which the Class A Ordinary Shares: (a) are not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business; and (b) have traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the Class A Ordinary Shares;

“**Treasury Shares**” means shares that were previously issued but were purchased, redeemed, surrendered or otherwise acquired by the Company and not cancelled;

“**Unsuitable Person**” means a Person who (i) is determined by a Gaming Authority to be Unsuitable to Own or Control any shares in the Company, whether directly or indirectly, or (ii) causes the Company or any Affiliated Company to lose or to be threatened by a Gaming Authority with the loss of any Gaming License, or (iii) is determined, in good faith by the Board of Directors, to be likely to jeopardize the Company’s or any Affiliated Company’s application for, receipt of approval for, right to the use of, or entitlement to, any Gaming License, and “**Unsuitability**” and “**Unsuitable**” shall be construed accordingly.

“**VWAP**” means volume-weighted average trading price of an ADS based on quotations as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if such ADSs are not listed or admitted to trading on the New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such ADSs are listed or admitted to trading, in each case, divided by the number of Class A Ordinary Shares that one ADS represents; and



“year” means a calendar year.

2. In these Articles, save where the context requires otherwise:

- (a) words importing the singular number shall include the plural number and vice versa;
- (b) words importing the masculine gender only shall include the feminine gender and vice versa;
- (c) words importing persons only shall include companies or associations or bodies of persons, whether corporate or not;
- (d) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
- (e) expressions referring to writing shall, unless the contrary intention appears, be construed as including printing, lithography, photography and other modes of representing words or figures in a visible form, and including where the representation takes the form of electronic display, provided that both the mode of service of the relevant document or notice and the Member’s election comply with all applicable law, rules and regulations;
- (f) references to a document being executed include references to it being executed under hand or under seal or by electronic signature or by any other method and references to a notice or document include a notice or document recorded or stored in any digital, electronic, electrical, magnetic or other retrievable form or medium and information in visible form whether having physical substance or not;
- (g) reference to “US\$” is a reference to dollars of the United States of America;
- (h) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
- (i) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
- (j) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case; and
- (k) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile or photograph or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.

3. Subject to the last two preceding Articles, any words defined in the Law shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

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PRELIMINARY

4. The Office shall be at such address in the Cayman Islands as the Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
5. The expenses incurred in the formation of the Company shall be paid by the Company or any Subsidiary. If paid by the Company, such expenses may be amortised over such period as the Directors may determine and the amount so paid shall be charged against income and/or capital in the accounts of the Company as the Directors shall determine.
6. The Directors shall keep, or cause to be kept, the Register at such place or (subject to compliance with the Law and these Articles) places as the Directors may from time to time determine. In the absence of any such determination, the Register shall be kept at the Office. The Directors may keep, or cause to be kept, one or more Branch Registers as well as the Principal Register in accordance with the Law, provided always that a duplicate of such Branch Register(s) shall be maintained with the Principal Register in accordance with the Law.

ISSUE OF SHARES

7. Subject to these Articles, the Law, any direction that may be given by the Company in general meeting and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all shares for the time being unissued shall be under the control of the Directors who may:
 - (a) designate, re-designate, offer, issue, allot and dispose of the same to such persons, in such manner, on such terms and having such rights and being subject to such restrictions as they may from time to time determine but so that no shares shall be issued at a discount; and
 - (b) grant options with respect to such shares and issue warrants, convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as they may from time to time determine;and, for such purposes, the Directors may reserve an appropriate number of shares for the time being unissued, PROVIDED THAT, notwithstanding anything set forth in these Articles to the contrary, no Class B Ordinary Shares in addition to the Class B Ordinary Shares in issue as of the date of adoption of these Articles may be issued except as required pursuant to Articles 11(e) or 12(e).
8. No share shall be issued to bearer.
9. The Board of Directors of the Company is authorized, subject to any limitations prescribed by Law and Article 11(e), to classify or reclassify any unissued shares (including any unissued Class A Ordinary Shares and Class B Ordinary Shares) into one or more classes or series of shares, with such voting powers, full or limited, or no voting powers, and with such designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions thereon as set forth in a resolution adopted by the Board of Directors.
10. Subject to the provisions of the Law, the Memorandum and Articles of Association, and to any special rights conferred on the holders of any shares or class of shares, any share in the Company may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by Ordinary Resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board of Directors may determine.

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CLASS A ORDINARY SHARES

11. The preferences, limitations, voting powers and relative rights of the Class A Ordinary Shares are as follows:
- (a) Voting Rights. The Class A Ordinary Shares shall carry the right to receive notice of and to attend, to speak at and to vote at any general meeting of the Company. Each Class A Ordinary Share shall entitle the registered holder thereof to one (1) vote for each Class A Ordinary Share held on all matters subject to a vote by poll at general meetings of the Company.
 - (b) Dividend Rights. Class A Ordinary Shares shall be entitled to share in any dividends and other distributions paid or distributed by the Company.
 - (c) Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company, after payment or provision for payment of the debts of the Company, the holders of all outstanding Class A Ordinary Shares shall be entitled to share in the remaining assets of the Company legally available for distribution.
 - (d) Equal Status. Each Class A Ordinary Share shall have the same rights and privileges and rank equally, share ratably and be identical in all respects as to all matters.
 - (e) Share Adjustment. In no event should any share dividend, share split, reverse share split, combination of shares, sub-division, reclassification or recapitalization be declared or made in respect of the Class A Ordinary Shares (each, a “Share **Adjustment**”) unless a corresponding Share Adjustment is made to the Class B Ordinary Shares in the same proportion and the same manner (to the extent such Share Adjustment is not already required pursuant to Article 12(e)). Share dividends with respect to each class of shares of the Company may only be made with the shares of the same class as such class of shares of the Company.

CLASS B ORDINARY SHARES

12. The preferences, limitations, voting powers and relative rights of the Class B Ordinary Shares are as follows:
- (a) Voting Rights.
 - i. The Class B Ordinary Shares shall carry the right to receive notice of and to attend, to speak at and to vote at any general meeting of the Company.
 - ii. Except as otherwise provided in these Articles, holders of Class A Ordinary Shares and Class B Ordinary Shares shall at all times vote together as one class on all resolutions submitted to a vote of the Members. Each Class B Ordinary Share shall entitle the registered holder thereof to one (1) vote for each Class B Ordinary Share held on all matters subject to vote by poll at general meetings of the Company.
 - (b) No Dividend Rights. Holders of the Class B Ordinary Shares do not have any right to any dividends paid or distributed by the Company or to otherwise share in the profits or surplus assets of the Company.
 - (c) No Distribution upon Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Company, holders of Class B Ordinary Shares shall not be entitled to receive any assets of the Company.

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- (d) Transfer of Class B Ordinary Shares.
- i. No Class B Ordinary Share may be transferred except in connection with the transfer of Participation Interest in accordance with the terms of the Participation Agreement.
 - ii. Any purported transfer of Class B Ordinary Shares in violation of this Article 12(d) shall be null and void.
 - iii. Transfers of Class B Ordinary Shares that comply with the terms of Section 7.1 of the Participation Agreement shall occur automatically as provided in the Participation Agreement.
- (e) Share Adjustment. In the event that the Participation Agreement requires an adjustment to the number of issued and outstanding Class B Ordinary Shares in connection with a Class B Adjustment (as defined in the Participation Agreement), the following shall apply:
- i. where the Class B Adjustment requires, pursuant to the Participation Agreement, an increase in the number of issued and outstanding Class B Ordinary Shares, the Company shall on the date of the Class B Adjustment issue to the relevant Participant(s) such number of Class B Ordinary Shares as is required pursuant to the Class B Adjustment at their par value, credited as fully paid, and the Company's registered office service provider shall update the Register on that date to reflect such issuance; and
 - ii. where the Class B Adjustment requires, pursuant to the Participation Agreement, a decrease in the number of issued and outstanding Class B Ordinary Shares, each relevant Participant shall on the date of the Class B Adjustment be deemed to have surrendered to the Company for cancellation, for no consideration, such number of Class B Ordinary Shares as is required pursuant to the Class B Adjustment and the Company's registered office service provider shall update the Register on that date to reflect such surrender and cancellation.

REGISTER OF MEMBERS AND SHARE CERTIFICATES

13. The Company shall maintain a Register of its Members and every person whose name is entered as a member in the Register shall, without payment, be entitled to a certificate (except in the case of Class B Ordinary Shares) within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) in the form determined by the Directors. All certificates shall specify the share or shares held by that person and the amount paid up thereon, provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all. All certificates for shares shall be delivered personally or sent through the post addressed to the member entitled thereto at the Member's registered address as appearing in the register. No share certificates shall be issued in respect of the Class B Ordinary Shares.
14. Every share certificate of the Company shall bear legends required under the applicable laws, including the Securities Act.
15. Any two or more certificates representing shares of any one class held by any Member may at the Member's request be cancelled and a single new certificate for such shares issued in lieu on payment (if the Directors shall so require) of US\$1.00 or such smaller sum as the Directors shall determine.

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16. If a share certificate shall be damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same shares may be issued to the relevant Member upon request subject to delivery up of the old certificate or (if alleged to have been lost, stolen or destroyed) compliance with such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in connection with the request as the Directors may think fit.
17. In the event that shares are held jointly by several persons, any request may be made by any one of the joint holders and if so made shall be binding on all of the joint holders.

TRANSFER OF SHARES

18. The instrument of transfer of any share shall be in writing and in such usual or common form or such other form as the Directors may in their discretion approve and be executed by or on behalf of the transferor and shall be accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the Register in respect thereof.
19. All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Directors decline to register shall (except in any case of fraud) be returned to the person depositing the same.
20. The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien.
21. The Board shall, pursuant to Article 12(d), refuse to register any purported transfer of Class B Ordinary Shares made otherwise than in compliance with the Participation Agreement.
22. Subject to Article 21, the Board may also decline to register any transfer of any shares unless (as is applicable), subject to Article 13:
 - (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
 - (b) the instrument of transfer is in respect of only one class of shares;
 - (c) the instrument of transfer is properly stamped (in circumstances where stamping is required); and
 - (d) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four.
23. If the Directors refuse to register a transfer of any shares, they shall within two months after the date on which the transfer was lodged with the Company send to each of the transferor and the transferee notice of the refusal.

REDEMPTION AND PURCHASE OF OWN SHARES

24. Subject to the provisions of the applicable law and these Articles, the Company may:
 - (a) issue shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Member on such terms and in such manner as the Directors may, before the issue of such shares, determine;

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- (b) purchase its own shares (including any redeemable shares) on such terms and in such manner as the Directors may determine; and
- (c) make a payment in respect of the redemption or purchase of its own shares otherwise than out of profits or the proceeds of a fresh issue of shares.

Notwithstanding the foregoing and subject to Article 187 and the terms of the Participation Agreement, the Company shall not purchase or redeem any Class B Ordinary Shares.

- 25. Upon exchange of all or part of a holder's Participation Interest (as defined in the Participation Agreement), all Class B Ordinary Shares that correspond to the Exchanged Participation Interest (as defined in the Participation Agreement) shall be deemed surrendered and automatically cancelled (without any further action being required on the part of the holder of such Class B Ordinary Shares) and the Register shall be updated to reflect such surrender and cancellation and to record that the holder is no longer the holder of such Class B Ordinary Shares.
- 26. Any share in respect of which any notice of redemption (including for the avoidance of doubt a Redemption Notice) has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption (or Redemption Date).
- 27. The redemption or purchase of any share shall not be deemed to give rise to the redemption or purchase of any other share.
- 28. The Directors may when making payments in respect of redemption or purchase of shares, if authorised by the terms of issue of the shares being redeemed or purchased or with the agreement of the holder of such shares, make such payment in any form of consideration.

VARIATIONS OF RIGHTS ATTACHING TO SHARES

- 29. If at any time the share capital is divided into different classes of shares, the rights, powers and preferences attaching to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to these Articles, be varied or abrogated by the Company with the written consent of the holders of a majority of the issued shares of that class, or with the sanction of a resolution passed by at least a majority of the holders of shares of the class present in person or by proxy at a separate general meeting of the holders of the shares of the class, provided that the Company may, without any consent or sanction of the holders of a majority of the issued shares of that class, make any adjustments, cancellations or updates required under Article 11(e) or Article 12(e). Without limiting the foregoing and to the extent that the Participation Agreement is in effect, any amendment to:
 - (a) the second sentence of Article 12(a)ii, Article 12(e) or to the Memorandum or these Articles (other than any action in connection with any adjustment or other matter required under Article 11(e) or Article 12(e)) that would increase or decrease the aggregate number of authorised Class A Ordinary Shares or increase or decrease the par value of the Class A Ordinary Shares, or alter or change the powers, preferences, or special rights of the Class A Ordinary Shares shall require the approval of the holders of a majority of the issued Class A Ordinary Shares; and
 - (b) the second sentence of Article 11(a) or to the Memorandum or these Articles (other than any action in connection with any adjustment or other matter required under Article 11(e) or Article 12(e)) that would increase or decrease the aggregate number of authorised Class B Ordinary Shares or increase or decrease the par value of the Class B Ordinary Shares, or alter or change the powers, preferences, or special rights of the Class B Ordinary Shares (including as set out in Article 7 and Article 12) shall require the approval of the holders of a majority of the issued Class B Ordinary Shares.



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30. The provisions of these Articles relating to general meetings shall apply to every such general meeting of the holders of one class of shares except that the necessary quorum shall be one person holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.
31. Subject to Article 29, the rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied or abrogated by the creation or issue of further shares ranking *pari passu* therewith or the redemption or purchase of shares of any class by the Company.

COMMISSION ON SALE OF SHARES

32. The Company may in so far as may be permitted by law, pay a commission to any person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any shares of the Company. Such commissions may be satisfied by the payment of cash or the lodgement of fully or partly paid-up shares or partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

FRACTIONAL SHARES

33. The Directors may issue fractions of a share of any class of shares, and, if so issued, a fraction of a share (calculated to three decimal points) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole share of the same class of shares.

LIEN

34. The Company shall have a first priority lien and charge on every partly paid share for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a first priority lien and charge on all partly paid shares standing registered in the name of a Member (whether held solely or jointly with another person) for all moneys presently payable by him or his estate to the Company, but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien, if any, on a share shall extend to all distributions payable thereon. The Board of Directors may at any time, generally or in any particular case, waive any lien that has arisen or declare any share exempt in whole or in part, from the provisions of this Article.
35. The Company may sell, in such manner as the Directors in their absolute discretion think fit, any shares on which the Company has a lien, but no sale shall be made unless an amount in respect of which the lien exists is presently payable nor until the expiration of 14 clear days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the persons entitled thereto by reason of his death or bankruptcy.
36. For giving effect to any such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

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37. The proceeds of the sale after deduction of expenses, fees and commission incurred by the Company shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES

38. Subject to these Articles and to the terms of allotment, the Directors may from time to time make calls upon the Members in respect of any moneys unpaid on their shares (whether on account of the nominal value for the shares or by way of premium), and each Member shall (subject to receiving at least 14 clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on such shares. A call may be extended, postponed or revoked in whole or in part as the Board of Directors determines but no Member shall be entitled to any such extension, postponement or revocation except as a matter of grace and favour.
39. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect of which the call was made. The joint holders of a share shall be jointly and severally liable to pay calls in respect thereof.
40. If a sum called in respect of a share is not paid on or before the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of eight per cent. per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.
41. The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.
42. The Directors may make arrangements on the issue of partly paid shares for a difference between the Members, or the particular shares, in the amount of calls to be paid and in the times of payment.
43. The Directors may, if they think fit, receive from any Member willing to advance the same either in money or money's worth all or any part of the moneys uncalled and unpaid or instalments payable upon any shares held by him, and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate (not exceeding without the sanction of an Ordinary Resolution, eight per cent. per annum) as may be agreed upon between the Member paying the sum in advance and the Directors. The Board of Directors may at any time repay the amount so advanced upon giving to such Member not less than one month's notice of its intention in that behalf, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced. Such payment in advance shall not entitle the holder of such share or shares to participate in respect thereof in a dividend subsequently declared.

FORFEITURE OF SHARES

44. If a Member fails to pay any call or instalment of a call in respect of partly paid shares on the day appointed for payment, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

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45. The notice shall name a further day (not earlier than the expiration of 14 clear days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the date of forfeiture.
46. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by notice has been made, be forfeited by a resolution of the Directors to that effect.
47. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.
48. A person whose shares have been forfeited shall cease to be a Member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares forfeited, but his liability shall cease if and when the Company receives payment in full of the amount unpaid on the shares forfeited.
49. A statutory declaration in writing that the declarant is a Director, and that a share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts in the declaration as against all persons claiming to be entitled to the share.
50. The Company may receive the consideration, if any, given for a share on any sale or disposition thereof pursuant to the provisions of these Articles as to forfeiture and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and that person shall be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the disposition or sale.
51. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes due and payable, whether on account of the amount of the share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

REGISTRATION OF EMPOWERING INSTRUMENTS

52. The Company shall be entitled to charge a fee not exceeding one dollar (US\$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

TRANSMISSION OF SHARES

53. The legal personal representative of a deceased sole holder of a share shall be the only person recognised by the Company as having any title to the share. In the case of a share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only person recognised by the Company as having any title to the share.
54. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by the deceased or bankrupt person before the death or bankruptcy.

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55. A person becoming entitled to a share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of such share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

ALTERATION OF CAPITAL

56. Subject to Article 29, the Company may from time to time by Ordinary Resolution:
- (a) increase its share capital by such sum, to be divided into shares of such classes and amount, as the resolution shall prescribe;
 - (b) subject to Article 11(e) and Article 12(e), consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
 - (c) convert all or any of its paid up shares into shares and reconvert that shares into paid up shares of any denomination;
 - (d) subject to Article 11(e) and Article 12(e), sub-divide its existing shares, or any of them into shares of a smaller amount provided that in the subdivision the proportion between the amount paid and the amount, if any unpaid on each reduced share shall be the same as it was in case of the share from which the reduced share is derived and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred, deferred or other rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares; or
 - (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

PROVIDED THAT to the extent that the Participation Agreement is in effect, any action by the Company (other than any action, adjustment or other matter required under Article 11(e) or Article 12(e)) that would have the effect of increasing or decreasing the aggregate number of Class B Ordinary Shares in the Company's authorised share capital or any subdivision, consolidation or other action by the Company that would have the effect of increasing or decreasing the nominal or par value of the Class B Ordinary Shares (including any amendment to the Memorandum or these Articles to reflect any such action) shall require the approval of the holders of a majority of the issued Class B Ordinary Shares.

57. Subject to the terms of the Participation Agreement, the Company may by Special Resolution reduce its share capital and any capital redemption reserve in any manner authorised by law.
58. All new shares created hereunder shall be subject to the same provisions with reference to the payment of calls, liens, transfer, transmission, forfeiture and otherwise.

TREASURY SHARES

59. Shares that the Company purchases, redeems or acquires (by way of surrender or otherwise) may, at the option of the Company, be cancelled immediately or held as Treasury Shares in accordance with the Law. In the event that the Directors do not specify that the relevant shares are to be held as Treasury Shares, such shares shall be cancelled.

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60. No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be declared or paid in respect of a Treasury Share.

FIXING RECORD DATE

61. The Directors may fix in advance a date as the record date for any such determination of those Members that are entitled to receive notice of, attend or vote at a meeting of the Members and for the purpose of determining those Members that are entitled to receive payment of any dividend the Directors may, at or within 90 days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.
62. If no record date is fixed for the determination of those Members entitled to receive notice of, attend or vote at a meeting of Members or those Members that are entitled to receive payment of a dividend, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of those Members that are entitled to receive notice of, attend or vote at a meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

GENERAL MEETINGS

63. (a) The Company shall in each year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as may be determined by the Directors or, in the event the Directors have failed to call an annual general meeting on or before 31 December in any calendar year, and only to that extent, pursuant to Article 64.
- (b) At these meetings the report of the Directors (if any) shall be presented.
64. (a) The Directors may call general meetings, and they shall on a Members requisition carried out in accordance with Article 63(a) or this Article 64 forthwith proceed to convene a general meeting of the Company.
- (b) A Members requisition is a requisition of Members of the Company holding at the date of deposit of the requisition not less than 20 per cent of such of the paid-up voting share capital of the Company as at that date of the deposit carries the right of voting at general meetings of the Company.
- (c) The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Office, and may consist of several documents in like form each signed by one or more requisitionists.
- (d) If the Directors do not within twenty one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty one (21) days, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three months after the expiration of the second said twenty one (21) days unless it is an annual general meeting.
- (e) A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors and where such general meeting:

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- i. is, in the event of a failure by the Company to hold an annual general meeting as required by Article 63(a), the annual general meeting of the Company under Article 63(a), the Company shall pay the reasonable expenses of the requisitionists in doing so on demand; and
 - ii. is any other general meeting of the Company, the requisitionists shall pay their own expenses in doing so.
65. All general meetings other than annual general meetings shall be called extraordinary general meetings.

NOTICE OF GENERAL MEETINGS

66. At least seven clear days' notice shall be given for any general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner if any as may be prescribed by the Company.
67. Notice of every general meeting shall be given in any manner authorised by these Articles to:
- (a) every person shown as a Member in the Register as of the record date for such meeting except that in the case of joint holders the notice shall be sufficient as stated in Article 68; and
 - (b) every person upon whom the ownership of a share devolves by reason of his being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his death or bankruptcy would be entitled to receive notice of the meeting.
- No other person shall be entitled to receive notices of general meetings.
68. The following applies where shares are jointly owned:
- (a) if two or more persons hold shares jointly each of them may be present in person or by proxy at a general meeting and may speak as a member;
 - (b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and
 - (c) if two or more of the joint owners are present in person or by proxy they must vote as one.
69. Notwithstanding that a meeting of the Company is called by shorter notice than that referred to in Article 66, it shall be deemed to have been duly called if it is so agreed:
- (a) in the case of a meeting called as an annual general meeting by all the Members of the Company entitled to attend and vote thereat or their proxies; and
 - (b) in the case of any other meeting, by a majority in number of the Members having a right to attend and vote at the meeting, being a majority together holding not less than 90 per cent. in nominal value of the shares giving that right.
70. The accidental omission to give any such notice to, or the non-receipt of any such notice by, any person entitled to receive notice shall not invalidate any resolution passed or any proceeding at any such meeting.

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71. A Member may be represented at a general meeting by a proxy who may speak and vote on behalf of the Member.
72. The instrument appointing a proxy shall be produced at the place designated for the meeting not less than 48 hours before the time for holding the meeting at which the person named in such instrument proposes to vote. The notice of the meeting may specify an alternative or additional place or time at which the proxy shall be presented.
73. The instrument appointing a proxy shall be in substantially the following form or such other form as the chairman of the meeting shall accept as properly evidencing the wishes of the Member appointing the proxy.



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STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

I/We being a Member of the above Company HEREBY APPOINT _____ of _____ or failing him _____ of _____ to be my/our proxy to vote for me/us at the meeting of Members to be held on the _____ day of _____, 20____ and at any adjournment thereof.

(Any restrictions on voting to be inserted here.) Signed this _____ day of _____, 20____

Member

PROCEEDINGS AT GENERAL MEETINGS

74. All business carried out at a general meeting shall be deemed special with the exception of sanctioning a dividend, the consideration of the accounts, balance sheets, any report of the Directors or of the Company's auditors, the appointment and removal of Directors and the fixing of the remuneration of the Company's auditors. No special business shall be transacted at any general meeting without the consent of all Members entitled to receive notice of that meeting unless notice of such special business has been given in the notice convening that meeting.
75. No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, a quorum shall be one or more persons holding or representing at least not less than 50.0 per cent of the issued shares entitled to vote and present in person or by proxy.
76. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Member or Members present and entitled to vote shall be a quorum.
77. The Chairman (as defined in Article 106(5)) of the Board of Directors shall preside as chairman at every general meeting of the Company.
78. If the Directors wish to make such a facility available to Members for a specific or all general meetings of the Company, a Member may participate in any general meeting of the Company, by means of a telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
79. If there is no such Chairman, or if at any general meeting the Chairman is not present within half an hour after the time appointed for holding the meeting or is unwilling to act as chairman, the Members present in person or (in the case of a Member being a corporation) by its duly authorised representative or by proxy and entitled to vote shall choose one of their number to be chairman of that meeting.
80. The chairman may with the consent of any general meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for 14 days or more, at least 7 clear days' notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

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81. The Directors may cancel or postpone any duly convened general meeting at any time prior to such meeting, except for general meetings requisitioned by the Members in accordance with these Articles, for any reason or for no reason, upon notice in writing to Members. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.
82. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman of the Board or one or more Members present in person or by proxy entitled to vote and who together hold not less than 20 per cent of the paid-up voting share capital of the Company, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
83. If a poll is duly demanded, it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.
84. All questions submitted to a meeting shall be decided by a simple majority of votes except where a greater majority is required by these Articles or by the Law. In the case of an equality of votes, the chairman of such meeting shall not be entitled to a second or casting vote in addition to any other vote he may have.
85. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

VOTES OF MEMBERS

86. Subject to any rights and restrictions for the time being attached to any class or classes of shares, on a show of hands every Member present in person and every person representing a Member by proxy at a general meeting of the Company shall have one vote and on a poll every Member and every person representing a Member by proxy shall have one vote for each share registered in his name, or the name of the person represented by proxy, in the Register.
87. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share, as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting, the vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Article be deemed joint holders thereof.
88. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board of Directors may require of the authority of the person claiming to vote shall have been deposited at the Office or head office (or such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith), not less than 48 hours before the time appointed for holding the meeting, or adjourned meeting, as the case may be.

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- (2) Any person entitled under Article 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least 48 hours before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of Directors of his entitlement to such shares, or the Board of Directors shall have previously admitted his right to vote at such meeting in respect thereof.
89. On a poll, votes may be given either personally or by proxy.
90. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. A proxy need not be a Member of the Company.
91. The instrument appointing a proxy shall be deposited at the Office or at such other place as is specified for that purpose in the notice convening the meeting at least 48 hours before the time for holding the meeting or, if the meeting is adjourned, the time for holding such adjourned meeting.
92. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
93. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

94. (1) Any corporation which is a Member or a Director may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members or of the Board of Directors or of a committee of Directors. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member or Director and such corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) If a clearing house (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by the clearing house (or its nominee(s)).

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- (3) Any reference in these Articles to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Article.

WRITTEN RESOLUTIONS OF MEMBERS

95. A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of all persons for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall, for the purposes of these Articles, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a Special Resolution so passed. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last Member to sign, and where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.

APPOINTMENT OF DIRECTORS

96. Subject to Article 97, the Melco Members may appoint, from time to time, by written notice to the Company, one Director so long as they hold in aggregate a number of Securities equal to at least 33% but less than 66% of the Melco Original Share Amount, two Directors for so long as they hold in aggregate a number of Securities equal to at least 66% but less than 99% of the Melco Original Share Amount, and three Directors for so long as they hold in aggregate a number of Securities equal to at least 99% of the Melco Original Share Amount, including to fill vacancies created by removals under Article 98 or vacancies created under Article 129 of Directors appointed by the Melco Members.
97. Despite Article 96, the Melco Members may, from time to time, by written notice to the Company, appoint up to three Directors for so long as they hold in aggregate:
- (1) a number of Securities equal to more than 66 per cent of the Melco Original Share Amount; and
 - (2) more Securities in issue than any other Member and its Affiliates to whom Securities have been issued or transferred in accordance with the restrictions applicable thereto, in the aggregate, provided that for the purposes of this Article 97(2), the depository bank for the ADSs shall be deemed not to be a Member; including to fill vacancies created by removals under Article 98, or vacancies created under Article 129 of Directors appointed by the Melco Members.
98. Subject to Article 99, the Melco Members may remove any Director appointed by them under Article 96 or Article 97 (as applicable) by notice to the Company.
99. Any notice under Articles 96, 97 or 98 shall be signed by the Member holding a majority of the Securities in issue held by all of the Melco Members as at the date of the notice.
100. New Cotai may, for so long as it holds in aggregate, a number of Securities equal to:
- (1) 50 per cent or more of the New Cotai Original Share Amount, appoint two Directors; and
 - (2) 25 per cent or more, but less than 50 per cent of the New Cotai Original Share Amount, (y) appoint one Director, including in each case to fill vacancies created by removals under Article 102 or vacancies created under Article 129 of Directors appointed by New Cotai, in each case by written notice to the Company; and (z) to the extent not prohibited by Applicable Laws or the listing or exchange rules of any stock exchange on which the Securities are listed, appoint one Observer to the Board, including to fill vacancies created by removals under Article 102 or death or resignation of an Observer, in each case by written notice to the Company; PROVIDED THAT upon New Cotai holding a number of Securities equal to less than 25 per cent of the New Cotai Original Share Amount, any Observer appointed by it shall automatically be deemed removed without the need for any removal notice to be delivered to the Company.



101. New Cotai may, for so long as it has the right to appoint at least one Director pursuant to Article 100, appoint a Director (who is already a member of the Board and appointed pursuant to Article 100) to sit on any committee of the Board (other than (i) a committee formed to evaluate a transaction between the Company and New Cotai or its Affiliates or (ii) a committee that the Board has determined as a matter of good corporate governance should be comprised solely of independent directors and, at such time, no Director appointed by New Cotai is independent under applicable stock exchange rules), to the extent any such appointment is not prohibited by Applicable Laws or the listing or exchange rules of any stock exchange on which the Securities are listed; provided, however, that a simple majority will be sufficient to approve such committees' decisions and, provided further, that such Director will not be required to form a quorum at meetings of any committee so long as due notice of the meeting has been provided.
102. Subject to Article 103, New Cotai may remove any Director or Observer appointed under Article 100 or remove from any committee any Director appointed by it to such committee under Article 101 by notice to the Company.
103. Any notice under Articles 100, 101 or 102 shall be signed by New Cotai.
104. In determining the number of Securities held by New Cotai at the relevant time for purposes of any threshold in Articles 100 through 103, including for purposes of the New Cotai Original Share Amount, Securities held by the Minority Members shall be deemed to be held by New Cotai.
105. New Cotai's rights under Articles 100 through 104 shall terminate at such time when New Cotai no longer holds at least 5 per cent of the Securities in issue.

DIRECTORS

106.
 - (1) The maximum number of Directors shall be 11. For so long as shares or ADSs are quoted on the NYSE, the Directors shall include such number of Independent Directors as applicable law, rules or regulations or the NYSE Rules require.
 - (2) Each Director shall hold office until the expiration of his term, or until his earlier death, resignation or removal, and until his successor shall have been elected or appointed.
 - (3) The Company may by Ordinary Resolution appoint any person to be a Director either to fill a vacancy on the Board or as an addition to the existing Board up to the maximum number of Directors permitted under Article 106(1), subject to Articles 96 through 103.
 - (4) The Directors may by the affirmative vote of a majority of the Directors appoint any person to be a Director either to fill a vacancy on the Board or as an addition to the existing Board up to the maximum number of Directors permitted under Article 106(1), subject to Articles 96 through 103.

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- (5) The Board of Directors shall have a Chairman of the Board of Directors (the “**Chairman**”) elected and appointed by a majority of the Directors then in office. The period for which the Chairman will hold office shall also be determined by a majority of all the Directors then in office. The Chairman shall preside as chairman at every meeting of the Board of Directors. If the Chairman is not present at a meeting of the Board of Directors within 15 minutes after the time appointed for holding the meeting, then the attending Directors may, by the affirmative vote of a majority of such Directors, choose one of their number to be the chairman of the meeting.
 - (6) Neither a Director nor an alternate Director shall be required to hold any shares of the Company by way of qualification and a Director or alternate Director (as the case may be) who is not a Member shall be entitled to receive notice of and to attend and speak at any general meeting (including class meetings) of the Company.
 - (7) No person shall be appointed as a Director of the Company unless he has consented in writing to act as a Director.
 - (8) A director may be removed from office by Special Resolution.
107. The Board may, from time to time, and except as required by applicable law or the listing rules of the recognised stock exchange or automated quotation system where the Company’s securities are traded, adopt, institute, amend, modify or revoke the corporate governance policies or initiatives, which shall be intended to set forth the policies of the Company and the Board on various corporate governance related matters as the Board shall determine by resolution from time to time.

OBSERVER

108. An Observer shall be entitled to attend each meeting of the Board but shall not be entitled to vote at meetings of the Board.
109. An Observer shall be given the same notice of each meeting of the Board, at the same time and in the same form, as given to the Directors.
110. An Observer shall be provided with all of the information provided to Directors in the same form and at the same time as such information is provided to the Directors, including all board packs, agendas and any information to be presented to the Board.

ALTERNATE DIRECTOR

111. Subject to the prior approval of the Board of Directors, any Director (the “**Appointing Director**”) (other than any independent Director under applicable stock exchange rules) may in writing appoint another person, whether or not a Director, to be his alternate to act in his place for such period of time as the Appointing Director is unable to attend meetings and/or otherwise discharge his duties as a Director. Each such alternate shall be entitled to a notice of each meeting of the Directors that is convened during his period of appointment (each an “**Affected Meeting**”), to attend and vote thereat as a Director and to sign written resolutions on behalf of the Appointing Director (except to the extent such resolutions are signed by the Appointing Director). Where a Director is also an alternate for another Director, such Director shall have a separate vote on behalf of the Appointing Director he is representing in addition to his own vote. Under no circumstances shall the appointment of an alternate Director be construed as an effective appointment of the alternate Director to any other position or office of the Appointing Director. An alternate Director may be removed at any time by the relevant Appointing Director or the Board of Directors and, subject thereto, the office of alternate Director shall continue until the date on which the relevant Appointing Director ceases to be a Director. Any appointment or removal of an alternate Director by the Appointing Director shall be effected by notice signed by the Appointing Director and delivered to the Office or head office at least 48 hours prior to the Affected Meeting at which such appointment is to take effect. For the avoidance of doubt, such notice period shall not apply to the removal of an alternate Director by the Board of Directors. Subject to the Law, an alternate Director shall not be deemed to be an officer of the Company solely as a result of his appointment as an alternate Director. The remuneration of an alternate Director shall be payable by the Appointing Director out of the remuneration of the relevant Appointing Director and the proportion thereof shall be agreed between them.



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DIRECTORS' FEES AND EXPENSES

112. The Company shall: (i) pay the reasonable expenses properly incurred by Directors in relation to the business of the Group, including accommodation expenses in travelling to and from meetings of the Board or any committee of the Board, any Group Company, or any committee of any such company, and provided such expenses are supported by valid receipts; and (ii) pay the cost of any insurance policies taken out by the Company in respect of the Directors. Notwithstanding the foregoing, no Director that is not independent within the meaning of the listing or exchange rules of any stock exchange on which the Class A Ordinary Shares are listed is entitled to be paid any fees in connection with his or her appointment or role as a Director.
113. Each Director shall be entitled to be repaid or prepaid all reasonable expenses properly incurred in relation to the business of the Group, including travelling, hotel and incidental expenses reasonably incurred or expected to be incurred by him in attending meetings of the Board of Directors or committees of the Board of Directors or general meetings or separate meetings of any class of shares or of debentures of any Group Company or any committee of any Group Company or otherwise in connection with the discharge of his duties as a Director; in each case, provided such expenses are supported by valid receipts.
114. Any independent Director within the meaning of the listing or exchange rules of any stock exchange on which the Class A Ordinary Shares are listed who, by request from the Board of Directors, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board of Directors go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board of Directors may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration provided for by or pursuant to any other Article.

POWERS AND DUTIES OF DIRECTORS

115. Each Director shall be required to have regard to, and act in the best interests of, the Company and all of its Members; provided that, to the maximum extent permitted by law and without detracting from or limiting the foregoing obligation, Directors shall be permitted to also have regard to the interests of the Member that appointed that Director and such Member's Affiliates in carrying out his or her duties as a Director or a director of any Subsidiary to the extent that those interests are consistent with the best interests of the Company and all of its Members.
116. Subject to the provisions of the Law, these Articles and to any resolutions made in general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all powers of the Company. The Directors of the Company have all the powers necessary for managing, and for directing and supervising, the business and affairs of the Company. No resolution made by the Company in a general meeting shall invalidate any prior act of the Directors which would have been valid if that resolution had not been made. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the Board of Directors by any other Article.

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117. Subject to these Articles, the Directors may from time to time appoint any person, whether or not a Director, to hold such office in the Company as the Directors may think necessary for the administration of the Company, including but not limited to, the office of, chief executive officer, president, one or more vice-presidents, treasurer, assistant treasurer, manager or controller, and for such term and at such remuneration (whether by way of salary or commission or participation in profits or otherwise or partly in one way and partly in another), and with such powers and duties as the Directors may think fit. Any person so appointed by the Directors may be removed by the Directors.
118. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.
119. The Directors may from time to time provide for the management of the affairs of the Company in such manner as they shall think fit and the provisions contained in the three next following Articles shall not limit the general powers conferred by this Article.
120. The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of such persons. Any committee, local board or agency so formed shall in the exercise of the powers delegated to it by the Directors conform to any regulations that may be imposed on it by the Directors.
121. The Directors from time to time and at any time may delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorise the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby PROVIDED THAT for any committee for which a director appointed by New Cotai is a member, the quorum necessary for the transaction of business at a meeting of such committee shall not include the Director appointed by New Cotai so long as due notice of the meeting has been provided.
122. Any such delegates as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities, and discretion for the time being vested in them.
123. All cheques, promissory notes, drafts, bills of exchange and other instruments, whether negotiable or transferable or not, and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Board of Directors shall from time to time by resolution determine. The Company's banking accounts shall be kept with such banker or bankers as the Board of Directors shall from time to time determine.
124. The following actions require the resolution approved by a supermajority of at least two-thirds of the vote of Directors at the board meeting:-
 - (a) subject to Article 185(2), any voluntary dissolution or liquidation of the Company; and

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- (b) the sale of all or substantially all of the assets of the Company.

BORROWING POWERS OF DIRECTORS

125. Subject to any express limitations set out in the Participation Agreement, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or part of its undertaking, property and uncalled capital or any part thereof, and subject to the Law to issue debentures, debenture shares and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

THE SEAL

126. (1) The Company shall have one or more Seals, as the Board of Directors may determine. For the purpose of sealing documents creating or evidencing securities issued by the Company, the Company may have a securities seal which is a facsimile of the Seal of the Company with the addition of the word "Securities" on its face or in such other form as the Board of Directors may approve. The Board of Directors shall provide for the custody of each Seal and no Seal shall be used without the authority of the Board of Directors or of a committee of the Board of Directors authorised by the Board of Directors in that behalf. Subject as otherwise provided in these Articles, any instrument to which a Seal is affixed shall be signed autographically by one Director and the Secretary or by two Directors or by such other person (including a Director) or persons as the Board of Directors may appoint, either generally or in any particular case, save that as regards any certificates for shares or debentures or other securities of the Company the Board of Directors may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature. Every instrument executed in any manner provided by this Article shall be deemed to be sealed and executed with the authority of the Board of Directors previously given.

(2) Where the Company has a Seal for use abroad, the Board of Directors may by writing under the Seal appoint any agent or committee abroad to be the duly authorised agent of the Company for the purpose of affixing and using such Seal and the Board of Directors may impose restrictions on the use thereof as may be thought fit. Wherever in these Articles reference is made to the Seal, the reference shall, when and so far as may be applicable, be deemed to include any such other Seal as aforesaid.

DISQUALIFICATION OF DIRECTORS

127. If the number of Directors appointed by a person under Articles 96, 97, 100 or 101 is greater than the number of Directors entitled to be appointed by that person under the relevant Article, then that person shall, within two business days of ceasing to be so entitled, give notice to the Company removing that number of Directors in excess of its entitlement.
128. If any person to whom Article 127 applies does not give notice removing the required number of Directors within the period specified in that clause, any person entitled to appoint a Director under Articles 96, 97, 100 or 101 may give such a notice removing any such Directors.
129. The office of Director shall be vacated if:
- (a) a Director resigns his office by notice in writing to the Company;
 - (b) a Director dies;
 - (c) an order is made by any competent court or official on the grounds that a Director is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and a majority of the Directors resolve that his office be vacated;



- (d) without leave, a Director is absent from meetings of the Board of Directors (unless an alternate Director appointed by him attends in his place) for a continuous period of 6 months, and a majority of the Directors resolve that his office be vacated;
- (e) a Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (f) a Director ceases to be or is prohibited from being a Director by law or by virtue of any provisions in these Articles;
- (g) a Director is removed from office by notice in writing served upon him signed by not less than a majority in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office; provided that a Director appointed by a Member may only be removed by that Member pursuant to Articles 96 through 103 and Articles 127 and 128; or
- (h) a Director is removed from office pursuant to Article 98 or 102.

REGISTER OF DIRECTORS AND OFFICERS

130. The Company shall cause to be kept in one or more books at its Office a Register of Directors and Officers in which there shall be entered the full names and addresses of the Directors and Officers and such other particulars as required by the Law or as the Directors may determine. The Company shall send to the Registrar of Companies in the Cayman Islands a copy of such register, and shall from time to time notify to the said Registrar of Companies of any change that takes place in relation to such Directors and Officers as required by the Law.

PROCEEDINGS OF DIRECTORS

131. The Directors may meet together (either within or outside the Cayman Islands) to conduct business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the Chairman shall have a second casting vote. A Director may, and a Secretary or Assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors by at least two clear days' notice in writing to every other Director, alternate Director and Observer.
132. A Director or Directors may participate in any meeting of the Board of Directors, or of any committee appointed by the Board of Directors of which such Director or Directors are members, by means of telephone or similar communication equipment by way of which all persons participating in such meeting can hear each other and such participation shall be deemed to constitute presence in person at the meeting.
133. The quorum necessary for the transaction of the business of the Directors shall be no less than a majority in number (or, if that is not a round number, the nearest lower round number) of the Directors entitled to vote at the meeting. Where a Director has appointed an alternate Director in accordance with Article 111 in respect of any Affected Meeting, the alternate Director shall be counted in place of the Appointing Director for the purposes of determining whether or not a quorum is present at the Affected Meeting. Any Director may attend a meeting acting for himself and as an alternate for any other Director(s) and in such circumstances in calculating the quorum, that Director shall be counted in his personal capacity and for each such alternate appointment.
134. A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors. A general notice given to the Directors by any Director to the effect that he is a member of any specified company or firm and is to be regarded as interested in any contract which may thereafter be made with that company or firm shall be deemed a sufficient declaration of interest in regard to any contract so made. A Director may be counted in the quorum at any meeting of the Directors at which any such contract or proposed contract or arrangement shall come before the meeting for consideration and may vote in respect of any contract or proposed contract or arrangement notwithstanding that he may be interested therein and if he does so his vote shall be counted.



135. A Director may hold any other office, position or place of profit with the Company (other than the office of auditor) in conjunction with his office of Director for such period and, subject to Article 134, on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or intending Director shall be disqualified from holding office by contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting of the Directors whereat he is to be appointed to hold any such office, position or place of profit with the Company or whereat the terms of any such appointment are to be approved or arranged and he may vote on any such appointment or arrangement.
136. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
137. Any Director who ceases to be a Director at a Board of Directors meeting may continue to be present and to act as a Director and be counted in the quorum until the termination of such Board meeting if no other Director objects and if otherwise a quorum of Directors would not be present.
138. The Directors shall cause minutes to be made in books or loose-leaf folders provided for the purpose of recording:
- (a) all appointments of officers made by the Directors;
 - (b) the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and
 - (c) all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.
139. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be deemed to have been duly held notwithstanding that all the Directors have not actually come together or that there may have been a technical defect in the proceedings.
140. A resolution in writing signed by (i) all the Directors (except those who have appointed an alternate Director in accordance with Article 111, if any), and (ii) all the alternate Directors appointed in accordance with Article 111, if any, shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted. When signed a resolution may consist of several documents each signed by one or more of the Directors.
141. The continuing Director(s) may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the minimum number of Directors, the continuing Director(s) may act for the purpose of increasing the number of Directors, or of summoning a general meeting of the Company, but for no other purpose.



142. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within half an hour after the time appointed for holding the meeting, the members present may choose one of their number to be chairman of the meeting.
143. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
144. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

PRESUMPTION OF ASSENT

145. A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the Minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person promptly after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

DIVIDENDS, DISTRIBUTIONS AND RESERVE

146. Subject to Article 11(e) or Article 12(e) and any rights and restrictions for the time being attached to any class or classes of shares and these Articles, the Directors may from time to time declare dividends (including interim dividends) and other distributions on Class A Ordinary Shares in issue and authorise payment of the same out of the funds of the Company lawfully available therefor.
147. Notice of any dividend that may have been declared shall be given to each Member holding Class A Ordinary Shares or Class B Ordinary Shares and all dividends unclaimed for one year after having been declared may be forfeited by resolution of the Directors for the benefit of the Company. For the avoidance of doubt, this Article 147 shall not require a separate or duplicate notice to be provided to a Member holding Class B Ordinary Shares to the extent such Member is already entitled to receive a substantially similar notice as a Participant under the Participant Agreement.
148. The Directors may, before recommending or declaring any dividend, set aside out of the funds legally available for distribution such sums as they think proper as a reserve or reserves which shall, at the discretion of the Directors be applicable for meeting contingencies, or for equalising dividends or for any other purpose to which those funds be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Directors may from time to time think fit.
149. Any dividend may be paid by cheque sent through the post to the registered address of the Member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address or to such person and such address as the Member or person entitled, or such joint holders as the case may be, may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to the order of such other person as the Member or person entitled, or such joint holders as the case may be, may direct.

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150. The Directors when paying dividends to the Members in accordance with the foregoing provisions may make such payment either in cash or in specie.
151. Subject to any rights and restrictions for the time being attached to any class or classes of shares, all dividends shall be declared and paid according to the amounts paid on the shares, but if and so long as nothing is paid up on any of the shares in the Company dividends may be declared and paid according to the par value of the shares. No amount paid on a share in advance of calls shall, while carrying interest, be treated for the purposes of this Article as paid on the share.
152. If several persons are registered as joint holders of any share, any of them may give effectual receipts for any dividend or other moneys payable on or in respect of the share.
153. No dividend or other moneys payable by the Company on or in respect of any share shall bear interest against the Company.

BOOK OF ACCOUNTS

154. The books of account relating to the Company's affairs shall be kept in such manner as may be determined from time to time by the Directors.
155. The books of account shall be kept at the Office, or at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.
156. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorised by the Directors or by the Company by Ordinary Resolution.
157. The accounts relating to the Company's affairs shall be audited in such manner and with such financial year end as may be determined from time to time by the Directors or failing any determination as aforesaid shall not be audited.

ANNUAL RETURNS AND FILINGS

158. The Board shall make the requisite annual returns and any other requisite filings in accordance with the Law.

AUDIT

159. The Directors may appoint an auditor of the Company who shall hold office until removed from office by a resolution of the Directors and may fix his or their remuneration.
160. Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and Officers of the Company such information and explanation as may be necessary for the performance of the duties of the auditors.
161. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment, and at any time during their term of office, upon request of the Directors or any general meeting of the Members.

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162. The Directors in each year shall prepare, or cause to be prepared, an annual return and declaration setting forth the particulars required by the Law and deliver a copy thereof to the Registrar of Companies in the Cayman Islands.

OFFICERS AND AGENTS

163. Subject to Article 117, the Company may have a Chief Executive Officer, one or more Vice Presidents and Chief Financial Officer, President, a Secretary or Secretary-Treasurer appointed by the Directors. The Directors may also from time to time appoint such other officers as they consider necessary, all for such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors from time to time decide.
164. The Officers shall perform such duties as are prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by resolution of the Directors. In the absence of any specific prescription of duties it shall be the responsibility of the Chairman of the Board to preside at meetings of directors and general meetings, the president to manage the day to day affairs of the Company, the vice-presidents to act in order of seniority in the absence of the president but otherwise to perform such duties as may be delegated to them by the president, the secretaries to maintain the Register, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.
165. The officers of the Company shall hold office until their successors are duly appointed, but any officer elected or appointed by the directors may be removed at any time, with or without cause, by resolution of the Directors. Any vacancy occurring in any office of the Company may be filled by resolution of the Directors.
166. The directors may, by a resolution of the Directors, appoint any person, including a person who is a director, to be an agent of the Company. An agent of the Company shall have such powers and authority of the directors, including the power and authority to affix the Seal, as are set forth in the Articles or in the resolution of the Directors appointing the agent. The resolution of the Directors appointing an agent may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company. The Directors may by resolution of the Directors remove an agent appointed by the Company and may revoke or vary a power conferred on him.

CONFLICT OF INTERESTS

167. A Director of the Company shall, forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to all other Directors of the Company.
168. For the purposes of Article 167, a disclosure to all other Directors to the effect that a Director is a member, director or officer of another named entity or has a fiduciary relationship with respect to the entity or a named individual and is to be regarded as interested in any transaction which may, after the date of the entry or disclosure, be entered into with that entity or individual, is a sufficient disclosure of interest in relation to that transaction.
169. Subject to compliance with Article 167 and Article 134, a Director who is interested in a transaction entered into or to be entered into by the Company may:
- (a) vote on a matter relating to the transaction;

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- (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purposes of a quorum; and
 - (c) sign a document on behalf of the Company, or do any other thing in his capacity as a Director, that relates to the transaction,
- and, subject to compliance with the Law shall not, by reason of his office be accountable to the Company for any benefit which he derives from such transaction and no such transaction shall be liable to be avoided on the grounds of any such interest or benefit.

CAPITALISATION OF RESERVES

170. Subject to the Law and these Articles, the Directors may:

- (a) resolve to capitalise an amount standing to the credit of reserves (including a share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;
- (b) appropriate the sum resolved to be capitalised to the Members in proportion to the nominal amount of shares (whether or not fully paid) held by them respectively and apply that sum on their behalf in or towards:
 - (i) paying up the amounts (if any) for the time being unpaid on shares held by them respectively; or
 - (ii) paying up in full unissued shares or debentures of a nominal amount equal to that sum,and allot the shares or debentures, credited as fully paid, to the Members (or as they may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, the capital redemption reserve and profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued shares to be allotted pro rata to Members credited as fully paid;
- (c) make any arrangements they think fit to resolve a difficulty arising in the distribution of a capitalised reserve and in particular, without limitation, where shares or debentures become distributable in fractions the Directors may deal with the fractions as they think fit;
- (d) authorise a person to enter (on behalf of all the Members concerned) an agreement with the Company providing for either:
 - (i) the allotment to the Members respectively, credited as fully paid, of shares or debentures to which they may be entitled on the capitalisation, or
 - (ii) the payment by the Company on behalf of the Members (by the application of their respective proportions of the reserves resolved to be capitalised) of the amounts or part of the amounts remaining unpaid on their existing shares,and any such agreement made under this authority being effective and binding on all those Members; and
- (e) generally do all acts and things required to give effect to any of the actions contemplated by this Article.

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SHARE PREMIUM ACCOUNT

171. The Directors shall in accordance with Section 34 of the Law establish a share premium account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any share.
172. There shall be debited to any share premium account on the redemption or purchase of a share the difference between the nominal value of such share and the redemption or purchase price provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by Section 37 of the Law, out of capital.

NOTICES

173. Except as otherwise provided in these Articles, any notice or document may be served by the Company or by the person entitled to give notice to any Member either personally, by facsimile or by sending it through the post in a prepaid letter or via a recognised courier service, fees prepaid, addressed to such Member at his address as appearing in the Register or, to the extent permitted by all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the Member to the Company or by placing it on the Company's Website provided that the Company has obtained the Member's prior express positive confirmation in writing to receive notices in such manner. In the case of joint holders of a share, all notices shall be given to that holder for the time being whose name stands first in the Register and notice so given shall be sufficient notice to all the joint holders.
174. Any Member present, either personally or by proxy, at any meeting of the Company shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
175. Any notice or other document, if served by (a) post, shall be deemed to have been served five clear days after the time when the letter containing the same is posted and if served by courier, shall be deemed to have been served five clear days after the time when the letter containing the same is delivered to the courier (in proving such service it shall be sufficient to prove that the letter containing the notice or document was properly addressed and duly posted or delivered to the courier), or (b) facsimile, shall be deemed to have been served upon confirmation of receipt, or (c) recognised delivery service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service and in proving such service it shall be sufficient to provide that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier or (d) electronic means as provided herein shall be deemed to have been served and delivered at the expiration of 24 hours after the time it was sent.
176. Any notice or document delivered or sent to any Member pursuant to these Articles shall notwithstanding that such Member be then deceased and whether or not the Company has notice of his death, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member until some other person be registered in his stead as the holder or joint holder thereof, and such service shall for all purposes of these Articles be deemed a sufficient service of such notice or document on his personal representatives and all persons (if any) jointly interested with him in any such shares.

INFORMATION

177. No Member shall be entitled to require discovery of any information which is or may be in the nature of a trade secret or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board would not be in the interests of the Company to communicate to the public.

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178. The Board shall be entitled to release or disclose any information in its possession, custody or control regarding the Company or its affairs to any of its Members including, without limitation, information contained in the Register and transfer books of the Company.

INDEMNITY

179. Every Director (including for the purposes of this Article any alternate Director appointed pursuant to the provisions of these Articles), Secretary, assistant Secretary, or other officer for the time being and from time to time of the Company (but not including the Company's auditors) and the personal representatives of the same (each an "**Indemnified Person**") shall to the fullest extent permitted by Law be indemnified and secured harmless against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such Indemnified Person, other than by reason of such Indemnified Person's own dishonesty, wilful default or fraud, in or about the conduct of the Company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by such Indemnified Person in defending (whether successfully or otherwise) any civil proceedings concerning the Company or its affairs in any court whether in the Cayman Islands or elsewhere. For the avoidance of doubt, the Company may enter into an agreement with any Director or officer of the Company in respect of indemnification or exculpation in terms of which differ from the provisions of this Article.
180. No Indemnified Person shall be liable:
- (a) for the acts, receipts, neglects, defaults or omissions of any other Director or officer or agent of the Company; or
 - (b) for any loss on account of defect of title to any property of the Company; or
 - (c) on account of the insufficiency of any security in or upon which any money of the Company shall be invested; or
 - (d) for any loss incurred through any bank, broker or other similar Person; or
 - (e) for any loss occasioned by any negligence, default, breach of duty, breach of trust, error of judgement or oversight on such Indemnified Person's part; or
 - (f) for any loss, damage or misfortune whatsoever which may happen in or arise from the execution or discharge of the duties, powers, authorities, or discretions of such Indemnified Person's office or in relation thereto;
- unless the same shall happen through such Indemnified Person's own dishonesty, wilful default or fraud.
181. The Company may purchase and maintain insurance in relation to any person who is or was a Director, Officer or liquidator of the Company, or who at the request of the Company is or was serving as a Director, Officer or liquidator of, or in any other capacity is or was acting for, another company or a partnership, joint venture, trust or other enterprise, that provides a level of coverage consistent with that maintained by similarly sized companies that engage in activities similar to those undertaken by the Group, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability as provided in the Articles.

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NON-RECOGNITION OF TRUSTS

182. No person shall be recognised by the Company as holding any share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent or future interest in any of its shares or any other rights in respect thereof except an absolute right to the entirety thereof in each Member registered in the Register.

FINANCIAL YEAR

183. Unless the Directors otherwise prescribe, the financial year of the Company shall end on December 31st in each year and shall begin on January 1st in each year.

WINDING UP

184. A resolution that the Company be wound up by the court or be wound up voluntarily shall be a Special Resolution, except where the Company is to be wound up voluntarily because it is unable to pay its debts as they may fall due in which event the resolution shall be an Ordinary Resolution.
185. (1) Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares) of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares) in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares) as such shall be insufficient to repay the whole of the paid-up capital such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares) in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.
- (2) If the Company shall be wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the authority of an Ordinary Resolution and any other sanction required by the Law, divide among the holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares) in specie or kind the whole or any part of the assets of the Company and whether or not the assets shall consist of properties of one kind or shall consist of properties to be divided as aforesaid of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares). The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of the holders of Class A Ordinary Shares (but not the holders of Class B Ordinary Shares) as the liquidator with the like authority shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

AMENDMENT OF ARTICLES OF ASSOCIATION

186. Subject to the Law and the rights attaching to the various classes of shares (including pursuant to Article 29), the Company may at any time and from time to time by Special Resolution alter or amend these Articles in whole or in part.

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187. (1) In the event that the Company or any Affiliate of the Company receives a written notice (“**Gaming Authority Notice**”) from a Gaming Authority to whose jurisdiction the Company or any Affiliate of the Company is subject, setting out the name of a Person who is considered by a Gaming Authority to be an Unsuitable Person, then forthwith upon the Company serving a copy of such Gaming Authority Notice on the relevant parties, and until the shares Owned or Controlled by such Person or its Affiliate are Owned or Controlled by a Person who is not an Unsuitable Person, the Unsuitable Person or any Affiliate of an Unsuitable Person shall: (i) either sell or transfer all of the shares to a Person who is not an Unsuitable Person, or allow the redemption or repurchase of the shares by the Company on such terms, including the Redemption Price, and in such manner as the Directors may determine and agree with the Member, within such period of time as may be specified by a Gaming Authority; (ii) not be entitled to receive any dividend (save, to the extent not prohibited by the Law and the Gaming Authority Notice, for any dividend declared prior to any receipt of any Gaming Authority Notice under this Article but not yet paid), interest or other distribution of any kind with regard to the shares; (iii) not be entitled to receive any remuneration in any form from the Company or a Subsidiary for services rendered or otherwise, and/or (iv) not be entitled to exercise, directly or indirectly or through any proxy, trustee, or nominee, any voting or other right conferred by such shares. In this Article, “**relevant parties**” means the Person considered by the Gaming Authority to be Unsuitable to be a Member, any intermediaries or representatives of such Person, any entities through which such Person holds an interest in shares of the Company, or any other third parties to whom disclosure of the aforementioned notice of the Gaming Authority is necessary or expedient.
- (2) Subject to Applicable Laws and regulations, shares Owned or Controlled by an Unsuitable Person or an Affiliate of an Unsuitable Person shall be subject to compulsory redemption by the Company, out of funds legally available therefor, by a resolution of the Board of Directors, to the extent required by the Gaming Authority making the determination of Unsuitability or to the extent deemed necessary or advisable by the Board of Directors having regard to relevant Gaming Laws. If a Gaming Authority directly or indirectly requires the Company, or if the Board of Directors deems it necessary or advisable, to redeem the shares of a Member under this Article, the Company shall give a Redemption Notice to such Member and shall redeem on the Redemption Date the number of shares specified in the Redemption Notice for the Redemption Price set forth in the Redemption Notice. Upon such compulsory redemption under this Article being exercised by the Company against a Member, such Member will be entitled to receive the Redemption Price in respect of his shares so redeemed, and from the day on which such compulsory redemption is effected, shall have no other Member’s rights except the right to receive the Redemption Price and, to the extent not prohibited by the Law and any Gaming Authority Notices, the right to receive any dividends declared prior to any receipt of any Gaming Authority Notice under these Articles but not yet paid provided however that upon service of a copy of the Gaming Authority Notice on any relevant party, such Member’s rights will be limited upon such service of the Gaming Authority Notice as provided in paragraphs (i) to (iv) of the preceding Article.
- (3) If any shares of the Company are held in a street name, by a nominee, an agent or in trust, the holder of the shares entered in the Register may be required by the Company to disclose to it the identity of the beneficial owner of the shares. The Company may thereafter disclose the identity of the beneficial owner to a Gaming Authority. Each holder of the shares entered in the Register shall render maximum assistance to the Company in determining the identity of the beneficial owner of the relevant shares. A failure of a holder of the shares entered in the Register to disclose the identity of the beneficial owner of shares shall enable the Directors to make a finding of Unsuitability if so required by a Gaming Authority.



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- (4) Any Unsuitable Person and any Affiliate of an Unsuitable Person shall indemnify and hold harmless the Company and its Affiliates for any and all losses, costs, and expenses, including legal fees, incurred by the Company and its Affiliates as a result of, or arising out of, such Unsuitable Person's or Affiliate's continuing Ownership or Control of shares, the neglect, refusal or other failure to comply with this Article, or failure to promptly divest itself of any shares when required by the Gaming Laws or this Article.

REGISTRATION BY WAY OF CONTINUATION

188. The Company may by Special Resolution resolve to be registered by way of continuation in a jurisdiction outside the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Companies to deregister the Company in the Cayman Islands or such other jurisdiction in which it is for the time being incorporated, registered or existing and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

MERGERS AND CONSOLIDATION

189. The Company may merge or consolidate in accordance with the Law.

DISCLOSURE

190. The Directors, or any authorised service providers (including the Officers, the Secretary and the registered office agent of the Company), shall be entitled to disclose to any regulatory or judicial authority, or to the NYSE or any other any stock exchange on which the shares may from time to time be listed, any information regarding the affairs of the Company including, without limitation, information contained in the Register and books of the Company.

SUPREMACY OF INITIAL SHAREHOLDERS AGREEMENT

191. For so long as the Initial Shareholders Agreement has not been terminated or amended and restated by a binding agreement: (a) all of the provisions relating to the Company contained or referred to in the Initial Shareholders Agreement are hereby incorporated into these Articles, (b) if any provisions of these Articles are at any time inconsistent with any of the provisions of the Initial Shareholders Agreement, the provisions of the Initial Shareholders Agreement shall prevail as between the Members only to the extent of that inconsistency, and (c) at the written request of any party to the Initial Shareholders Agreement, the Members shall exercise all voting and other rights and powers available to them to procure the amendment of these Articles to the extent necessary to enable the control, direction, business and affairs of the Company to be carried out in accordance with the Initial Shareholders Agreement.
192. Notwithstanding anything to the contrary set forth in the Memorandum of Association and these Articles (including but not limited to Article 191) or the Initial Shareholders Agreement, Article 191 shall be of no further effect upon the consummation of an initial public offering of ADSs representing the Class A Ordinary Shares.

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CORPORATE OPPORTUNITY

193. To the fullest extent permitted by Applicable Law, the Company renounces any interest or expectancy of the Company in, or in being offered an opportunity to participate in, any Excluded Opportunity. For the purposes of this Article, an “**Excluded Opportunity**” is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any Director or alternate Director (each a “**Covered Person**”), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person in such Covered Person’s position, role, title, activities in his or her capacity as, or duties in respect of the Company as, a Director or alternate Director. Notwithstanding the foregoing, the Company may pursue and/or participate in an Excluded Opportunity with the consent of the Covered Person who has received, acquired, created, developed or otherwise come into the possession of such Excluded Opportunity.

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BRITISH VIRGIN ISLANDS
BVI BUSINESS COMPANIES ACT, 2004

MEMORANDUM

AND

ARTICLES OF ASSOCIATION

OF

MSC COTAI LIMITED

FIRST INCORPORATED THE 7TH DAY OF SEPTEMBER, 2018

Estera Corporate Services (BVI) Limited
Jayla Place, Wickhams Cay 1
Road Town, Tortola
British Virgin Islands

TERRITORY OF THE BRITISH VIRGIN ISLANDS

BVI BUSINESS COMPANIES ACT, 2004

MEMORANDUM OF ASSOCIATION

OF

MSC COTAI LIMITED

NAME

1. The name of the Company is **MSC Cotai Limited** (the “**Company**”).

CHANGE OF NAME

2. The Company may by Resolution of Shareholders or Resolution of Directors resolve to change its name and make application to the Registrar of Corporate Affairs in the approved form to give effect to such change of name in accordance with section 21 of the Act.

TYPE OF COMPANY

3. The Company is a company limited by shares.

REGISTERED OFFICE AND REGISTERED AGENT

4. The first Registered Office of the Company will be situated at the offices of Estera Corporate Services (BVI) Limited of Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands.
5. The first Registered Agent of the Company will be Estera Corporate Services (BVI) Limited of Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands.
6. The Company may, by Resolution of Shareholders or by Resolution of Directors, change the location of its Registered Office or change its Registered Agent and any such changes shall take effect on the registration by the Registrar of Corporate Affairs of a notice of change, filed by the existing Registered Agent or a legal practitioner in the British Virgin Islands acting on behalf of the Company.

LIMITATIONS ON BUSINESS OF COMPANY

7. The business and activities of the Company are limited to those businesses and activities which it is not prohibited from engaging in under any law for the time being in force in the British Virgin Islands.
8. Subject to the Act, any other enactment and this Memorandum (including, without limitation, paragraph 7 immediately above of this Memorandum) and the Articles, the Company has:
 - (a) full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and

- (b) for the purposes of paragraph (a) immediately above, full rights, powers and privileges.

NUMBER, CLASSES AND PAR VALUE OF SHARES

9. The Company is authorised to issue a maximum of 1,927,488,240 ordinary shares, with a par value of US\$0.0001 each, of a single Class to STUDIO CITY INTERNATIONAL HOLDINGS LIMITED which shares shall be issued fully paid or credited as fully paid.

RIGHTS, PRIVILEGES, RESTRICTIONS AND CONDITIONS OF SHARES

10. All Shares shall (in addition and subject to any rights, privileges, restrictions and conditions attaching to any of the Shares as provided for elsewhere in this Memorandum or in the Articles):
- (a) have the right to one vote on any Resolution of Shareholders;
 - (b) have equal rights with regard to dividends; and
 - (c) have equal rights with regard to distributions of the surplus assets of the Company.
11. For the purposes of section 9 of the Act, any rights, privileges, restrictions and conditions attaching to any of the Shares as provided for in the Articles are deemed to be set out and stated in full in this Memorandum.

FRACTIONAL SHARES

12. The Company may issue Fractional Shares. A Fractional Share shall have the corresponding fractional rights, obligations and liabilities of a whole Share of the same Class. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

VARIATION OF CLASS RIGHTS AND PRIVILEGES

13. If at any time, there are different Classes or Series of Shares in issue, unless otherwise provided by the terms of issue of the Shares of that Class or Series, the rights and privileges attaching to any such Class or Series of Shares may, whether or not the Company is being wound up, be varied or abrogated with a resolution or the consent in writing of the holders of not less than three-fourths of the issued Shares of that Class or Series and of the holders of not less than three-fourths of the issued Shares of any other Class or Series of Shares which may be adversely affected by such variation.

RIGHTS AND PRIVILEGES NOT VARIED BY THE ISSUE OF SHARES PARI PASSU

14. The rights and privileges conferred upon the Shareholder of any Class of Shares issued with preferred or other rights and privileges shall not, unless otherwise expressly provided by the terms of issue of the Shares of that Class, be deemed to be varied by the creation or issue of further Shares ranking *pari passu* therewith.

CHANGES TO SHARES

15. Subject to complying with Article 9 of the Articles, the Company may by a Resolution of Shareholders amend this Memorandum to increase or reduce the number of Shares the Company is authorised to issue.

16. The Company may by a Resolution of Shareholders:
- (a) divide the Shares, including issued Shares, of a Class or Series into a larger number of Shares of the same Class or Series; or
 - (b) combine the Shares, including issued Shares, of a Class or Series into a smaller number of Shares of the same Class or Series;
- provided, however, that where Shares with a par value are divided or combined under paragraph 16 (a) or (b) above, the aggregate par value of the new Shares must be equal to the aggregate par value of the original Shares.
17. For the purposes of section 36(1)(f) of the Act, Shares in the Company may, where issued in, or converted to, one Class or Series, be converted to another Class or Series in any manner specified in paragraph 17 (a), (b) or (c) below:
- (a)
 - (i) the amendment and/or restatement of this Memorandum and the Articles by Resolution of Shareholders to re-designate the Shares, including as regards their description and par value, and vary and/or abrogate any of the rights, privileges, restrictions and conditions attaching to the Shares;
 - (ii) the passing of any resolution or execution of any written consent of the holders of the relevant Shares and any other Class or Series of Shares, where required pursuant to this Memorandum and the Articles;
 - (iii) if required by the Directors, the delivery to the Company of the existing share certificates in respect of the Shares being re-designated; and
 - (iv) the amendment of the Register of Members as required to reflect the re-designation made pursuant to paragraph 17 (a) (i) above; or
 - (b)
 - (i) the repurchase and cancellation of existing Shares in consideration for the issue of new Shares of a different Class or Series;
 - (ii) the passing of any resolution or execution of any written consent of the holders of the relevant Shares and any other Class or Series of Shares, where required pursuant to this Memorandum and the Articles;
 - (iii) if required by the Directors, the delivery to the Company of the existing share certificates in respect of the Shares to be converted; and
 - (iv) the amendment of the Register of Members as required to reflect the cancellation and issue made pursuant to paragraph 17 (b) (i) above; or
 - (c) in any other manner permitted by the Act, this Memorandum and the Articles.

NO BEARER SHARES

18. The Company is not authorised to issue bearer shares and all Shares shall be issued as registered shares.

NO EXCHANGE FOR BEARER SHARES

19. Shares may not be exchanged for, or converted into, bearer shares.

TRANSFERS OF SHARES

20. Subject to the provisions of this Memorandum and the Articles (including but not limited to paragraph 21 below), Shares in the Company may be transferred.
21. No share may be transferred and any purported transfer of shares shall be void if, upon the advice of US tax counsel, such transfer would cause the Company to be treated as a publicly traded partnership or to be classified as a corporation for U.S. Tax Purposes, in each case, pursuant to section 7704 of the Code. The Directors shall refuse to register any such transfers.

AMENDMENT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

22. The Company may amend its Memorandum or Articles by a Resolution of Shareholders or by a Resolution of Directors except that the Directors have no power to amend the Memorandum or the Articles:
- (a) to restrict the rights or powers of the Shareholders to amend the Memorandum or the Articles;
 - (b) to change the percentage of Shareholders required to pass a resolution to amend the Memorandum or the Articles;
 - (c) in circumstances where the Memorandum or the Articles cannot be amended by the Shareholders; or
 - (d) to change the provisions of paragraphs 9, 10, 11, 13, 14, 15, 16, 17, 18, 19 or 22 of this Memorandum.

DEFINITIONS

23. Words used in this Memorandum and not defined herein shall have the meanings set out in the Articles.

SHAREHOLDER LIABILITY

24. Subject to the provisions of this Memorandum and the Articles, the liability of a Shareholder to the Company, as shareholder, is limited to:
- (a) any amount unpaid on a Share held by the Shareholder;
 - (b) (where applicable) any liability expressly provided for in this Memorandum or the Articles; and
 - (c) any liability to repay a distribution under section 58(1) of the Act.

25. A Shareholder has no liability, as a member, for the liabilities of the Company.

SEPARATE LEGAL ENTITY AND PERPETUAL EXISTENCE

26. In accordance with section 27 of the Act, the Company is a legal entity in its own right separate from its Shareholders and continues in existence until it is dissolved.

EFFECT OF MEMORANDUM AND ARTICLES OF ASSOCIATION

27. In accordance with section 11(1) of the Act, this Memorandum and the Articles are binding as between:
- (a) the Company and each Shareholder of the Company; and
 - (b) each Shareholder of the Company.
28. In accordance with section 11(2) of the Act, the Company, the board of Directors, each Director and each Shareholder of the Company has the rights, powers, duties and obligations set out in the Act except to the extent that they are negated or modified, as permitted by the Act, by this Memorandum or the Articles.
29. In accordance with section 11(3) of the Act, this Memorandum and the Articles have no effect to the extent that they contravene or are inconsistent with the Act.

We, Estera Corporate Services (BVI) Limited of Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign our name to this Memorandum of Association this 7th day of September, 2018.

Incorporator

/s/ Shanique Creque

Shanique Creque

For and on behalf of

Estera Corporate Services (BVI) Limited

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ARTICLES OF ASSOCIATION

OF

MSC Cotai Limited

The following shall comprise the Articles of Association of **MSC Cotai Limited** (the “Company”).

INTERPRETATION

1. In these Articles the following defined terms will have the meanings ascribed to them, if not inconsistent with the subject or context:

“**Act**” means the BVI Business Companies Act, 2004, including any modification, amendment, extension, re-enactment or renewal thereof and any regulations made thereunder;

“**Affiliate**” means a Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, a specified Person;

“**Articles**” means these articles of association of the Company, as amended and/or restated from time to time;

“**Class**” or “**Classes**” means any class or classes of Shares as may from time to time be issued by the Company;

“**Code**” means the United States Internal Revenue Code of 1986, as in effect from time to time.

“**Directors**” means the directors of the Company for the time being, or as the case may be, the directors assembled as a board or as a committee thereof, and “**Director**” means any one of them;

“**Distributed Right**” means any right, option, or warrant granted by SCIH to all holders of SCIH Class A Ordinary Shares to subscribe for, purchase, or otherwise acquire SCIH Class A Ordinary Shares, or other securities or rights convertible into, or exchangeable or exercisable for, SCIH Class A Ordinary Shares.

“**Distribution**” means, subject to the Act, in relation to a distribution by the Company to a Shareholder:

- (a) the direct or indirect transfer of an asset, other than Shares, to or for the benefit of the Shareholder; or
- (b) the incurring of a debt to or for the benefit of the Shareholder,

in relation to the Shares held by the Shareholder, and whether by means of the purchase of an asset, the purchase, redemption or other acquisition of Shares, a transfer of indebtedness or otherwise, and includes a dividend;

“Equity Plan” means any compensation plan, agreement, or other arrangement that provides for the grant or issuance of equity or equity-based awards (including share options) and that is approved by SCIH for the benefit of any of the employees of SCIH, the Company, Newco, or any Subsidiaries or Affiliates of Newco or other service providers (including directors, advisers and consultants), or the employees or other services providers (including directors, advisers and consultants) of any of their respective Affiliates or Subsidiaries.

“Equity Securities” means, with respect to any Person, shares or equity securities or any securities convertible into or exchangeable or exercisable for any shares or equity securities of such Person;

“Fractional Share” means a fraction of a Share;

“Initial SCIH Shareholders Agreement” means the Shareholders Agreement dated July 27, 2011, as subsequently amended on September 25, 2012, May 17, 2013, June 3, 2014 and July 21, 2014, between MCE Cotai Investments Limited, an exempted company incorporated in the Cayman Islands, New Cotai, LLC, a limited liability company formed in Delaware, United States of America, Melco Resorts & Entertainment Limited (formerly known as Melco Crown Entertainment Limited), an exempted company incorporated in the Cayman Islands, and SCIH. For the avoidance of doubt, the Initial SCIH Shareholders Agreement shall not include any other amendments, restatements or amended and restated agreement thereto;

“Memorandum” means the memorandum of association of the Company, as amended and/or restated from time to time;

“Officer” means any Person appointed by the Directors as an officer of the Company and may include a chairman of the board of Directors, a vice chairman of the board of Directors, a president, one or more vice presidents, secretaries and treasurers and such other officers as may from time to time be deemed desirable but shall exclude any auditor appointed by the Company;

“Person” means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires;

“Register of Directors” means the register of the Directors of the Company required to be kept pursuant to the Act;

“Register of Members” means the register of the members of the Company required to be kept pursuant to the Act;

“Registered Agent” means the registered agent of the Company from time to time, as required by the Act;

“Registered Office” means the registered office of the Company from time to time, as required by the Act;

“Resolution of Directors” means, subject to the provisions of the Memorandum and these Articles, a resolution:

- (a) approved at a duly convened and constituted meeting of Directors or of a committee of Directors, by the affirmative vote of a simple majority of the Directors present at such meeting who voted and did not abstain; or
- (b) consented to in writing or by facsimile, electronic mail or other written electronic communications by a simple majority of the Directors (or a sole Director) or a simple majority of the members of a committee of Directors (or a sole member), as the case may be, in one or more instruments each signed by one or more of the Directors and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed.

Except as expressly provided to the contrary in the Memorandum and these Articles, each Director shall have one vote in relation to any Resolution of Directors. Where a Director is given more than one vote in any circumstances, he shall in the circumstances be counted for the purposes of establishing a majority, by the number of votes he casts;

“Resolution of Shareholders” means a resolution:

- (a) passed by a simple majority, or such larger majority as may be specified in the Memorandum or these Articles, of such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a meeting of Shareholders of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled; or
- (b) approved in writing by a majority of in excess of 50 per cent or if a higher majority is required by the Memorandum or these Articles, that higher majority, of the votes of those Shareholders entitled to vote at a meeting of Shareholders of the Company (or a sole Shareholder) in one or more instruments each signed by one or more of the Shareholders and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed;

“SCIH” means STUDIO CITY INTERNATIONAL HOLDINGS LIMITED, a company incorporated in the British Virgin Islands with BVI business company number 399970;

“SCIH Class A Ordinary Shares” means class A ordinary shares in the share capital of SCIH in issue from time to time;

“Seal” means the common seal of the Company;

“Secretary” means any Person appointed by the Directors to perform any of the duties of the secretary of the Company;

“Series” means a division of a Class as may from time to time be issued by the Company;

“Share” means an ordinary share in the Company issued subject to and in accordance with the provisions of the Act, the Memorandum and these Articles. For the avoidance of doubt in these Articles the expression **“Share”** shall include any Fractional Share;

“Shareholder” means a Person whose name is entered as a holder of one or more Shares in the Register of Members;

“signed” means bearing a signature or representation of a signature affixed by mechanical means;

“**Solvency Test**” means the solvency test prescribed by section 56 of the Act and set out in Article 123;

“**Subsidiary**” means, with respect to any Person:

(i) any corporation, association or other business entity of which (i) more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or shareholders’ agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity that is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof) or (ii) the composition of its board of directors is directly or indirectly controlled by such Person; and

(ii) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“**Treasury Shares**” means Shares that were previously issued but were purchased, redeemed or otherwise acquired by the Company and not cancelled;

“**Treasury Regulations**” means regulations promulgated by the U.S. Internal Revenue Service under the Code; and

“**U.S. Tax Purposes**” means, as the context requires, U.S. federal, state, and/or local income tax purposes.

2. In these Articles, save where the context requires otherwise:
 - (a) words importing the singular number shall include the plural number and vice versa;
 - (b) words importing the masculine gender only shall include the feminine gender and any Person as the context may require;
 - (c) the word “may” shall be construed as permissive and the word “shall” shall be construed as imperative;
 - (d) reference to a statutory enactment shall include reference to any amendment or re-enactment thereof for the time being in force;
 - (e) reference to any determination by the Directors shall be construed as a determination by the Directors in their sole and absolute discretion and shall be applicable either generally or in any particular case; and
 - (f) reference to “in writing” shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile or photograph or represented by any other substitute or format for storage or transmission for writing or partly one and partly another.
3. Subject to the last two preceding Articles, any words defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

PRELIMINARY

4. The business of the Company may be commenced at any time after incorporation.
5. The Registered Office shall be at such address in the British Virgin Islands as the Shareholders or Directors may from time to time determine. The Company may in addition establish and maintain such other offices and places of business and agencies in such places as the Directors may from time to time determine.
6. The expenses incurred in the formation of the Company and in connection with the offer for subscription and issue of Shares shall be paid by the Company.
7. The Directors shall keep, or cause to be kept, the original Register of Members at such place as the Directors may from time to time determine and, in the absence of any such determination, the original Register of Members shall be kept at the office of the Registered Agent. If the original Register of Members is not kept at the office of the Registered Agent, a copy of it shall be kept there.

SHARES

8. Subject to the Act, the Memorandum and these Articles (including but not limited to Articles 9 and 10), all Shares for the time being unissued shall be under the control of the Directors who may:
 - (a) issue, allot and dispose of the same to SCIH; and
 - (b) grant options with respect to Shares and issue warrants or similar instruments with respect thereto to SCIH;and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.
9. Notwithstanding any other provision of the Memorandum or these Articles and during such time as one or more participation arrangements or participation agreements into which the Company has entered remain in effect:
 - (a) the Company shall only issue ordinary Shares, Equity Securities or Corresponding Securities (defined below) of which all shall be issued fully paid or credited as fully paid to SCIH and SCIH shall be the sole Shareholder of the Company.
 - (b) the Company shall maintain the number of issued Shares so as to equal at all times the number of issued SCIH Class A Ordinary Shares and, in the event that any Equity Securities issued by SCIH are securities convertible into or exchangeable or exercisable for Equity Securities of SCIH (other than an option to purchase SCIH Class A Ordinary Shares in connection with any Equity Plan) (including Distributed Rights but excluding any option issued in connection with any Equity Plan), the Company shall, with respect to such convertible, exchangeable, or exercisable securities, issue to SCIH a like amount and type of convertible, exchangeable, or exercisable securities (“**Corresponding Securities**”) that shall convert into or be exchanged or exercised for Equity Securities of the Company at the same time(s) and in the same number(s) as the applicable securities of SCIH shall then convert or be exchanged or exercised into.
10. The pre-emption rights set out in section 46 of the Act shall not apply to the Company.

11. The Company may insofar as may be permitted by law, pay a commission in any form to any Person in consideration of his subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares. The Company may also pay such brokerage as may be lawful on any issue of Shares.
12. The Directors shall refuse to accept any application for Shares from any Person other than SCIH.
13. The Company may treat the holder of a Share as named in the Register of Members as the only Person entitled, with respect to such Share, to:
 - (a) exercise any voting rights attaching to such Share;
 - (b) receive notices;
 - (c) receive a Distribution; and
 - (d) exercise other rights and powers attaching to such Share.
14. The Company may, subject to the terms of the Act and these Articles issue bonus Shares.
15. Shares may, subject to the terms of the Act and these Articles, be issued for consideration in any form or a combination of forms, including money, a promissory note or other written obligation to contribute money or property, real property, personal property (including goodwill and know how), services rendered or a contract for future services. Shares may be issued for such amount of consideration as the Directors may from time to time by Resolution of Directors determine, except that in the case of Shares issued with a par value, the consideration paid or payable shall not be less than the par value.
16. When the consideration in respect of the Share has been paid or the Share has been issued as a bonus Share, that Share is for all purposes fully paid, but if a Share is not fully paid on issue, the Share shall be subject to forfeiture in the manner prescribed in these Articles.
17. Before issuing Shares for a consideration which is in whole or in part other than money, the Directors shall by a Resolution of Directors state:
 - (a) the amount to be credited for the issue of the Shares; and
 - (b) that, in their opinion, the present cash value of the non-money consideration and money consideration, if any, is not less than the amount to be credited for the issue of the Shares.
18. A Share issued by the Company upon conversion of, or in exchange for, another Share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the value of the consideration received or deemed to have been received by the Company in respect of the other Share, debt obligation or security.

PARTICIPATION

19. The Company may enter into participation arrangements or participation agreements and, in such event, the Company shall and the Shareholders shall procure that the Company shall comply with the terms of such participation arrangements or participation agreements.

CERTIFICATES

20. Unless the Directors otherwise determine, share certificates shall not be issued provided that the Company shall, at the request of a Shareholder, issue a share certificate evidencing the number and Class of Shares held by that Shareholder signed by a Director or such other Person who has been duly authorised by a Resolution of Directors (an “**Authorised Person**”) or under the Seal, with or without the signature of a Director or an Authorised Person. The signature of the Director or of the Authorised Person and the Seal may be a facsimile.

21. Any Shareholder receiving a share certificate for Shares shall indemnify and hold the Company and its Directors and Officers harmless from any loss or liability which it or they may incur by reason of the issue of that share certificate. If a share certificate for Shares is worn out or lost it may be renewed or replaced on production of the worn out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a Resolution of Directors.

FORFEITURE OF SHARES

22. Where Shares are not fully paid or deemed fully paid on issue or have been issued subject to forfeiture, the following provisions shall apply.
23. Written notice of a call specifying a date for payment to be made in respect of a Share shall be served on a Shareholder who defaults in making payment in respect of that Share.
24. The written notice referred to in the immediately preceding Article shall:
 - (a) name a further date not earlier than the expiration of fourteen days from the date of service of the notice on or before which the payment required by the notice is to be made; and
 - (b) contain a statement that in the event of non-payment at or before the time named in the notice the Shares, or any of them, in respect of which payment is not made will be liable to be forfeited.
25. Where a written notice has been issued under these Articles and the requirements have not been complied with, the Directors may at any time before tender of payment forfeit and cancel the Shares to which the notice relates.
26. The Company is under no obligation to refund any moneys to the Shareholder whose Shares have been forfeited and cancelled pursuant to these Articles. Upon forfeiture and cancellation of the Shares the Shareholder is discharged from any further obligation to the Company with respect to the Shares forfeited and cancelled.

TRANSFER OF SHARES

27. Subject to the Memorandum and these Articles (including, but without limitation, Article 9), Shares are transferred by a written instrument of transfer.
28. The instrument of transfer of any Share shall be in any usual or common form or such other form as the Directors may, in their absolute discretion, approve and be executed by or on behalf of the transferor and if so required by the Directors, shall also be executed by or on behalf of the transferee and shall, if required by the Directors, be accompanied by the certificate (if any) of the Shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer. The transferor shall be deemed to remain a Shareholder until the name of the transferee is entered in the Register of Members in respect of the relevant Shares.
29. The Directors may in their absolute discretion decline to register any transfer of Shares without assigning any reason therefor and shall decline to register any purported transfer of Shares in breach of paragraph 21 of the Memorandum.

30. The registration of transfers may be suspended at such times and for such periods as the Directors may from time to time determine.
31. All instruments of transfer effecting a transfer which is registered shall be retained by the Company, but any instrument of transfer relating to a transfer which the Directors decline to register shall (except in any case of fraud) be returned to the Person depositing the same.

TRANSMISSION OF SHARES

32. The legal personal representative of a deceased sole holder of a Share shall be the only Person recognised by the Company as having any title to the Share. In the case of a Share registered in the name of two or more holders, the survivors or survivor, or the legal personal representatives of the deceased survivor, shall be the only Person recognised by the Company as having any title to the Share.
33. Any Person becoming entitled to a Share in consequence of the bankruptcy of a Shareholder shall upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Shareholder in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the bankrupt Person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the bankrupt Person before the bankruptcy.
34. A Person becoming entitled to a Share by reason of the bankruptcy of a Shareholder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered Shareholder, except that he shall not, before being registered as a Shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

REDEMPTION AND PURCHASE OF SHARES

35. Subject to the Act, the Memorandum and these Articles (including, but without limitation, Article 9), including the Solvency Test where applicable, the Company may purchase, redeem or otherwise acquire its own Shares from one or more or all of the Shareholders:
 - (a) in accordance with Sections 60, 61, 62 or Part IX of the Act;
 - (b) in accordance with a right of a Shareholder to have his Shares purchased or redeemed, or to have his Shares exchanged for money or non-money consideration in any form or combination of forms, including a new issue of Shares by the Company;
 - (c) in accordance with a right of the Company to purchase or redeem Shares in exchange for money or non-money consideration in any form or combination of forms, including a new issue of Shares by the Company;
 - (d) in accordance with an agreement between the Shareholder and the Company pursuant to which the Shareholder agrees to sell and the Company agrees to purchase some or all of the Shares held by that Shareholder in exchange for money or non-money consideration in any form or combination of forms, including a new issue of Shares by the Company;
 - (e) for no consideration by way of surrender in writing of the Share or Shares to the Company signed by the Shareholder holding the Share or Shares; or
 - (f) in accordance with any other provisions of the Memorandum and Articles.

36. The Company may not purchase, redeem or otherwise acquire its own Shares without the consent of the Shareholders whose Shares are to be purchased, redeemed or otherwise acquired unless the Company is:
- (a) permitted by the Memorandum or these Articles; or
 - (b) entitled pursuant to the provisions of the Act, including for the avoidance of doubt Part IX,
- to purchase redeem or otherwise acquire the relevant Shares without the consent of such Shareholder.

TREASURY SHARES

37. Shares that the Company purchases, redeems or otherwise acquires pursuant to these Articles shall be cancelled immediately or, if the Directors so determine, held as Treasury Shares in accordance with the Act and Article 38.
38. Shares may only be purchased, redeemed or otherwise acquired and held as Treasury Shares where, when aggregated with the number of Shares of the same Class already held by the Company as Treasury Shares, the total number of Treasury Shares does not exceed 50 percent of the Shares of that Class previously issued by the Company, excluding those Shares that have been cancelled.
39. Where and for so long as Shares are held by the Company as Treasury Shares, all rights and obligations attaching to such Shares are suspended and shall not be exercised by or against the Company.
40. Treasury Shares may be disposed of by the Company only to SCIH on such terms and conditions (not otherwise inconsistent with the Memorandum and these Articles) as the Company may by Resolution of Directors determine.

MEETINGS OF SHAREHOLDERS

41. The Directors may, whenever they think fit, convene a meeting of Shareholders.
42. Shareholders' meetings shall also be convened on the requisition in writing of any Shareholder or Shareholders entitled to attend and vote at a meeting of the Shareholders of the Company on the matter for which the meeting is being requested holding at least thirty percent of outstanding Shares entitled to vote in the Company deposited at the Registered Office specifying the objects of the meeting for a date no later than twenty one days from the date of deposit of the requisition signed by the requisitionists, and if the Directors do not convene such meeting for a date not later than forty five days after the date of such deposit, the requisitionists themselves may convene the Shareholders' meeting in the same manner, as nearly as possible, as that in which Shareholders' meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the Shareholders' meeting shall be reimbursed to them by the Company.
43. If at any time there are no Directors, any two Shareholders (or if there is only one Shareholder then that Shareholder) entitled to vote at meetings of the Shareholders of the Company may convene a Shareholders' meeting in the same manner as nearly as possible as that in which Shareholders' meetings may be convened by the Directors.

NOTICE OF MEETINGS OF SHAREHOLDERS

44. At least two days' notice in writing counting from the date service is deemed to take place as provided in these Articles specifying the place, the day and the hour of the meeting and the general nature of the business to be considered at the meeting, shall be given in the manner hereinafter provided to such Persons as are, under these Articles, entitled to receive such notices from the Company.
45. A meeting of Shareholders held in contravention of the notice requirements set out above is valid if Shareholders holding not less than a ninety percent majority of the:
 - (a) total number of Shares entitled to vote on all matters to be considered at the meeting; or
 - (b) votes of each Class of Shares where Shareholders are entitled to vote thereon as a Class together with not less than an absolute majority of the remaining votes,have waived notice of the meeting and for this purpose presence at the meeting shall be deemed to constitute a waiver.
46. The accidental omission to give notice of a meeting to or the non-receipt of a notice of a meeting by any Shareholder shall not invalidate the proceedings at any meeting.

PROCEEDINGS AT SHAREHOLDERS' MEETINGS

47. No business shall be transacted at any Shareholders' meeting unless a quorum of Shareholders is present at the time when the meeting proceeds to business. Save as otherwise provided by these Articles, one or more Shareholders holding at least a majority of the Shares of the Company entitled to vote at the meeting, present in person or by proxy, shall form a quorum.
48. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Shareholder or Shareholders present and entitled to vote shall form a quorum.
49. If the Directors wish to make this facility available for a specific Shareholders' meeting or all Shareholders' meetings of the Company, participation in any Shareholders' meeting may be by means of a telephone or by other electronic means provided that all Persons participating in such meeting are able to hear each other and such participation shall be deemed to constitute presence in person at the meeting.
50. The chairman, if any, of the Directors shall preside as chairman at every Shareholders' meeting.
51. If there is no such chairman, or if at any Shareholders' meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any Director or Person nominated by the Directors shall preside as chairman, failing which the Shareholders present in person or by proxy holding a majority of the outstanding Shares on issue shall choose any Person present to be chairman of that meeting.
52. The chairman may with the consent of any Shareholders' meeting at which a quorum is present (and shall if so directed by the meeting) adjourn a meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting, or adjourned meeting, is adjourned for fourteen days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

53. The Directors may cancel or postpone any duly convened Shareholders' meeting at any time prior to such meeting, except for Shareholders' meetings requisitioned by the Shareholders in accordance with these Articles, for any reason or for no reason, upon notice in writing to Shareholders. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.
54. At any Shareholders' meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or one or more Shareholders present in person or by proxy entitled to vote, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.
55. If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
56. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.
57. A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

SCIH SHAREHOLDER APPROVAL MATTERS

58. The Company must not, at any time in the period during which the Initial SCIH Shareholders Agreement is in effect and has not been terminated, amended and restated or otherwise modified, undertake any action described in clause 7.2(a) of the Initial SCIH Shareholders Agreement ("**Clause 7.2**") without obtaining the approval that would be required in respect of the same action being carried out by SCIH under that same Clause 7.2.

VOTES OF SHAREHOLDERS

59. Subject to any rights and restrictions for the time being attached to any Share, on a show of hands every Shareholder present in person and every Person representing a Shareholder by proxy shall, at a Shareholders' meeting, each have one vote and on a poll every Shareholder and every Person representing a Shareholder by proxy shall have one vote for each Share of which he or the Person represented by proxy is the holder.
60. The following shall apply in respect of joint ownership of Shares:
 - (a) if two or more Persons hold Shares jointly each of them may be present in person or by proxy at a meeting of Shareholders and may speak as a Shareholder;
 - (b) if only one of the joint owners is present in person or by proxy he may vote on behalf of all joint owners; and
 - (c) if two or more of the joint owners are present in person or by proxy they must vote as one.

61. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote in respect of Shares carrying the right to vote held by him, whether on a show of hands or on a poll, by the Person or Persons appointed by that court, and any such Person or Persons may vote by proxy.
62. No Shareholder shall be entitled to vote at any Shareholders' meeting unless all calls, if any, or other sums presently payable by him in respect of Shares carrying the right to vote held by him have been paid.
63. A Shareholder may be represented at a meeting of Shareholders by a proxy who may speak and vote on behalf of the Shareholder.
64. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Shareholder.
65. An instrument appointing a proxy may be in any usual or common form or such other form as the Directors may approve.
66. The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting no later than the time for holding the meeting or, if the meeting is adjourned, the time for holding such adjourned meeting.
67. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
68. An action that may be taken by the Shareholders at a meeting may also be taken by a Resolution of Shareholders consented to in writing or by facsimile, electronic mail or other written electronic communication, without the need for any notice, but if any such resolution is adopted otherwise than by the unanimous written consent of all Shareholders, a copy of such resolution shall forthwith be sent to all Shareholders not consenting to such resolution. The consent may be in the form of counterparts in like form each counterpart being signed by one or more Shareholders.
69. The provisions of the Memorandum and these Articles as regards Shareholders' meetings and Resolutions of Shareholders shall apply mutatis mutandis to any meeting or resolution of the holders of a Class or Series of Shares.

CORPORATIONS ACTING BY REPRESENTATIVES AT MEETINGS

70. Any Shareholder or Director that is a corporation or other entity may by resolution of its directors or other governing body authorise such natural person as it thinks fit to act as its representative at any meeting of the Company or of any meeting of holders of a Class or Series or of the Directors or of a committee of Directors, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Shareholder or Director.

DIRECTORS

71. Except during the period from the date of incorporation until the date on which the first Directors are appointed by the first Registered Agent of the Company pursuant to Article 74, the minimum number of Directors shall be one.

72. Subject to the Article above, the Company may by a Resolution of Shareholders from time to time fix the maximum and minimum number of Directors to be appointed but unless such numbers are fixed as aforesaid the minimum number of Directors shall be one and the maximum number of Directors shall be unlimited.
73. Subject to these Articles, the Company may appoint any Person to be a Director. The following are disqualified from appointment as a Director:
- (a) an individual who is under eighteen years of age;
 - (b) a person who is a disqualified person within the meaning of section 260(4) of the Insolvency Act (or any successor provision);
 - (c) a person who is a restricted person within the meaning of section 409 of the Insolvency Act (or any successor provision);
 - (d) an undischarged bankrupt; and
 - (e) any other person disqualified by the Memorandum and these Articles.
74. The first Director(s) shall be appointed by the first Registered Agent of the Company within six months of the date of its incorporation, and thereafter, the Directors shall be elected:
- (a) by the Shareholders for such terms as the Shareholders may determine; or
 - (b) by the Directors for such terms as the Directors may determine.
- A person shall not be appointed as a Director unless he has consented in writing to be a Director.
75. Each Director shall hold office for the term, if any, fixed by the Resolution of Shareholders or the Resolution of Directors, as the case may be, appointing him. In the case of a Director who is an individual the term of office of a Director shall terminate on the Director's death, resignation or removal. The bankruptcy of a Director or the appointment of a liquidator, administrator or receiver of a corporate Director shall terminate the term of office of such Director.
76. A Director may be removed from office, with or without cause, by a Resolution of Shareholders or, with cause, by a Resolution of Directors. Section 114(2) of the Act shall not apply to the removal of a Director.
77. A Director may resign his office by giving written notice of his resignation to the Company and the resignation shall have effect from the date the notice is received by the Company or from such later date as may be specified in the notice.
78. A vacancy in the board of Directors existing or arising because the maximum number of directors has not been appointed may be filled by a Resolution of Shareholders or by a Resolution of Directors.
79. The remuneration of the Directors may be determined by a Resolution of Directors or by a Resolution of Shareholders.
80. There shall be no shareholding qualification for Directors unless determined otherwise by a Resolution of Shareholders.
81. The Company shall keep a Register of Directors containing the particulars required by the Act, including:

- (a) the names and addresses of the persons who are Directors or who have been nominated as reserve directors of the Company;
 - (b) the date on which each person whose name is entered in the Register of Directors was appointed as a Director, or nominated as a reserve director, of the Company;
 - (c) the date on which each person named as a Director ceased to be a Director; and
 - (d) the date on which the nomination of any person nominated as a reserve director ceased to have effect.
82. The Register of Directors or a copy of it shall be kept at the office of the Registered Agent and the Company shall file a copy of such Register of Directors with the Registrar of Corporate Affairs for registration, where required by the Act.

ALTERNATE DIRECTOR

83. Any Director may in writing appoint another person, who need not be a Director, to be his alternate. Every such alternate shall be entitled to attend meetings in the absence of the Director who appointed him and to vote on and/or consent in writing to any Resolution of Directors in the place of the Director. Where the alternate is a Director he shall be entitled to have a separate vote on behalf of the Director he is representing in addition to his own vote. A Director may at any time in writing revoke the appointment of an alternate appointed by him. Such alternate shall not be an Officer. The remuneration of such alternate shall be payable out of the remuneration of the Director appointing him and the proportion thereof shall be agreed between them.

POWERS OF DIRECTORS

84. The business and affairs of the Company shall be managed by, or be under the direction or supervision of, the Directors who may pay all expenses incurred preliminary to and in connection with the formation and registration of the Company and may exercise all such powers of the Company as are not by the Act or the Memorandum or these Articles required to be exercised by the Shareholders, subject to any delegation of such powers as may be authorised by these Articles.
85. Notwithstanding section 175 of the Act, the Directors have the power to sell, transfer, lease, exchange or otherwise dispose of the assets of the Company, without restriction and without complying with the provisions of section 175, which shall not apply to the Company.
86. The Directors may, by a Resolution of Directors, appoint any Person, including a person who is a Director, to be an Officer or agent of the Company. The Resolution of Directors appointing an agent may authorise the agent to appoint one or more substitutes or delegates to exercise some or all of the powers conferred on the agent by the Company.
87. Every Officer or agent of the Company has such powers and authority of the Directors, including the power and authority to affix the Seal, as are set forth in these Articles or in the Resolution of Directors appointing the Officer or agent, except that no Officer or agent has any power or authority with respect to the matters requiring a Resolution of Directors under the Act or these Articles or are otherwise not permitted to be delegated under the Act.
88. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as shall from time to time be determined by Resolution of Directors.

89. The Directors may, by a Resolution of Directors, designate one or more committees of Directors, each consisting of one or more Directors, in accordance with section 110 of the Act (each a “**Committee of Directors**”).
90. Each Committee of Directors has such powers of the Directors, including the power to affix the Seal and to appoint a sub-committee and delegate its powers to that sub-committee, as are set forth in the Resolution of Directors establishing the Committee of Directors, except that no Committee of Directors may be delegated any power:
- (a) to amend the Memorandum or these Articles;
 - (b) to designate committees of Directors;
 - (c) to delegate powers to a committee of Directors;
 - (d) to appoint or remove Directors;
 - (e) to appoint or remove an agent;
 - (f) to approve a plan of merger, consolidation or arrangement;
 - (g) to make a declaration of solvency for the purposes of section 198(1)(a) of the Act or approve a liquidation plan; or
 - (h) to make a determination under section 57(1) of the Act that the company will, immediately after a proposed distribution, satisfy the Solvency Test.
91. The Directors may from time to time and at any time by power of attorney (whether under Seal or under hand or otherwise) appoint any Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys or authorised signatory (any such Person being an “**Attorney**” or “**Authorised Signatory**”, respectively) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such Attorney or Authorised Signatory as the Directors may think fit, and may also authorise any such Attorney or Authorised Signatory to delegate all or any of the powers, authorities and discretion vested in him.

BORROWING POWERS OF DIRECTORS

92. The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Company or of any third party.

DUTIES OF DIRECTORS

93. The Directors when exercising their powers or performing their duties, shall act honestly and in good faith and in what the Director believes to be in the best interests of the Company.

PROCEEDINGS OF DIRECTORS

94. The Directors may meet together (either within or without the British Virgin Islands) for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director may, and a Secretary or assistant Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
95. A Director may participate in any meeting of the Directors, or of any committee appointed by the Directors of which such Director is a member, by means of telephone or other electronic means provided that all persons participating in such meeting can hear one other and such participation shall be deemed to constitute presence in person at the meeting.
96. A Director shall be given not less than two days' notice of meetings of Directors, but a meeting of Directors held without two days' notice having been given to all Directors shall be valid if all the Directors entitled to vote at the meeting, waive such notice of the meeting, and for this purpose, the presence of a Director at the meeting shall be deemed to constitute waiver on his part. The inadvertent failure to give notice of a meeting to a Director, or the fact that a Director has not received the notice, does not invalidate the meeting.
97. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed, if there be three or more Directors the quorum shall be a majority of the Directors, two Directors the quorum shall be two, and if there be one Director the quorum shall be one. A Director represented by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.
98. If the Company shall have only one Director the provisions herein contained for meetings of the Directors shall not apply but such sole Director shall have full power to represent and act for the Company in all matters as are not by the Act or the Memorandum or these Articles required to be exercised by the Shareholders.
99. A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may by a Resolution of Directors determine. Any Director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a Director; provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.
100. The Directors shall cause the following corporate records to be kept:
 - (a) minutes of all meetings of Directors, Shareholders, committees of Directors, committees of Officers and committees of Shareholders; and
 - (b) copies of all resolutions consented to by Directors, Shareholders, Classes of Shareholders, committees of Directors, committees of Officers and committees of Shareholders.
101. The books, corporate records and minutes shall be kept at the office of the Registered Agent, at the Company's principal place of business or at such other place as the Directors determine.
102. When the chairman of a meeting of the Directors signs the minutes of such meeting the same shall be presumed to have been duly held unless the contrary is shown.
103. An action that may be taken by the Directors or a committee of Directors at a meeting may also be taken by a Resolution of Directors or a resolution of the relevant committee of Directors consented to in writing or by facsimile, electronic mail or other written electronic communication by the Directors holding a simple majority of the votes or by the members of the relevant committee holding a simple majority of the votes, as the case may be, without the need for any notice. Such consent may be in the form of counterparts, each counterpart being signed by one or more Directors.

104. The continuing Directors may act notwithstanding any vacancy in their body but if and for so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors, or of summoning a Shareholders' meeting, but for no other purpose.
105. The Directors may elect a chairman of their meetings and determine the period for which he is to hold office but if no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, a majority of the Directors present may choose one of their number to be chairman of the meeting.
106. Subject to any regulations imposed on it by the Directors, a committee appointed by the Directors may elect a chairman of its meetings. If no such chairman is elected, or if at any meeting the chairman is not present within fifteen minutes after the time appointed for holding the meeting, a majority of the committee members present may choose one of their number to be chairman of the meeting.
107. A committee appointed by the Directors may meet and adjourn as it thinks proper. Subject to any regulations imposed on it by the Directors, questions arising at any meeting shall be determined by a majority of votes of the committee members present and in case of an equality of votes the chairman shall have a second or casting vote.
108. All acts done by any meeting of the Directors or of a committee of Directors, or by any person acting as a Director, shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

OFFICERS

109. The Company may by Resolution of Directors appoint Officers at such times as shall be considered necessary or expedient. Any number of offices may be held by the same person.
110. The Officers shall perform such duties as shall be prescribed at the time of their appointment subject to any modification in such duties as may be prescribed thereafter by Resolution of Directors or Resolution of Shareholders, but in the absence of any specific allocation of duties it shall be the responsibility of the chairman of the board of Directors to preside at meetings of Directors and Shareholders, the vice chairman to act in the absence of the chairman, the president to manage the day to day affairs of the Company, the vice presidents to act in order of seniority in the absence of the president but otherwise to perform such duties as may be delegated to them by the president, the secretaries to maintain the Register of Members, minute books and records (other than financial records) of the Company and to ensure compliance with all procedural requirements imposed on the Company by applicable law, and the treasurer to be responsible for the financial affairs of the Company.
111. The emoluments of all Officers shall be fixed by Resolution of Directors.
112. The Officers shall hold office until their successors are duly elected and qualified, but any Officer elected or appointed by the Directors may be removed at any time, with or without cause, by Resolution of Directors. Any vacancy occurring in any office of the Company may be filled by Resolution of Directors.

CONFLICT OF INTERESTS

113. A Director shall forthwith after becoming aware of the fact that he is interested in a transaction entered into or to be entered into by the Company, disclose the interest to the board of Directors. Where a Director's interest in a transaction is not disclosed in accordance with this Article prior to the transaction being entered into, unless it is not required to be disclosed in accordance with Article 115 below, the transaction is voidable by the Company.
114. Notwithstanding the previous Article, a transaction entered into by the Company is not voidable by the Company if:
 - (a) the material facts of the interest of the Director in the transaction are known by the Shareholders entitled to vote at a meeting of Shareholders and the transaction is approved or ratified by a Resolution of Shareholders; or
 - (b) the Company received fair value for the transaction, and such determination of fair value is made on the basis of the information known to the Company and the interested Director at the time that the transaction was entered into.
115. A Director is not required to disclose an interest pursuant to Article 113 above, if the transaction is between the Company and the Director and the transaction or proposed transaction is or is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.
116. A Director who is interested in a transaction entered into or to be entered into by the Company may:
 - (a) vote on or consent to a Resolution of Directors regarding the transaction or a matter relating to the transaction;
 - (b) attend a meeting of Directors at which the transaction or a matter relating to the transaction arises and be included among the Directors present at the meeting for the purpose of a quorum; and
 - (c) sign a document on behalf of the company, or do any other thing in his capacity as a Director, that relates to the transaction or a matter relating to the transaction.

REGISTER OF CHARGES

117. The Company shall maintain at the Registered Office or at the office of the Registered Agent a register of all charges created by the Company showing:
 - (a) if the charge is a charge created by the Company, the date of its creation or, if the charge is an existing charge on property acquired by the Company, the date on which the property was acquired;
 - (b) a short description of the liability secured by the charge;
 - (c) a short description of the property charged;
 - (d) the name and address of the trustee for the security, or if there is no such trustee, the name and address of the chargee;
 - (e) unless the charge is a security to bearer, the name and address of the holder of the charge; and

- (f) details of any prohibition or restriction, if any, contained in the instrument creating the charge on the power of the Company to create any future charge ranking in priority to or equally with the charge.

THE SEAL, INSTRUMENTS UNDER SEAL AND DEEDS

- 118. The Directors shall provide for the safe custody of the Seal. An imprint of the Seal shall be kept at the office of the Registered Agent.
- 119. The Seal shall not be affixed to any instrument except by the authority of a Resolution of Directors provided always that such authority may be given prior to or after the affixing of the Seal and if given after may be in general form confirming a number of affixings of the Seal. The Seal shall be affixed in the presence of a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose and every person as aforesaid shall sign every instrument to which the Seal is so affixed in their presence.
- 120. The Company may maintain a facsimile of the Seal in such countries or places as the Directors may appoint and such facsimile Seal shall not be affixed to any instrument except by the authority of a Resolution of Directors provided always that such authority may be given prior to or after the affixing of such facsimile Seal and if given after may be in general form confirming a number of affixings of such facsimile Seal. The facsimile Seal shall be affixed in the presence of such person or persons as the Directors shall for this purpose appoint and such person or persons as aforesaid shall sign every instrument to which the facsimile Seal is so affixed in their presence and such affixing of the facsimile Seal and signing as aforesaid shall have the same meaning and effect as if the Seal had been affixed in the presence of and the instrument signed by a Director or a Secretary (or an assistant Secretary) or in the presence of any one or more persons as the Directors may appoint for the purpose.
- 121. Notwithstanding the foregoing, a Secretary or any assistant Secretary shall have the authority to affix the Seal, or the facsimile Seal, to any instrument for the purposes of attesting authenticity of the matter contained therein but which does not create any obligation binding on the Company.
- 122. An instrument under seal or deed may be executed by the Company in any manner permitted by the Act.

DISTRIBUTIONS

- 123. The Company may, from time to time, by a Resolution of Directors authorise a Distribution by the Company at such time, and of such amount, to any Shareholders, as it thinks fit if they are satisfied, on reasonable grounds, that immediately after the Distribution:
 - (a) the value of the Company's assets will exceed its liabilities; and
 - (b) the Company will be able to pay its debts as they fall due.
- 124. The Directors may, before making any Distribution, set aside out of the profits of the Company such sum as they think proper as a reserve fund, and may invest the sum so set apart as a reserve fund upon such securities as they may select.
- 125. Notice of any Distribution that may have been authorised shall be given to each Shareholder in the manner hereinafter mentioned and all Distributions unclaimed for three years after having been declared may be forfeited by Resolution of Directors for the benefit of the Company.
- 126. No Distribution shall bear interest as against the Company and no Distribution shall be authorised or made on Treasury Shares.

127. If several Persons are registered as joint holders of any Shares, any one of such Persons may give receipt for any Distribution made in respect of such Shares.

RECORDS AND UNDERLYING DOCUMENTATION

128. The Company shall keep such records and underlying documentation that:
- (a) are sufficient to show and explain the Company's transactions; and
 - (b) will at any time, enable the financial position of the Company to be determined with reasonable accuracy.
129. The records and underlying documentation shall be kept at the office of the Registered Agent or at such other place or places, within or outside the British Virgin Islands as the Directors think fit, and shall always be open to the inspection of the Directors.
130. Subject to the Act, the Directors may from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the records and underlying documentation of the Company or any of them shall be open to the inspection of Shareholders not being Directors, and no Shareholder (not being a Director) shall have any right of inspecting any records or underlying documentation of the Company except as conferred by the Act or other applicable law or authorised by a Resolution of Directors or by a Resolution of Shareholders.
131. Audited accounts relating to the Company's affairs shall only be prepared if the Directors so determine, in which case the financial year end and the accounting principles will be determined by the Directors.
132. Any auditors of the Company appointed shall not be deemed to be Officers.

NOTICES

133. Any notice or document may be served by the Company or by the Person entitled to give notice to any Shareholder either personally, or by posting it airmail or air courier service in a prepaid letter addressed to such Shareholder at his address as appearing in the Register of Members, by electronic mail or by facsimile should the Directors deem it appropriate. In the case of joint holders of a Share, all notices shall be given to that one of the joint holders whose name stands first in the Register of Members in respect of the joint holding, and notice so given shall be sufficient notice to all the joint holders.
134. Any Shareholder present, either personally or by proxy, at any Shareholders' meeting shall for all purposes be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
135. Any notice or other document, if served by:
- (a) post, shall be deemed to have been served five days after the time when the letter containing the same is posted;
 - (b) facsimile, shall be deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient;
 - (c) recognised courier service, shall be deemed to have been served 48 hours after the time when the letter containing the same is delivered to the courier service; or

(d) electronic mail, shall be deemed to have been served immediately upon the time of the transmission by electronic mail.

In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

136. Any notice or document delivered or sent by post to or left at the registered address of any Shareholder in accordance with the terms of these Articles shall notwithstanding that such Shareholder be then dead or bankrupt, and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served in respect of any Share registered in the name of such Shareholder as sole or joint holder, unless his name shall at the time of the service of the notice or document, have been removed from the Register of Members as the holder of the Share, and such service shall for all purposes be deemed a sufficient service of such notice or document on all Persons interested (whether jointly with or as claiming through or under him) in the Share.
137. Notice of every Shareholders' meeting shall be given to:
- (a) all Shareholders holding Shares with the right to receive notice and who have supplied to the Company an address for the giving of notices to them; and
 - (b) every Person entitled to a Share in consequence of the death or bankruptcy of a Shareholder, who but for his death or bankruptcy would be entitled to receive notice of the meeting, provided such Person has given notice of the death or bankruptcy to the Company.

No other Person shall be entitled to receive notices of Shareholders' meetings, except any parties to whom the Company has agreed to provide such notices under any participation arrangements or participation agreements.

INDEMNITY

138. Subject to the limitations hereinafter provided the Company may indemnify against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred in connection with legal, administrative or investigative proceedings any Person (an "Indemnifiable Person") who:
- (a) is or was a party or is threatened to be made a party to any threatened, pending or completed proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that the Person is or was a Director, an Officer, agent or a liquidator of the Company; or
 - (b) is or was, at the request of the Company, serving as a director, officer, agent or liquidator of, or in any other capacity is or was acting for, another body corporate or a partnership, joint venture, trust or other enterprise.
139. The Company may only indemnify an Indemnifiable Person if such Person acted honestly and in good faith and in what the Indemnifiable Person believed to be in the best interests of the Company and, in the case of criminal proceedings, the Indemnifiable Person had no reasonable cause to believe that his conduct was unlawful.
140. The decision of the Directors as to whether the Indemnifiable Person acted honestly and in good faith and in what the Indemnifiable Person believed to be in the best interests of the Company and, in the case of criminal proceedings, as to whether such Person had no reasonable cause to believe that his conduct was unlawful, is in the absence of fraud, sufficient for the purposes of these Articles, unless a question of law is involved.

141. The termination of any proceedings by any judgment, order, settlement, conviction or the entering of a *nolle prosequi* does not, by itself, create a presumption that the Indemnifiable Person did not act honestly and in good faith and with a view to the best interests of the Company or that such Person had reasonable cause to believe that his conduct was unlawful.
142. Expenses, including legal fees, incurred by an Indemnifiable Person in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the Indemnifiable Person to repay the amount if it shall ultimately be determined that the Indemnifiable Person is not entitled to be indemnified by the Company in accordance with these Articles.
143. Expenses, including legal fees, incurred by a former Director, Officer or agent in defending any legal, administrative or investigative proceedings may be paid by the Company in advance of the final disposition of such proceedings upon receipt of an undertaking by or on behalf of the former Director, Officer or agent, as the case may be, to repay the amount if it shall ultimately be determined that the former Director, Officer or agent is not entitled to be indemnified by the Company in accordance with these Articles and upon such other terms and conditions, if any, as the Company deems appropriate.
144. The indemnification and advancement of expenses provided by, or granted pursuant to, this section is not exclusive of any other rights to which the Person seeking indemnification or advancement of expenses may be entitled under any agreement, resolution of members, resolution of disinterested Directors or otherwise, both as to acting in the Person's official capacity and as to acting in another capacity while serving as a Director, if applicable.
145. If a Person to be indemnified has been successful in defence of any proceedings described above the Person is entitled to be indemnified against all expenses, including legal fees, and against all judgments, fines and amounts paid in settlement and reasonably incurred by the Person in connection with the proceedings.

INSURANCE

146. The Company may purchase and maintain insurance in relation to any person who is or was a Director, or who at the request of the Company is or was serving as a Director of, or in any other capacity is or was acting for another body corporate or a partnership, joint venture, trust or other enterprise, against any liability asserted against the person and incurred by the person in that capacity, whether or not the Company has or would have had the power to indemnify the person against the liability in the preceding Article.

NON-RECOGNITION OF TRUSTS

147. Subject to the proviso hereto, no Person shall be recognised by the Company as holding any Share upon any trust and the Company shall not, unless required by law, be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or (except only as otherwise provided by these Articles or as required by law) any other right in respect of any Share except an absolute right to the entirety thereof in each Shareholder registered in the Register of Members, provided that, notwithstanding the foregoing, the Company shall be entitled to recognise any such interests as shall be determined by the Directors.

VOLUNTARY LIQUIDATION

148. The Company may voluntarily commence its liquidation and dissolution by appointing a voluntary liquidator in accordance with section 199 of the Act if:
- (a) it has no liabilities; or
 - (b) it is able to pay its debts as they fall due and the value of its assets equals or exceeds its liabilities.
149. A voluntary liquidator may be appointed by a Resolution of Shareholders or, if the Company has never issued Shares, by a Resolution of Directors.

AMENDMENT OF ARTICLES OF ASSOCIATION

150. These Articles may be amended in the manner prescribed in the Memorandum.

CLOSING OF REGISTER OF MEMBERS OR FIXING RECORD DATE

151. For the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at any meeting of Shareholders or any adjournment thereof, or those Shareholders that are entitled to receive payment of any Distribution, or in order to make a determination as to who is a Shareholder for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not exceed in any case forty days. If the Register of Members shall be so closed for the purpose of determining those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders the Register of Members shall be so closed for at least ten days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register of Members.
152. The Directors may fix in advance a date as the record date for any such determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of the Shareholders and for the purpose of determining those Shareholders that are entitled to receive payment of any Distribution the Directors may, at or within ninety days prior to the date of declaration of such Distribution, fix a subsequent date as the record date for such determination.
153. If the Register of Members is not so closed and no record date is fixed for the determination of those Shareholders entitled to receive notice of, attend or vote at a meeting of Shareholders or those Shareholders that are entitled to receive payment of a Distribution, the date on which notice of the meeting is posted or the date on which the resolution of the Directors declaring such Distribution is adopted, as the case may be, shall be the record date for such determination of Shareholders. When a determination of those Shareholders that are entitled to receive notice of, attend or vote at a meeting of Shareholders has been made as provided in this Article, such determination shall apply to any adjournment thereof.

REGISTRATION BY WAY OF CONTINUATION

154. The Company may by Resolution of Directors or by Resolution of Shareholders resolve to be registered by way of continuation in a jurisdiction outside the British Virgin Islands in the manner provided under those laws. In furtherance of a resolution adopted pursuant to this Article, the Directors may cause an application to be made to the Registrar of Corporate Affairs to deregister the Company in the British Virgin Islands and may cause all such further steps as they consider appropriate to be taken to effect the transfer by way of continuation of the Company.

DISCLOSURE

155. The Directors, or any service providers (including the Officers, the Secretary and the Registered Agent of the Company) specifically authorised by the Directors, shall be entitled to disclose to any regulatory or judicial authority any information regarding the affairs of the Company including without limitation information contained in the Register of Members and books of the Company.
156. The Company shall elect to be classified for U.S. Tax Purposes as a partnership for as long as it has one or more participation agreements in effect and as a disregarded entity in all other instances and shall treat amounts payable to each holder of a participation under any such participation agreement as subject to Subchapter K of the Code. The Company shall for U.S. Tax Purposes only take all actions consistent, and no actions inconsistent, with this Article 156.

We, Estera Corporate Services (BVI) Limited of Jayla Place, Wickhams Cay I, Road Town, Tortola, British Virgin Islands for the purpose of incorporating a BVI Business Company under the laws of the British Virgin Islands hereby sign our name to these Articles of Association this 7th day of September, 2018.

Incorporator

/s/ Shanique Creque

Shanique Creque

For and on behalf of

Estera Corporate Services (BVI) Limited

October 16, 2018

MCE Cotai Investments Limited

New Cotai, LLC

Melco Resorts & Entertainment Limited

and

Studio City International Holdings Limited

**AMENDED AND RESTATED
SHAREHOLDERS' AGREEMENT**

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PARTIES

- (1) **MCE Cotai Investments Limited**, a company incorporated in the Cayman Islands, of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1 - 9005, Cayman Islands (**MCE Cotai**)
- (2) **New Cotai, LLC**, a limited liability company formed in Delaware, United States of America, c/o New Cotai Holdings, LLC, of Two Greenwich Plaza, Greenwich, Connecticut 06830, United States of America (**New Cotai**)
- (3) **Melco Resorts & Entertainment Limited**, a company incorporated in the Cayman Islands, of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1 - 9005, Cayman Islands (**Melco**)
- (4) **Studio City International Holdings Limited**, a company incorporated in the Cayman Islands, with its registered office at Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands (**Company**)

BACKGROUND

- (A) On 27 July 2011, MCE Cotai, New Cotai, Melco (formerly known as Melco Crown Entertainment Limited) and the Company (formerly known as CYBER AGENTS ONE LIMITED, a company incorporated in the British Virgin Islands), entered into an agreement to govern their relationship in connection with, and the conduct and operations of, the Group (as amended by Amendment No.1 to Shareholders' Agreement, dated 25 September 2012, Amendment No.2 to Shareholders' Agreement, dated 17 May 2013, Amendment No.3 to Shareholders' Agreement, dated 3 June 2014, and Amendment No.4 to Shareholders' Agreement, dated 21 July 2014, the **Original Shareholders Agreement**).
- (B) In connection with the transactions contemplated by the Implementation Agreement dated September 6, 2018 between the Company, New Cotai, MCE Cotai and Melco, MCE Cotai, New Cotai, Melco and the Company have agreed to amend and restate the Original Shareholders Agreement and enter into this document, executed as a deed, to govern their relationship in connection with, and the conduct and operations of, the Group.

AGREED TERMS

1. INTERPRETATION

1.1 Definitions

In this document:

20-Day VWAP means the volume-weighted average trading price of an ADS for the twenty (20)-trading day period immediately preceding the date upon which the 20-Day VWAP is being calculated based on quotations as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if such ADSs are not listed or admitted to trading on the New York Stock Exchange, as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such ADSs are listed or admitted to trading, in each case, divided by the number of Class A Ordinary Shares that one ADS represents.

ADS means an American Depositary Share, each representing four Class A Ordinary Shares;

Affiliate means a Person who, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, a specified Person. For the purpose of the definition of Affiliate, “control”, “controlled by” and “under common control with” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting shares, by agreement, contract, or otherwise.

Authorisation means:

- (a) any consent, permit, license, or authorisation; or
- (b) exemption,

from, by, or with, a Governmental Agency.

Board means the Board of Directors of the Company from time to time.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in the Cayman Islands, Hong Kong or New York, nor 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 9.00am and 5.00pm.

Cash Purchase Price has the meaning given to that term in **clause 6.5**.

Casino Management Agreement means the services and right to use agreement between Melco Crown Gaming (Macau) Limited, New Cotai Entertainment, LLC and New Cotai Entertainment (Macau) Limited dated 11 May 2007, as amended from time to time, and any agreements or arrangements related thereto.

Class A Ordinary Shares means the Class A ordinary shares, par value US\$0.0001 per share, of the Company.

Class B Ordinary Shares means the Class B ordinary shares, par value US\$0.0001 per share, of the Company.

Company Subsidiary means any company which is or becomes a Subsidiary of the Company from time to time.

Competitor means (other than Melco and its Affiliates):

- (a) any person or entity holding a Gaming Authorisation to operate games of fortune and chance in a casino in Macau;
- (b) any person or entity holding a direct or indirect interest in any person specified in **clause (a)** of this definition and having the right to appoint a director on the board of any such entity; or
- (c) any subsidiary of any person specified in **clause (a)** of this definition.

Confidential Information means:

- (a) any confidential, non-public or proprietary information relating to the business, assets or affairs of the Group; and
- (b) any information relating to this document and the transactions contemplated by it including the existence of this document and the transactions contemplated by it and of the negotiations which preceded it;

provided, however, that Confidential Information shall not include information that:

- (a) is or becomes generally available to the public other than as a result of disclosure in violation of this document;
- (b) is or becomes available to the receiving person on a non-confidential basis prior to its disclosure to such person;
- (c) is or has been independently developed or conceived by the receiving person without use of Confidential Information; or
- (d) becomes available to the receiving person on a non-confidential basis from a source other than the Company; provided, that such source is not known by such person to be bound by a confidentiality agreement with the Company.

Confidentiality Deed means the confidentiality deed attached to this document as **Annexure A**.

Contracts means agreements, contracts, arrangements or understandings, whether formal or informal, written or oral.

control means, in relation to a person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of the person, whether through the ownership of voting securities, by contract, or otherwise.

D&O Policy means a directors and officers insurance policy taken out by the Company from time to time with a reputable insurer.

Deed of Accession means a deed of accession substantially in the form contained in **Annexure B**.

Deposit Agreement means the Deposit Agreement by and among the Company, Deutsche Bank Trust Company Americas and the other parties thereto, to be entered into in connection with an underwritten public offering of the Company's Equity Securities.

Director means a member of the Board of the Company from time to time.

Disclosing Shareholder has the meaning given to that term in **clause 7.7(a)**.

Dispute has the meaning given to that term in **clause 8.1(a)**.

Dispute Notice has the meaning given to that term in **clause 8.1(b)**.

Disputing Parties has the meaning given to that term in **clause 8.1(c)**.

Duty means any stamp, transaction or registration duty or similar charge imposed by any Governmental Agency and includes any interest, fine, penalty, charge or other amount in respect of the above.

Effective Interest in Securities means the interest of a person or entity (the **Person**) in Securities calculated as the sum of:

- (a) the number of Securities in issue for which the Person is the registered holder; plus
- (b) the product of:
 - (i) the fraction that is determined by multiplying the economic interest in the equity of an entity (the **First Entity**) held by the Person (expressed as a fraction of all the economic interests in the equity of the First Entity) by the economic interest in the equity of each other entity within the chain of entities between the First Entity and the Registered Holder (in each case expressed as a fraction of all the economic interests in the equity of each such entity) and, where the Person has an interest in Securities through more than one First Entity, the interest that is obtained by aggregating such Person's fractional interest in all such First Entities, and
 - (ii) the number of Securities in issue that are held by registered holders of Securities in which the Person holds an interest through the chain or chains of entities in **clause (b)(i) (Registered Holder)**; and

expressed as a percentage of all the Securities in issue.

For the purposes of this definition, "economic interest in the equity of an entity" excludes any derivative or synthetic security that represents an interest in the underlying equity securities of such entity.

Entitled Minority Shareholder means any Minority Shareholder that is holding Class A Ordinary Shares at the relevant time of the offer of Equity Securities under **clause 6.1**.

Equity Plan means any compensation plan, agreement, or other arrangement that provides for the grant or issuance of equity or equity-based awards (including share options) and that is approved by the Company for the benefit of any of the employees of the Company or any of its Subsidiaries or Affiliates or other service providers (including directors, advisers and consultants), or the employees or other services providers (including directors, advisers and consultants) of any of their respective Affiliates or Subsidiaries.

Equity Securities means, with respect to any Person, equity securities or any securities convertible into or exchangeable or exercisable for any equity securities of such Person.

Exchange Right means the rights conferred upon New Cotai under Article III of the Participation Agreement dated October 12, 2018 between the Company, New Cotai and Newco (**Participation Agreement**).

Gaming Authorisation means any gaming concession, subconcession, licensing or regulatory Authorisation (or any renewal or extension thereof) to conduct gaming business in any jurisdiction.

Gaming Promoter means any gaming promoter duly licensed by the Macau government to act in any such capacity, and whose activity is to promote gaming in casinos in Macau by providing (among other things) amenities such as transport, lodgement, food and beverage and entertainment to patrons.

Gaming Regulator means any Governmental Agency responsible for the regulation of gaming, wagering or betting in any jurisdiction.

Governmental Agency means:

- (a) a government, whether foreign, federal, state, territorial or local;
- (b) a department, office, or minister of a government acting in that capacity; or
- (c) a commission, delegate, instrumentality, agency, board or other governmental or semi-governmental, judicial, administrative, monetary, regulatory, fiscal or tax authority, whether statutory or not.

Group means the Company and the Company Subsidiaries from time to time and the expressions **member of the Group** or **Group member** or **Group Company** mean any one of them.

Hong Kong means the Hong Kong Special Administrative Region of the People's Republic of China.

Land means a plot of land situated in Macau, at the Cotai reclaimed land area, with gross area of 130,789 square meters, described at and denoted by the letter "A" on map no. 5899/2000 issued by Macao Cartography and Cadastre Bureau on 3 January 2012.

Law means any law or legal or regulatory compliance requirement, including at common law, in equity, under any statute, regulation or by-law and any decision, directive, guidance, guideline or requirement of any Governmental Agency or the relevant stock exchange.

Macau means the Macau Special Administrative Region of the People's Republic of China.

Melco Casino(s) means the casino(s) and gaming area(s) owned directly or indirectly (in whole or in majority) or operated (or both) by Melco, the Subconcessionaire or any of their respective Affiliates.

Melco Original Share Amount means the number of Securities set out next to Melco Shareholders in the attached Schedule I, which shall be increased or decreased from time to time in a corresponding manner to account for any split, subdivision, reverse split, consolidation, share dividend or share distribution in respect of Securities, including any Adjustment Event (as defined in the Participation Agreement), provided any such increase or decrease shall be documented in an amendment of Schedule I by the parties in accordance with **clause 13.1**.

Melco Shareholders means Melco and any Affiliate of Melco to whom Securities are issued or Transferred under this document.

Memorandum and Articles of Association means the memorandum and articles of association of the Company, as may be amended from time to time in accordance herewith.

Minority Shareholders means, at the relevant time of determination, any Shareholder the name of which is set forth on **Schedule II** hereto, which schedule may be amended from time to time in accordance with **clause 2.2(f)** and subject to **clause 2.2(g)**, provided that, at the relevant time of determination, such Shareholder is either (i) validly holding Class B Ordinary Shares or (ii) validly holding (a) Class A Ordinary Shares which such Shareholder has received as a result of exercising (including in connection with a Mandatory Exchange (as defined in the Participation Agreement) its Exchange Rights, or (b) Class A Ordinary Shares received from New Cotai or another Permitted Transferee, who in either case acquired them as described in the immediately preceding clause (a) and subsequently transferred them to such Shareholder directly or indirectly through multiple transfers (on successive occasions) so long as (x) each of such transfers was made by and between a transferor and transferee who were, at the time of such subsequent transfers, Permitted Transferees and (y) there were no other intervening Transfers of such Exchange Shares that were not between Permitted Transferees (such Class A Ordinary Shares acquired by each Shareholder set out in Schedule II and in the manner contemplated in clauses (a) or (b), **Exchange Shares**); provided further that at any given time, there shall be no more than twenty-five (25) Minority Shareholders. For the avoidance of doubt, the limit of twenty-five (25) Minority Shareholders is inclusive of Shareholders holding Class B Ordinary Shares.

New Cotai Original Share Amount means the number of Securities set out next to New Cotai in the attached Schedule I, which shall be increased or decreased from time to time in a corresponding manner to account for any split, subdivision, reverse split, consolidation, share dividend or share distribution in respect of Securities, including any Adjustment Event (as defined in the Participation Agreement), provided any such increase or decrease shall be documented in an amendment of Schedule I by the parties in accordance with **clause 13.1**.

Newco means MSC Cotai Limited, a business company limited by shares incorporated in the British Virgin Islands.

Newco Memorandum and Articles of Association means the memorandum and articles of association of Newco, as may be amended from time to time in accordance herewith.

Observer means an observer appointed to the Board in accordance **with clause 2.2(a)(ii)**.

Offer has the meaning set forth in **clause 6.1**.

Opening means 27 October 2015, the date that the Studio City Property opened to the public.

Other Casinos mean those casinos or gaming areas operated but not majority owned or controlled by Melco or any of its Affiliates.

Permitted Transferee means any one or more investment funds or other entities directly or indirectly owned, managed or advised by Oaktree Capital Management, L.P. or Silver Point Capital, L.P. (for so long as the transferee continues to be directly or indirectly owned, managed, or advised by Oaktree Capital Management, L.P. or Silver Point Capital, L.P.).

Project Lender means any third party lender(s) to the Studio City Property or any representative or agent (including a trustee, collateral agent or security agent) of any such third party lender(s).

Prospective Purchaser has the meaning given to the term in **clause 7.7(a)**.

Registration Rights Agreement means the registration rights agreement entered into by and between the Shareholders (as defined therein) and the Company dated the date hereof.

Respective Proportion means, with respect to an Entitled Minority Shareholder, a fraction, the numerator of which shall be the number of Exchange Shares validly held by such Entitled Minority Shareholder at the relevant time of calculation and the denominator of which shall be the sum of (i) the number of issued and outstanding Class A Ordinary Shares held by Melco and its Affiliates (excluding the Company and its Subsidiaries), (ii) the number of Exchange Shares held by all Entitled Minority Shareholders, and (iii) the number of Class A Ordinary Shares issuable if all Participants (as defined in the Participation Agreement) exercised their Exchange Rights with respect to the entirety of the remaining Participation Interests (as defined in the Participation Agreement).

Security means a fully paid share in the capital of the Company carrying the rights and obligations set out in this document and in the Memorandum and Articles of Association, which shall include Class A Ordinary Shares (including any Class A Ordinary Shares represented by ADSs) and Class B Ordinary Shares.

Shared Vendor Contracts has the meaning given to the term in **clause 3.1**.

Shared Vendors has the meaning given to the term in **clause 3.1**.

Shareholder means a holder of Securities from time to time.

Shareholder Group means each of the Melco Shareholders, on the one hand, and the Minority Shareholders, on the other hand, or either one of them (as the context requires).

Studio City Casino means the casino and gaming area within the Studio City Property.

Studio City Property means the gaming, retail and entertainment resort located and operated on the Land.

Subconcession means the trilateral agreement dated 8 September 2006 entered into by and among the Macau government, Wynn Resorts (Macau), S.A. (**Wynn Macau**) (as concessionaire for the operation of casino games of chance and other casino games in Macau, under the terms of a concession contract dated 24 June 2002 between Macau and Wynn Macau, as amended on 8 September 2006) and the Subconcessionaire, comprising a set of instruments from which shall flow an integrated web of rights, duties and obligations by and for all and each of Macau, Wynn Macau and the Subconcessionaire, pursuant to the terms of which the Subconcessionaire shall be entitled to operate casino games of chance and other casino games in Macau as an autonomous subconcessionaire in relation to Wynn Macau, including any supplemental letters or agreements entered into or issued by the Macau government and the Subconcessionaire from time to time, and including any replacement concession or subconcession for the operation of casino games of chance and other casino games in Macau.

Subconcessionaire means Melco Resorts (Macau) Limited, a company incorporated in Macau, or any other Affiliate of Melco holding a Gaming Authorisation in Macau from time to time.

Subsidiary means, with respect to any Person:

- (a) any corporation, association or other business entity of which (i) more than 50% of the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or shareholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity that is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person (or a combination thereof), or (ii) the composition of its board of directors is directly or indirectly controlled by such Person; and

- (b) any partnership or limited liability company of which (i) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Transaction Documents means this document, the Registration Rights Agreement and the Memorandum and Articles of Association.

Transfer means to transfer, sell, exchange, hypothecate, assign, charge, pledge, encumber, gift, convey (including in trust) or otherwise dispose of.

Unsubscribed Equity Securities has the meaning set forth in clause 6.3(b).

Unsuitable Person means a person or entity whose direct or indirect ownership of Securities could (on the facts then known):

- (a) based on the written advice of outside legal counsel to a Shareholder or Melco (as applicable); or
- (b) based on an objection received from a Gaming Regulator,

be reasonably expected to adversely impact the suitability or entitlement of:

- (x) any member of the Group;
- (y) any Melco Shareholder, any holder of Upstream Securities in any Melco Shareholder, or any of their respective Affiliates, in each case, in the case of a Transfer of any Securities or Upstream Securities by any person other than those persons; or
- (z) any Minority Shareholder, any holder of Upstream Securities in any Minority Shareholder, or any of their respective Affiliates, in each case, in the case of a Transfer of any Securities or Upstream Securities by any person other than those persons, to maintain any Gaming Authorisation.

Upstream Securities means, in respect of a Shareholder, any equity securities or interests in equity securities issued by that Shareholder or by any person that directly, or indirectly through one or more interposed entities (whether legally or beneficially), holds an Effective Interest in Securities held by that Shareholder, but does not include any equity securities or interests in equity securities:

- (a) in any investment fund or account managed by any investment fund, or in any successors or Affiliates of the foregoing, or in any person that, directly or indirectly through one or more interposed entities (whether legally or beneficially), holds equity securities or interests in equity securities in any such person;

- (b) in Melco, or any of its shareholders or any person that directly, or indirectly through one or more interposed entities (whether legally or beneficially), holds equity securities or interests in equity securities in those shareholders; or
- (c) in any other Shareholder or holder of Upstream Securities whose shares are listed on an internationally recognised stock exchange.

1.2 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) **includes** means includes without limitation;
- (e) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause;
- (f) a reference to:
 - (i) a person includes a partnership, individual, limited liability company, trust, joint venture, unincorporated association, corporation and a Governmental Agency;
 - (ii) a person or a party includes the person's legal personal representatives, successors, assigns and persons substituted by novation;
 - (iii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (iv) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
 - (v) a right includes a benefit, remedy, discretion or power;
 - (vi) time is to local time in Hong Kong;
 - (vii) "US\$" or US dollars is a reference to the currency of the United States of America;
 - (viii) "HK\$" or HK dollars is a reference to the currency of Hong Kong;
 - (ix) this or any other document includes the document as novated, varied or replaced in accordance with the terms hereof and thereof and despite any change in the identity of the parties;
 - (x) this document includes all schedules, annexures and exhibits to it;
 - (xi) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document;

- (xii) a reference to a meeting is a meeting in person, by conference telephone or similar equipment, so long as all of the participants can hear each other; and
- (xiii) if the number of Securities the Effective Interest in Securities represents is required to be calculated, if the number is not a whole number, that number will rounded up or down, as appropriate, with .5 or greater rounded up;
- (g) if the date on or by which any act shall be done under this document is not a Business Day, the act shall be done on or by the next Business Day;
- (h) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded; and
- (i) the schedules and annexures to this document shall be incorporated by reference herein and constitute a part hereof.

1.3 Headings

Headings do not affect the interpretation of this document.

2. DIRECTORS

2.1 Melco Directors

- (a) Subject to **clause 2.1(b)**, the Melco Shareholders may appoint, from time to time, by Notice to the Company, one Director so long as they hold in aggregate a number of Securities equal to at least 33% but less than 66% of the Melco Original Share Amount, two Directors for so long as they hold in aggregate a number of Securities equal to at least 66% but less than 99% of the Melco Original Share Amount, and three Directors for so long as they hold in aggregate a number of Securities equal to at least 99% of the Melco Original Share Amount, including to fill vacancies created by removals under **clause 2.1(c)** or vacancies created under **clause 2.4** of Directors appointed by the Melco Shareholders.
- (b) Despite **clause 2.1(a)**, the Melco Shareholders may, from time to time, by notice to the Company, appoint up to three Directors for so long as they hold in aggregate:
 - (i) a number of Securities equal to more than 66% of the Melco Original Share Amount; and
 - (ii) more Securities in issue than any other Shareholder and its Affiliates to whom Securities have been issued or Transferred in accordance with this document, in the aggregate, provided that for the purposes of this clause 2.1(b)(ii), the depository bank for the ADSs shall be deemed not to be a Shareholder ;including to fill vacancies created under **clause 2.1(c)**, or vacancies created under **clause 2.4** of Directors appointed by the Melco Shareholders.
- (c) Subject to **clause 2.1(d)**, the Melco Shareholders may remove any Director appointed by them under **clauses 2.1(a)** or **2.1(b)** (as applicable) by notice to the Company.

- (d) Any notice under **clauses 2.1(a), 2.1(b) or 2.1(c)** shall be signed by Shareholders holding a majority of the Securities in issue held by all of the Melco Shareholders as at the date of the notice.

2.2 Minority Directors

- (a) New Cotai may, for so long as it holds in aggregate, a number of Securities equal to:
- (i) 50% or more of the New Cotai Original Share Amount, appoint two Directors; and
 - (ii) 25% or more, but less than 50% of the New Cotai Original Share Amount, (y) appoint one Director, including in each case to fill vacancies created by removals under **clause 2.2(c)** or vacancies created under **clause 2.4** of Directors appointed by New Cotai, in each case by written notice to the Company; and (z) to the extent not prohibited by applicable Laws or the listing or exchange rules of any stock exchange on which the Securities are listed, appoint one Observer to the Board, including to fill vacancies created by removals under **clause 2.2(c)** or death or resignation of an Observer, in each case by written notice to the Company.
- (b) New Cotai may, for so long as it has the right to appoint at least one Director pursuant to **clause 2.2(a)**, appoint a Director (who is already a member of the Board of the Company and appointed pursuant to Clause 2.2(a)) to sit on any committee of the Board (other than (i) a committee formed to evaluate a transaction between the Company and the Minority Shareholders or their Affiliates or (ii) a committee that the Board has determined as a matter of good corporate governance should be comprised solely of independent directors and, at such time, no Director appointed by the Minority Shareholders is independent under applicable stock exchange rules), to the extent any such appointment is not prohibited by applicable Laws or the listing or exchange rules of any stock exchange on which the Securities are listed; provided, however, that a simple majority will be sufficient to approve such committees' decisions and, provided further, that such Director will not be required to form a quorum at meetings of any committee so long as due notice of the meeting has been provided.
- (c) Subject to **clause 2.2(d)**, New Cotai may remove any Director or Observer appointed under **clause 2.2(a)** or remove from any committee any Director appointed by it to such committee under **clause 2.2(b)** by notice to the Company.
- (d) Any notice under **clauses 2.2(a), 2.2(b) or 2.2(c)** shall be signed by New Cotai.
- (e) New Cotai's rights under **clauses 2.2(a) through 2.2(d)** shall terminate at such time when New Cotai no longer holds at least 5% of the Securities in issue.
- (f) New Cotai shall amend Schedule II from time to time to ensure, at all times, that (i) it only includes Shareholders that satisfy the definition of Minority Shareholders herein, (ii) the number of Class B Ordinary Shares and/or Exchange Shares set out next to each Minority Shareholder in Schedule II is accurate and (iii) the number of Minority Shareholders does not exceed twenty-five (25). The amendment of Schedule II will be effective upon the receipt by Melco and the Company of a copy of such amendment in accordance with **clause 10.7**.

- (g) New Cotai represents and warrants to the Company and Melco on the date hereof and on the date of each amendment of Schedule II that (i) each Minority Shareholder set out in Schedule II is a Permitted Transferee, (ii) Schedule II accurately sets out the number of Class B Ordinary Shares and Exchange Shares held by each of the Minority Shareholders, and (iii) each Minority Shareholder acquired and holds the Exchange Shares set out next to such Minority Shareholder's name in Schedule II either (x) as a result of exercising (including in connection with a Mandatory Exchange (as defined in the Participation Agreement) its Exchange Rights pursuant to which Class A Ordinary Shares were received, or (y) through a transfer from New Cotai or another Permitted Transferee, who in either case acquired them as described in the immediately preceding clause (x) and subsequently transferred them to such Shareholder directly or indirectly through multiple transfers (on successive occasions) so long as (aa) each of such transfers were made by and between a transferor and transferee who were, at the time of such subsequent transfers, Permitted Transferees and (bb) there were no other intervening Transfers of such Class A Ordinary Shares that were not between Permitted Transferees.

2.3 Eligibility and rights of Observers

- (a) An Observer is entitled to attend each meeting of the Board.
- (b) An Observer shall be given the same notice of each meeting of the Board, at the same time and in the same form, as given to the Directors.
- (c) An Observer shall be provided with all of the information provided to Directors at the same time as such information is provided to the Directors, including all board packs, agendas and any information to be presented to the Board.
- (d) An Observer is not entitled to vote at meetings of the Board.
- (e) It is a condition of the designation of an Observer under **clause 2.2(a)** that the Observer enters into, or is already covered by, a confidentiality deed with the Company on terms substantially the same as the Confidentiality Deed or otherwise acceptable to the Company.

2.4 Vacation of office

The office of a Director will be vacated if:

- (a) a Director resigns his office by notice in writing to the Company;
- (b) a Director dies;
- (c) an order is made by any competent court or official on the grounds that a Director is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and a majority of the Directors resolve that his office be vacated;
- (d) without leave, a Director is absent from meetings of the Board (unless an alternate Director appointed by him attends in his place) for a continuous period of 6 months, and a majority of the Directors resolve that his office be vacated;
- (e) a Director becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

- (f) a Director ceases to be or is prohibited from being a Director by law or by virtue of any provisions in the Memorandum and Articles of Association;
- (g) a Director is removed from office by notice in writing served upon him signed by not less than a majority in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office; provided that a Director appointed by a Shareholder may only be removed by that Shareholder pursuant to **clauses 2.1, 2.2 and 2.5**; or
- (h) a Director is removed under **clause 2.1(c) or 2.2(c)** (as applicable);

2.5 Removal of Directors

- (a) If the number of Directors appointed by a person under **clauses 2.1 or 2.2** is greater than the number of Directors entitled to be appointed by that person under the relevant clause, then that person shall, within two Business Days of ceasing to be so entitled, give notice to the Company removing that number of Directors in excess of its entitlement.
- (b) If any person to whom **clause 2.5(a)** applies does not give notice removing the required number of Directors within the period specified in that clause, any person entitled to appoint a Director under **clauses 2.1 or 2.2** may give such a notice removing any such Directors.

2.6 Alternate directors

- (a) A Director (other than any independent Director under applicable stock exchange rules) may, with the prior written approval of the Board, appoint an alternate director by notice to the Company.
- (b) An alternate director may attend any Board meeting and vote on any resolution of the Board provided the Director that appointed the alternate is not present at the meeting and is a Director at the time of the meeting.
- (c) An alternate director is entitled to a separate vote for each Director the alternate director represents in addition to any vote that alternate director may have as a Director if that alternate director is also a Director.

2.7 Director duties

Each Director and director of a Company Subsidiary shall be required to have regard to, and act in the best interests of, the Company and all of its Shareholders; provided that, to the maximum extent permitted by law and without detracting from or limiting the foregoing obligation, Directors and directors of Company Subsidiaries shall be permitted to also have regard to the interests of the Shareholder Group that appointed that Director in carrying out his or her duties as a Director or a director of any Company Subsidiary to the extent that those interests are consistent with the best interests of the Company and all of its Shareholders.

2.8 Fees and expenses of Directors

- (a) The Company shall:

- (i) pay the reasonable expenses properly incurred by Directors in relation to the business of the Group, including accommodation expenses in travelling to and from meetings of the Board or any committee of the Board, any Group Company, or any committee of any such company, and provided such expenses are supported by valid receipts; and
 - (ii) pay the cost of any insurance policies taken out by the Company in respect of the Directors.
- (b) No Director that is not independent within the meaning of the listing or exchange rules of any stock exchange on which the Securities are listed is entitled to be paid any fees in connection with his or her appointment or role as a Director.

2.9 D&O Policy

The Company shall:

- (a) maintain a D&O Policy in respect of each Director and each director of a Company Subsidiary that provides a level of coverage consistent with that maintained by similarly sized companies that engage in activities similar to those undertaken by the Company and the Company Subsidiaries; and
- (b) pay the premiums in respect of that D&O Policy in relation to the Director's term in office and for six years after the expiry of the Director's term (to the maximum extent permitted by Law).

2.10 Indemnity deed

Each Group member shall enter into a deed of access and indemnity with each director of such a company (on terms acceptable to the Board) under which it indemnifies the directors to the maximum extent permitted by Law and gives each director a right (subject to certain limitations) to have access to and make copies of Board papers and minutes in respect of the period during which the relevant director is or was a director of such a company.

2.11 Post IPO

Following an underwritten public offering of the Company's Equity Securities, or American depositary shares representing the Company's Equity Securities, related party transactions shall be approved by an audit committee of independent Directors, unless the rules of the relevant exchange require or permit an alternative approval process by independent Directors (in which case that process will apply).

3. SHARED VENDOR CONTRACTS

3.1 Shared Vendor Contracts

The parties acknowledge that Melco and its Affiliates may from time to time enter into Contracts with a supplier, vendor or other party or its Affiliates or related parties (**Shared Vendors**) for the provision of various goods and services to more than one Melco Casino (**Shared Vendor Contracts**).

3.2 Obligation

Subject to **clause 3.3**, Melco shall, for so long as New Cotai holds 5% or more of the Securities in issue, use commercially reasonable endeavours:

- (a) to obtain on behalf of the Group, to the extent possible, economic and other terms at least as favourable (when taken as a whole and after taking into account, among other things, the passing of time, inflation and the then prevailing economic conditions) to the Group as the economic and other terms it obtains from the applicable Shared Vendor for any of the other Melco Casinos in respect of similar goods and services; and
- (b) to utilise the services of, and obtain goods from, the Shared Vendors and to obtain volume and pricing discounts on such services and goods from such Shared Vendors for the benefit of the Group.

3.3 Application

- (a) The parties agree that **clause 3.2** will not apply in respect of any the following Shared Vendors:
 - (i) any utility operators (water, electricity, gas and telephone and whether public or private) in Hong Kong or Macau;
 - (ii) a financier or lender to Melco or any of its Affiliates;
 - (iii) a Governmental Agency;
 - (iv) a Gaming Promoter; or
 - (v) an Other Casino.
- (b) The parties agree that **clause 3.2(b)** does not apply to any Shared Vendor Contract which is the subject of any dispute, claim, or other proceedings or the performance of which, or the goods provided under which, do not in the reasonable opinion of Melco or any of its Affiliates, meet appropriate standards of performance.

3.4 Gaming Promoters

Melco will use commercially reasonable efforts to ensure that there is no bias or discrimination by or at the direction of Melco or any of its Affiliates against the Group with respect to:

- (a) the use or selection of Gaming Promoters;
- (b) the allocation of customers by Gaming Promoters (to the extent it is within the control of Melco); or
- (c) the commissions, commission rate policies or extensions of credit in respect of Gaming Promoters for the Group as compared to commissions, commission rate policies or extensions of credit in respect of Gaming Promoters for any of the other Melco Casinos (excluding Other Casinos).

3.5 Audit rights

- (a) If **clause 3.2** applies, New Cotai may on an annual basis jointly request the Company to instruct the Company's auditors to audit the compliance by Melco with its obligations under **clause 3.2** and to share the results thereof with the Director(s) appointed by New Cotai.

- (b) The parties agree that any audit conducted under **clause 3.5(a)** will be limited to a review of a random sample of Shared Vendor Contracts of an appropriate size to be determined by the auditor to verify compliance by Melco with **clause 3.2(a)**.
- (c) Any work conducted by the Company's auditors in respect of **clause 3.5(a)** will be at the expense of the Company.
- (d) Melco shall instruct the auditors of the other Melco Casinos (other than Other Casinos) to reasonably cooperate with the Company's auditors in connection with any work conducted by the Company's auditors under **clause 3.5(a)** (but subject to **clause 3.5(b)**).

4. CASINO OPERATION

4.1 Casino operation

- (a) The Subconcessionaire is the holder of the Subconcession under which the Subconcessionaire is authorised by the Macau government to conduct the operation of casino games of chance and other casino games in Macau.
- (b) The parties acknowledge that the Subconcessionaire shall operate the Studio City Casino within the Subconcession pursuant to the terms of the Casino Management Agreement.
- (c) The Subconcessionaire shall apply for a Gaming Authorisation to operate in Macau prior to any expiration of the Subconcession from time to time, or at such other time determined by the Macau government, and, in any event, continue to operate the Studio City Casino for as long as the Subconcession is in effect.

4.2 Gaming tables

- (a) The parties acknowledge that the initial number of gaming tables authorised by the Macau government for operation at Studio City Casino on Opening is 250 mass gaming tables.
- (b) Any additional gaming tables authorised by the Macau government to be utilised by the Subconcessionaire after initial allocation of gaming tables by the Macau government to the Studio City Casino will (to the extent permitted by the Macau government) be allocated by the Subconcessionaire to the Studio City Casino and the other Melco Casinos:
 - (i) in proportion to the number of tables the Studio City Casino and the other Melco Casinos have (or have allocated to them) at that time; and
 - (ii) if the number of additional gaming tables authorised by the Macau government to be utilised by the Subconcession is disproportionately more than the number of gaming tables authorised to other concession and subconcession holders in Macau (based on the number of gaming tables held by each of them and including circumstances in which the percentage of additional gaming tables allocated to the Subconcessionaire exceeds the percentage of gaming tables allocated to other gaming concession or subconcession holders in Macau under the table cap regime implemented by the Macau government from time to time), the amount of the excess will (to the extent permitted by the Macau government) be allocated by the Subconcessionaire between the Studio City Casino and the other Melco Casinos based on:

- (A) the relative gaming expansion plans approved by the Macau government; or
- (B) if no such plans exist, pro rated based on the respective number of tables at (or allocated to) the Studio City Casino and the other Melco Casinos.
- (c) In the event that, after initial allocation of gaming tables by the Macau government to the Studio City Casino, the number of gaming tables authorised by the Macau government to be utilized by the Subconcession is reduced, Melco and New Cotai shall discuss in good faith whether there is to be any reduction in the number of gaming tables at the Studio City Casino having regard to (among other things) a fair and appropriate allocation of gaming tables to all Melco Casinos and after taking into account any Macau government requirement and the capital expenditures of each of the Melco Casinos and, in any event, the number of gaming tables at the Studio City Casino shall not be disproportionately reduced relative to the reduction of gaming tables at other Melco Casinos (unless the Melco Shareholders and New Cotai agree otherwise).

5. OTHER ADMINISTRATIVE MATTERS

- 5.1 For so long as any Shareholder, holder of Upstream Securities in a Shareholder, or any of their respective Affiliates, is required to provide information to any Gaming Regulator in relation to their interest in the Company (including any information about another Shareholder or any holder of Upstream Securities in that Shareholder), the Company will and will procure that each Company Subsidiary will, to the extent permitted by law, cooperate in good faith to obtain and endeavour to provide that information where requested in writing by that person.
- 5.2 Despite clause 5.1(a), if reasonable to do so, the Company may limit the information provided to such information as is required by the Gaming Regulator or otherwise customarily provided to any such Gaming Regulator.
- 5.3 Any person to whom information is provided under clause 5.1(a) shall agree, as a condition of being provided with that information, to cooperate with the Company to seek to limit or protect the information required to be provided, if the Company determines (acting reasonably) that providing such information would:
 - (a) materially compromise the competitiveness of the Studio City Property; or
 - (b) be prohibited by applicable Laws or the listing or exchange rules of any stock exchange on which the Securities or Melco's equity securities are listed.
- 5.4 The parties agree to be bound by and comply with the provisions as set out in Annexures G and H of the Original Shareholders Agreement, which shall apply mutatis mutandis hereto, referring to Newco instead of the Company where applicable.

6. PRE-EMPTIVE RIGHTS

6.1 Pro rata offer

If the Company proposes to offer Equity Securities of the Company for subscription (other than issuances in connection with a public offering, under any Equity Plan or “assured entitlement” arrangements pursuant to the Listing Rules of The Stock Exchange of Hong Kong Limited (as it may be amended from time to time)), solely or primarily to Melco or any of its Affiliates, each Entitled Minority Shareholder is entitled to subscribe for up to its Respective Proportion of the Equity Securities proposed to be issued, and the Company shall give written notice to New Cotai of the proposed issuance, describing the type of Equity Securities, the cash price per Equity Security, the number of Equity Securities, and the general terms upon which the Company proposes to issue the same (**Offer**).

6.2 Offer Notice

The Company shall make the Offer to each Entitled Minority Shareholder by giving a notice in writing (**Offer Notice**) to New Cotai specifying:

- (a) the total number of Equity Securities proposed to be issued to Melco and/or its Affiliates;
- (b) the number of Equity Securities each Entitled Minority Shareholder is entitled to subscribe for (up to its Respective Proportion of the aggregate of all Equity Securities to be issued to Melco and its Affiliates); and
- (c) the terms of issue of the Equity Securities (including the issue price which shall be the same price for all of the Equity Securities being offered).

The Company shall provide such Offer Notice as soon as reasonably practicable (but not less than fifteen (15) business days) prior to the date of the closing of the issue of the Equity Securities; provided that if the Company determines that such advance notice is not practical under the circumstances, the Company may provide notice as soon as practicable after such closing.

6.3 Response to Offer

Within fifteen (15) business days after the date the Offer Notice is deemed given in accordance with **clause 10**, New Cotai shall give notice to the Company stating, with respect to each Entitled Minority Shareholder, whether such Entitled Minority Shareholder accepts all or any portion of the Equity Securities offered to it in the Offer Notice or it declines the Offer in full.

6.4 Failure to Respond

If New Cotai does not give notice to the Company stating whether an Entitled Minority Shareholder accepts all or a portion of the Equity Securities offered to such Entitled Minority Shareholder in the Offer within the period stated in **clause 6.3**, any such Entitled Minority Shareholder shall be deemed to have declined all of the Equity Securities offered to it in the Offer.

6.5 Payment by Accepting Entitled Minority Shareholders

If an Entitled Minority Shareholder accepts all or any portion of the Equity Securities offered to such Entitled Minority Shareholder in the Offer, upon the closing of the issuance of the Equity Securities as specified in the Offer Notice, such Entitled Minority Shareholder shall pay to the Company an amount in cash (in U.S. dollars) equal to the aggregate purchase price for the number of Equity Securities specified in the notice of acceptance of such Entitled Minority Shareholder's Offer (the **Cash Purchase Price**) on the terms specified in the Offer Notice. If an Entitled Minority Shareholder fails to make a timely payment of the Cash Purchase Price in full in accordance with the terms specified in the Offer Notice, such Entitled Minority Shareholder shall be deemed to have declined all of the Equity Securities offered to it in the Offer.

6.6 Termination of Pre-Emptive Rights

Clauses 6.1 through 6.5 shall terminate and be of no further force or effect (**Termination of Pre-Emptive Rights**) upon which time (a) the Participation Agreement is no longer in effect and (b) either (i) the combined value of the Exchange Shares held by all Minority Shareholders no longer equals at least US\$40,000,000 based on a 20-Day VWAP or (ii) the total sum of the number of Exchange Shares held by all Minority Shareholders is less than 1.00% of the outstanding Class A Ordinary Shares.

7. CONFIDENTIALITY AND DISCLOSURE

7.1 Disclosure by Directors

- (a) Each Director shall not disclose any Confidential Information except, to the extent not prohibited by Law:
 - (i) to any officer, manager, employee, director (or equivalent) or financial, legal or accounting adviser of or lender to a Shareholder or holder of Upstream Securities; and
 - (ii) in the case of a Director employed by an investment fund or a management company of an investment fund (as applicable) that holds, or has any Affiliates that hold, an Effective Interest in Securities, to any partner, officer, manager, employee or director (or equivalent) of that investment fund or management company.
- (b) Each Shareholder shall procure that the Director appointed by them complies with the Director's obligations under this **clause 7** (subject to such Director's fiduciary duties).

7.2 Restrictions on disclosure

A person (other than a Director) shall not disclose any Confidential Information except, to the extent not prohibited by Law:

- (a) in the case of a Shareholder or holder of Upstream Securities, where permitted under **clauses 7.3, 7.4, 7.5 or 7.6**; or
- (b) in any other case, where permitted under **clauses 7.4, 7.5 or 7.8**.

7.3 Disclosure by Shareholders and holders of Upstream Securities

Each Shareholder and holder of Upstream Securities, as applicable, may, subject to **clause 7.6**, disclose any Confidential Information to the extent not prohibited by Law:

- (a) (i) to Oaktree Capital Management, L.P., or any investment fund or account or entity managed by Oaktree Capital Management, L.P. that is a holder of Upstream Securities or
(ii) to Silver Point Capital, L.P., or any investment fund or account or entity managed by Silver Point Capital, L.P. that is a holder of Upstream Securities, in the case of each of clauses (i) and (ii), so long as those persons own Effective Interests in Securities that correspond to a number of Securities equal to least 10% of the New Cotai Original Share Amount in aggregate; or
- (b) to any officer, manager, employee, representative, director (or equivalent) or financial, legal or accounting adviser of or lender to a Shareholder or holder of Upstream Securities or any of the other persons specified in the applicable paragraphs of this **clause 7.3**.

7.4 Disclosure generally

A person may disclose any Confidential Information received by it, to the extent not prohibited by Law:

- (a) in the case of a person that is an investment fund, to any partner in that fund;
- (b) to any officer, manager, employee, director (or equivalent) or financial, legal, valuation or accounting adviser of or lender to a Shareholder or holder of Upstream Securities or any of the other persons specified in this **clause 7.4**; and
- (c) to any Project Lender.

7.5 Exceptions

- (a) Despite any other provision of this clause to the contrary, but subject to **clause 7.5(b)**, a person may disclose Confidential Information to:
 - (i) any person to whom it is required to disclose the Confidential Information by Law;
 - (ii) any person to the extent necessary in connection with the exercise of any remedy hereunder;
 - (iii) any Governmental Agency where required by that agency; or
 - (iv) any stock exchange on which its securities, or the securities of any of its Affiliates, are listed if required by the listing or exchange rules of such stock exchange.
- (b) A party who is required to disclose Confidential Information under **clause 7.5(a)** shall use commercially reasonable endeavours to, and to the maximum extent permitted by Law to, limit the form and content of that disclosure.

7.6 Conditions to disclosure

Each Shareholder shall be responsible for ensuring that each holder of its Upstream Securities does not disclose Confidential Information that is not permitted to be disclosed under **clauses 7.3, 7.4 and 7.5** unless the Company, acting in its reasonable discretion at the request of a Shareholder, executes a Confidentiality Deed or other similar agreement with any particular holder of Upstream Securities.

7.7 Prospective Purchaser

- (a) A Shareholder (**Disclosing Shareholder**) shall not disclose, and shall procure that no holder of Upstream Securities discloses, any Confidential Information to a prospective purchaser of Securities or Upstream Securities (**Prospective Purchaser**) unless the Prospective Purchaser, prior to being provided with any such information, enters into a confidentiality agreement on terms no less onerous to the Prospective Purchaser than those set out in the Confidentiality Deed or otherwise reasonably acceptable to the Company.
- (b) The Disclosing Shareholder shall require that a Prospective Purchaser return or destroy any information provided by the Disclosing Shareholder to the Prospective Purchaser under **clause 7.2** (subject to customary exceptions) if the Prospective Purchaser has not purchased the Disclosing Shareholder's Securities or the Upstream Securities on or before the date six (6) months after the date of entry into the confidentiality agreement referred to in **clause 7.7(a)**.

7.8 Information to be held confidential

Each Shareholder shall procure that any person to whom information is disclosed by that Shareholder or any Director appointed by that Shareholder under **clauses 7.1** and **7.2** keeps that information confidential and, except as permitted by this **clause 7**, does not disclose the information to any other person.

7.9 Prohibition

A Shareholder shall not, and, subject to **clause 7.6**, shall procure that the holder of Upstream Securities in respect of such Shareholder does not, knowingly disclose any information to any Competitor or an Unsuitable Person, or any of their directors, officers or employees.

7.10 Disclosure document

The obligations of confidentiality in this **clause 7** do not apply to any information concerning the Group, its business or its assets in any document publicly available in connection with an underwritten public offering of the Company's Equity Securities, or American depositary shares representing the Company's Equity Securities.

8. DISPUTE

8.1 Dispute

- (a) If a dispute (**Dispute**) arises out of or relates to this document (including any dispute as to the existence, breach or termination of this document or as to any claim in tort, in equity or pursuant to any statute) a party to the document may only commence arbitration proceedings relating to the Dispute if the procedures set out in **clauses 8.1(b) to 8.1(h)** have been fulfilled.
- (b) A party to this document claiming the Dispute has arisen under or in relation to this document shall give written notice (**Dispute Notice**) to the other parties to the Dispute specifying the nature of the Dispute.

- (c) On receipt of the Dispute Notice by the other parties, all the parties to the Dispute (**Disputing Parties**) shall endeavour in good faith to resolve the Dispute expeditiously using informal dispute resolution techniques such as mediation, expert evaluation or determination or similar techniques agreed by them.
- (d) If the Disputing Parties do not resolve the Dispute within twenty (20) days of receipt of the Dispute Notice the Dispute shall be determined by way of arbitration in accordance with the Rules of Arbitration of the International Chamber of Commerce in force on the date when the notice of arbitration is submitted in accordance with these rules.
- (e) The number of arbitrators shall be three and the nationality or residence of the chairman of the arbitral tribunal shall not be the United States, Hong Kong or Macau.
- (f) The arbitral proceedings shall be conducted in the English language and the place of arbitration shall be Hong Kong.
- (g) By agreeing to arbitration pursuant to **clause 8.1(d)**, the parties do not intend to deprive any court of its jurisdiction to issue an interim injunction or other interim relief in aid of the arbitration proceedings, provided that the parties agree that they may seek only such relief as is consistent with their agreement to resolve the Dispute by way of arbitration. Without prejudice to such relief that may be granted by a national court, the arbitral tribunal shall have full authority to grant interim or provisional remedies or to order a party to seek modification or vacation of the relief granted by a national court. For purposes of this **clause 8.1(g)**, the parties irrevocably and unconditionally submit to the exclusive jurisdiction of the courts of Hong Kong and any courts which have jurisdiction to hear appeals from those courts and waive any right to object to any proceedings being brought in those courts.
- (h) Any dispute that arises under this document shall be resolved in accordance with this **clause 8**.

8.2 Proper exercise of rights not a Dispute

For the avoidance of doubt, the proper exercise by a Shareholder or Shareholder Group of its rights hereunder shall not constitute a Dispute merely because such exercise is contrary to the interests of the Company or another Shareholder or Shareholder Group.

9. TERMINATION

9.1 Term

Subject to **clause 9.2**, this document continues in full force and effect until:

- (a) terminated by written agreement between the parties; or
- (b) in the case of a Shareholder, that Shareholder ceases to hold any Securities.

9.2 Certain provisions continue

The termination of this document with respect to a party does not affect:

- (a) any obligation of that party which accrued prior to that termination and which remains unsatisfied or which has been breached; and

- (b) any provision of this document which is expressed to come into effect on, or to continue in effect after, that termination, including those specified in **clause 13.10**.

10. NOTICES

10.1 General

A notice, demand, certification, process or other communication relating to this document shall be in writing in English and may be given by an agent of the sender.

10.2 How to give a communication

A communication shall be given by being:

- (a) personally delivered;
- (b) left at the party's current delivery address for notices;
- (c) sent to the party's current postal address for notices by reputable international delivery service for delivery within five days; or
- (d) sent by fax to the party's current fax number for notices,

provided that any communication hereunder may also be sent by e-mail (which shall not constitute notice).

10.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices for each party, including such party's (i) delivery address for notices, (ii) postal address for notices (if different than delivery address), (iii) facsimile number for notices, (iv) e-mail address for notices, and (v) designated person or office to whom notices are to be addressed, are as initially set out below and in the Deed of Accession (as the case may be):

Melco Resorts & Entertainment Limited

36/F, The Centrium
60 Wyndham Street, Central
Hong Kong
facsimile number: +852-2537-3618
e-mail address: mco-comsec@melco-resorts.com
attention: Company Secretary

with copy to (which copy will not constitute notice for the purposes of this **clause 10**):

Latham & Watkins

18th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong
facsimile number: +852-2912-2600
e-mail address: Helena.Kim@lw.com
attention: Ji-Hyun Helena Kim

MCE Cotai Investments Limited

c/o Melco Resorts & Entertainment Limited at its address set out herein for delivery of notices facsimile number: +852-2537-3618

e-mail address: mco-comsec@melco-resorts.com

attention: Company Secretary

with copy to (which copy will not constitute notice for the purposes of this **clause 10**):

Latham & Watkins

18th Floor, One Exchange Square

8 Connaught Place, Central

Hong Kong

facsimile number: +852-2912-2600

e-mail address: Helena.Kim@lw.com

attention: Ji-Hyun Helena Kim

New Cotai, LLC

c/o New Cotai Holdings, LLC

Two Greenwich Plaza

Greenwich, Connecticut 06830

United States of America

facsimile number: +1-203-542-4133

e-mail address: dreganato@silverpointcapital.com

attention David Reganato

facsimile number: +1-203-542-4314

e-mail address: tlavelle@silverpointcapital.com

attention Timothy Lavelle

with copy to (which copy will not constitute notice for the purposes of this **clause 10**):

Skadden, Arps, Slate, Meagher & Flom LLP

300 South Grand Avenue, Suite 3400

Los Angeles, California 90071-3144

facsimile number: + 1-213-621-5288

email address: jeffrey.cohen@skadden.com

attention: Jeffrey H. Cohen

Studio City International Holdings Limited

36/F, The Centrium

60 Wyndham Street, Central

Hong Kong

facsimile number: +852-2537-3618

e-mail address: comsec@sc-macau.com

attention: Company Secretary

with copy to (which copy will not constitute notice for the purposes of this **clause 10**):

Latham & Watkins
18th Floor, One Exchange Square
8 Connaught Place, Central
Hong Kong
facsimile number: +852-2912-2600
e-mail address: Helena.Kim@lw.com
attention: Ji-Hyun Helena Kim

(b) Each party may change its particulars for delivery of notices by notice to each other party.

10.4 Communications by post

Subject to **clause 10.6**, a communication is deemed given five days after being sent under **clause 10.2(c)**.

10.5 Communications by fax

Subject to **clause 10.6**, a communication is deemed given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

10.6 After hours communications

If a communication is given:

- (a) after 5.00pm in the place of receipt; or
- (b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00am on the next day which is not a Saturday, Sunday or bank or public holiday or (in the case of Hong Kong) general holiday in that place.

10.7 Receipt of notice

A notice, demand, certification, process or other communication relating to this document shall be deemed received when it is deemed given hereunder.

11. NOTICES UNDER NEWCO MEMORANDUM AND ARTICLES OF ASSOCIATION, COMPANY MEMORANDUM AND ARTICLES OF ASSOCIATION AND DEPOSIT AGREEMENT

11.1 The Company irrevocably covenants that it shall or shall cause Newco to, as applicable, promptly provide a person designated by New Cotai with a copy of any notice or other communication or document that Newco is required to deliver to the Company under the Newco Memorandum and Articles of Association in its capacity as a Shareholder (as such term is defined in the Newco Memorandum and Articles of Association) of Newco.

11.2 The Company irrevocably covenants that it shall promptly provide a person designated by New Cotai with a copy of any notice or other communication that a holder of Equity Securities of the Company (other than Class B Ordinary Shares) or ADSs is entitled to receive under the Memorandum and Articles of Association or the Deposit Agreement; provided that this clause 11.2 shall not require a separate or duplicate notice to be provided to the extent that (a) New Cotai or any person designated by New Cotai is already entitled to receive a substantially similar notice under another agreement to which the Company is a party or (b) the information set out in such notice is publicly available.

12. DUTIES, COSTS AND EXPENSES

12.1 Fees and costs

- (a) The Company shall pay the reasonable legal and other costs and expenses incurred by the parties in negotiating, preparing, executing, and registering this document and the other Transaction Documents and provided that receipts for such expenses are provided to the Company prior to such payment.
- (b) If a party other than the Company pays the reasonable legal and other costs and expenses incurred by it of negotiating, preparing, executing, and registering this document or any of the other Transaction Documents then the Company shall reimburse that amount to the paying party on demand.
- (c) Except as otherwise expressly stated in this document, each party shall pay its own legal and other costs and expenses of performing its obligations under this document and of any dispute that may arise in connection with any amendment to this document.

12.2 Duties

- (a) The Company, as between the parties, is liable for and shall pay all Duty (including any fine or penalty except where it arises from default by another party) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it except in respect of any Transfer of Securities, where unless otherwise agreed by the parties to such Transfer, Duty in respect of such Transfer will be borne by the transferee.
- (b) If a party other than the Company pays any Duty (including any fine or penalty) on or relating to this document, any document executed under it or any dutiable transaction evidenced or effected by it, the Company shall reimburse that amount to the paying party on demand provided that such costs and/or expenses are reasonable.

13. GENERAL

13.1 Amendment

No amendment to this document will be effective unless it is:

- (a) in writing; and
- (b) signed by each party;

provided that New Cotai may amend Schedule II, subject to the requirements of **clauses 2.2(f)** and representations and warranties set forth in **2.2(g)**, in its sole discretion without the consent of any other party in accordance with the definition of Minority Shareholders.

13.2 Counterparts

This document may consist of a number of counterparts and if so the counterparts taken together constitute one document.

13.3 Assignment

- (a) Except to the extent expressly permitted under this document, a party shall not Transfer any right under this document without the prior written consent of the other parties.
- (b) Any purported Transfer in breach of this **clause 13.3** is of no effect.
- (c) The Company may assign its rights, and the Shareholders may assign their rights, under this document to any Project Lender if required by that lender in connection with, providing any such financing.
- (d) For the avoidance of doubt, without limitation of the provisions governing the requirements applicable to a transferee to be a Minority Shareholder, this document does not restrict the transfer of Class A Ordinary Shares to a transferee.

13.4 Entire understanding

- (a) This document together with the other Transaction Documents constitutes the entire understanding between the parties as to the subject matter of this document.
- (b) All previous negotiations, understandings, representations, warranties, memoranda or commitments concerning the subject matter of this document are superseded by this document and are of no effect. No party is liable to any other party in respect of those matters.
- (c) No oral explanation or information provided by any party to another:
 - (i) affects the meaning or interpretation of this document; or
 - (ii) constitutes any collateral agreement, warranty or understanding between any of the parties.

13.5 Further steps

Each party shall promptly do whatever any other party reasonably requires of it to give effect to this document (including voting their Securities in favour of any resolution).

13.6 Attorneys

Each of the attorneys executing this document declares that the attorney has no notice of the revocation of the power of attorney under which the attorney executes this document.

13.7 Inconsistency with Memorandum and Articles of Association

- (a) If there is any inconsistency between this document and the Memorandum and Articles of Association, this document prevails as between the Shareholders only to the extent of that inconsistency. Each Shareholder and the Company (to the fullest extent permissible under applicable law) acknowledges and agrees that there is no inconsistency between **clause 13.7(d)** and the Memorandum and Articles of Association as of the date of this document and for so long as none of the rights attached to the Class B Ordinary Shares under Article 29 or Article 56 of the Memorandum and Articles of Association are amended or removed.

- (b) At the written request of any party, all parties shall take all necessary steps, including voting in favour of any resolution, to amend the Memorandum and Articles of Association to remove the inconsistency specified in **clause 13.7(a)**.
- (c) Each Shareholder and the Company acknowledges and agrees that the terms of this document (i) are enforceable between the Shareholders and the Company (and between the Shareholders inter se) and (ii) are not rendered invalid solely due to any inconsistency between this document and the Memorandum and Articles of Association.
- (d) So long as the Participation Agreement remains in effect and any Class B Ordinary Shares remain issued and outstanding, each of the Shareholders and the Company covenant (as separate independent covenants and in the case of the Company to the extent permissible under applicable law) not to amend or remove, including by passage of a Special Resolution (as defined in the Memorandum and Articles of Association), any of the rights attached to the Class B Ordinary Shares under Article 29 or Article 56 of the Memorandum and Articles of Association, unless the Company first obtains the approval of the holders of a majority of the issued Class B Ordinary Shares by way of the written consent of the holders of a majority of the issued Class B Ordinary Shares, or with the sanction of a resolution passed by at least a majority of the holders of issued Class B Ordinary Shares present in person or by proxy at a separate general meeting of the holders of the issued Class B Ordinary Shares.

13.8 Relationship of parties

This document is not intended to create a partnership, joint venture, fiduciary or agency relationship between the parties.

13.9 Rights cumulative

Except as otherwise expressly stated in this document, the rights of a party under this document are cumulative and are in addition to any other rights of that party.

13.10 Survival of obligations after termination

Clauses 1 (Interpretation), **2.8** (Fees and expenses of Directors), **2.9** (D&O Policy), **2.10** (Indemnity deed), **5.2** (Other Administrative Matters), **8** (Dispute), **9.2** (Certain provisions continue), **10** (Notices), **13.3** (Assignment), **13.7(a)**, **13.7(b)**, **13.7(c)**, **13.9** (Rights cumulative), **13.10** (Survival of obligations after termination), **13.11** (Waiver and exercise of rights), **13.12** (Consent), **13.13(b)** (Equitable relief), **13.14** (Governing law and jurisdiction) and **13.15** (No Third Party Rights) of this document will remain in full force and effect and survive the expiry or termination of this document.

13.11 Waiver and exercise of rights

- (a) A single or partial exercise or waiver by a party of a right relating to this document does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

(c) A right relating to this document may only be waived in writing signed by the party or parties waiving the right.

13.12 Consent

Unless this document expressly provides otherwise, a party may give conditionally or unconditionally or withhold its approval or consent in its absolute discretion.

13.13 Equitable relief

The parties acknowledge that:

- (a) damages or an account of profits may be an inadequate remedy to compensate a Shareholder for a breach of this document; and
- (b) a party is entitled to specific performance or injunctive relief (as appropriate) as a remedy for any breach or threatened breach by a party of this document, in addition to any other remedies available to them at law or in equity.

13.14 Governing law and jurisdiction

This document is governed by and is to be construed in accordance with the laws applicable in Hong Kong.

13.15 No Third Party Rights

A person who is not a party to this document shall have no right under the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong) to enforce any of its terms.

13.16 New Cotai Ownership Determination

In determining the number of Securities held by New Cotai at the relevant time for purposes of any threshold in this document, including for purposes of the New Cotai Original Share Amount, the Securities held by the Minority Shareholders as set out in Schedule II at such relevant time shall be deemed to be held by New Cotai.

13.17 Effectiveness

This document and the rights and obligations herein are not binding and effective until the consummation of an underwritten public offering of the Company's Equity Securities, or American depositary shares representing the Company's Equity Securities.

IN WITNESS WHEREOF, the parties have caused this document to be duly executed as a deed as of the date first above written.

MCE Cotai Investments Limited

/s/ Stephanie Cheung

By: Stephanie Cheung

Position: Director

Date: October 16, 2018

In the presence of:

Signature: /s/ Rachel Mak

Name: Rachel Mak

Address: 37 / F, The Centrium, 60 Wyndham Street,
Central, Hong Kong

[Signature Page – Shareholders' Agreement]

New Cotai, LLC (SEAL)

By: /s/ David Reganato

Name: David Reganato

Position: Authorized Signatory

Date: October 16, 2018



In the presence of:

Signature: /s/ Brett Kulhawik

Name: Brett Kulhawik

Address: Two Greenwich Plaza
Greenwich, CT 06830

[Signature Page – Shareholders' Agreement]

Melco Resorts & Entertainment Limited

By: /s/ Evan Andrew Winkler

Evan Andrew Winkler

Position: Director

Date: October 16, 2018

In the presence of:

Signature: /s/ Rachel Mak

Name: Rachel Mak

Address: 37/F, The Centrium, 60 Wyndham Street,
Central, Hong Kong

[Signature Page – Shareholders' Agreement]

Studio City International Holdings Limited

By: /s/ Evan Andrew Winkler

Evan Andrew Winkler

Position: Director

Date: October 16, 2018

In the presence of:

Signature: /s/ Rachel Mak

Name: Rachel Mak

Address: 37/F, The Centrium, 60 Wyndham Street,
Central, Hong Kong

[Signature Page – Shareholders' Agreement]

SCHEDULE I

Melco Shareholders	108,767,640 Class A Ordinary Shares
New Cotai	72,511,760 Class B Ordinary Shares

SCHEDULE II

Minority Shareholders

Name of Minority Shareholder

New Cotai LLC

Class B Ordinary Shares

72,511,760

Exchange Shares

Nil

Annexure A

Confidentiality Deed

[Discloser]

[Recipient]

Confidentiality Deed

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Date

Parties

[•] of [•]; facsimile number: [•]; e-mail address: [•]; attention: [•] (**Discloser**)

[•] of [•]; facsimile number: [•]; e-mail address: [•]; attention: [•] (**Recipient**)

Background

- A The Discloser possesses Confidential Information.
 - B The Discloser proposes to disclose Confidential Information to the Recipient.
 - C The Recipient agrees to maintain the confidentiality of the Confidential Information that is disclosed to it, on the terms of this document.
-

Agreed terms

1 Interpretation

1.1 Definitions

In this document, the following terms have the following meanings:

Affiliate has the meaning given to that term in the Shareholders' Agreement.

Business Day means a day which is not a Saturday, Sunday or bank or public holiday in Hong Kong or New York, nor 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 9.00am and 5.00pm.

Company means Studio City International Holdings Limited, a company incorporated in the Cayman Islands.

Competitor has the meaning given to that term in the Shareholders' Agreement.

Confidential Information means any confidential, non-public or proprietary information relating to the business, assets or affairs of the Group; provided, however, that Confidential Information shall not include information that:

- (a) is or becomes generally available to the public other than as a result of disclosure in violation of this document;
- (b) is or becomes available to the receiving person on a non-confidential basis prior to its disclosure to such person;

- (c) is or has been independently developed or conceived by the receiving person without use of Confidential Information; or
- (d) becomes available to the receiving person on a non-confidential basis from a source other than the Discloser; provided that such source is not known by such person to be bound by a confidentiality agreement with the Discloser.

Effective Interest in Securities has the meaning given to that term in the Shareholders' Agreement.

Governmental Agency means:

- (a) a government, whether foreign, federal, state, territorial or local;
- (b) a department, office, or minister of a government acting in that capacity; or
- (c) a commission, delegate, instrumentality, agency, board or other governmental or semi-governmental, judicial, administrative, monetary, regulatory, fiscal or tax authority, whether statutory or not.

Group has the meaning given to that term in the Shareholders' Agreement.

Law means any law or legal requirement, including at common law, in equity, under any statute, regulation or by-law and any decision, directive, guidance, guideline or requirement of any Governmental Agency or the relevant stock exchange.

MRE means Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands.

New Cotai Original Share Amount has the meaning given to that term in the Shareholders' Agreement.

Permitted Transferee has the meaning given to that term in the Shareholders' Agreement.

Project Lender has the meaning given to that term in the Shareholders' Agreement.

Security has the meaning given to that term in the Shareholders' Agreement.

Shareholders' Agreement means the Amended and Restated Shareholders' Agreement by and among MCE Cotai Investments Limited, New Cotai, LLC, MRE, and the Company dated October 16, 2018, as may be amended from time to time.

Subsidiary has the meaning given to that term in the Shareholders' Agreement.

Unsuitable Person has the meaning given to that term in the Shareholders' Agreement.

Upstream Securities has the meaning given to that term in the Shareholders' Agreement.

1.2 Construction

Unless expressed to the contrary, in this document:

- (a) words in the singular include the plural and vice versa;
- (b) any gender includes the other genders;
- (c) if a word or phrase is defined its other grammatical forms have corresponding meanings;
- (d) a party may give or withhold any consent to be given under this document in its absolute discretion and may impose any conditions on that consent;
- (e) “includes” means includes without limitation;
- (f) no rule of construction will apply to a clause to the disadvantage of a party merely because that party put forward the clause;
- (g) a reference to:
 - (i) a person includes a partnership, individual, limited liability company, trust, joint venture, unincorporated association, corporation and a Governmental Agency;
 - (ii) any legislation includes subordinate legislation under it and includes that legislation and subordinate legislation as modified or replaced;
 - (iii) an obligation includes a warranty or representation and a reference to a failure to comply with an obligation includes a breach of warranty or representation;
 - (iv) a right includes a benefit, remedy, discretion or power;
 - (v) this or any other document includes the document as novated, varied or replaced in accordance with the terms of this document or the other document and despite any change in the identity of the parties;
 - (vi) a clause, schedule or annexure is a reference to a clause, schedule or annexure, as the case may be, of this document;
 - (vii) writing includes any mode of representing or reproducing words in tangible and permanently visible form, and includes fax transmissions; and
 - (viii) this document includes all schedules and annexures to it;
 - (ix) if the number of Securities the Effective Interest in Securities represents is required to be calculated, if the number is not a whole number, that number will be rounded up or down, as appropriate, with .5 or greater rounded up;
- (h) if the date on or by which any act must be done under this document is not a Business Day, the act must be done on or by the next Business Day; and

- (i) where time is to be calculated by reference to a day or event, that day or the day of that event is excluded.

2 Confidential Information

2.1 Duty of confidentiality

- (a) The Recipient must keep the Confidential Information disclosed by the Discloser to the Recipient confidential and must not disclose any Confidential Information except:
 - (i) in the case where the Recipient is a holder of Upstream Securities, where permitted under **clause 2.2, 2.3, or 2.4**; or
 - (ii) in any other case, where permitted under **clause 2.3 or 2.4**.
- (b) The Recipient must not knowingly disclose any information to any Competitor or an Unsuitable Person, or any of their respective directors, officers, or employees.

2.2 Disclosure by holders of Upstream Securities

If the Recipient is a holder of Upstream Securities, the Recipient may disclose any Confidential Information to the extent not prohibited by Law:

- (a) (i) to Oaktree Capital Management, L.P., or any investment fund or account or entity managed by Oaktree Capital Management, L.P. that is a holder of Upstream Securities or (ii) to Silver Point Capital, L.P., or any investment fund or account or entity managed by Silver Point Capital, L.P. that is a holder of Upstream Securities, in the case of each of clauses (i) and (ii), so long as those persons own Effective Interests in Securities that correspond to a number of Securities equal to at least 10% of the New Cotai Original Share Amount in aggregate; or
- (b) to any officer, manager, employee, representative, director (or equivalent) or financial, legal or accounting adviser of or lender to the Recipient or any of the other persons specified in the applicable paragraphs of this **clause 2.2**.

2.3 Disclosure generally

The Recipient may disclose any Confidential Information received by it:

- (a) if the Recipient is an investment fund, to any partner in that fund;
- (b) to any officer, manager, employee, director (or equivalent) or financial, legal, valuation or accounting adviser of or lender to the Recipient or any of the other persons specified in this **clause 2.3**; and
- (c) to any Project Lender.

2.4 Exceptions

- (a) Despite any other provision of this clause to the contrary, but subject to **clause 2.4(b)**, the Recipient may disclose Confidential Information to:
 - (i) any person to whom it is required to disclose the information by Law;

- (ii) any person to the extent necessary in connection with the exercise of any remedy hereunder;
 - (iii) any Governmental Agency where required by that agency; or
 - (iv) any stock exchange on which its securities, or the securities of any of its Affiliates, are listed if required by the listing or exchange rules of such stock exchange.
- (b) If the Recipient is required to disclose information under **clause 2.4(a)**, the Recipient must use commercially reasonable endeavours to, and to the maximum extent permitted by Law to, limit the form and content of that disclosure.

2.5 Copies and extracts of Confidential Information

- (a) The Recipient may only copy or extract any Confidential Information to the extent reasonably required by the Recipient.
- (b) Where the Recipient copies or extracts Confidential Information, the Recipient must comply with **clause 3** in respect of any copy or extract.

3 Return or destruction of Confidential Information

3.1 Return or destruction

Subject to **clause 3.2** and except as required by Law, the Recipient must within three Business Days of [**the Discloser requesting in writing¹/the Recipient ceasing to be a holder of Upstream Securities²**] return to the Discloser (or if the Discloser requests, destroy) all material containing any Confidential Information that is in the possession or control of the Recipient (including any Confidential Information disclosed by that person under **clause 2.2** or **2.3**, as applicable) unless such Confidential Information is in electronic form, in which case the Recipient must use all reasonable endeavours to destroy such Confidential Information.

3.2 Retained papers

The Recipient may retain board papers, board presentations, board minutes, and any reports containing Confidential Information but must ensure that such information is kept confidential and used only to the extent required by the Recipient.

3.3 Obligations to continue after materials returned

The obligations of the Recipient under this document will, from the date of this document, continue and be enforceable at any time by the Discloser and its Affiliates, even if the materials containing the Confidential Information are returned to the Discloser or destroyed, pursuant to **clause 3.1**.

3.4 The Recipient must certify destruction of materials

If the Discloser requests the Recipient to destroy any materials containing Confidential Information pursuant to **clause 3.1**:

¹ This will apply in the case where the Recipient is a Prospective Purchaser.

² This will apply in all cases other than where the Recipient is a Prospective Purchaser.

- (a) without limiting **clause 3.1**, all electronic or computer data or programs containing Confidential Information must be permanently deleted from the magnetic or other storage media on which it is stored so that it cannot be recovered or reconstructed in any way; and
- (b) the Recipient must certify in writing to the Discloser within five Business Days that the Confidential Information has been permanently and irretrievably deleted.

4 Indemnity

4.1 Indemnity

- (a) The Recipient must indemnify and keep indemnified the Discloser from and against:
 - (i) any cost, expense, loss, liability or damage; and
 - (ii) any liability whatsoever in respect of any action, claim or proceeding brought or threatened to be brought (including all costs and expenses which the Discloser may suffer or incur in disputing any such action, claim or proceeding),
in respect of or in connection with any breach of this document.
- (b) This indemnity survives termination of this document.

5 Liability

5.1 Discloser does not warrant Confidential Information is accurate

The Recipient acknowledges that:

- (a) the Discloser does not represent that the Confidential Information is accurate or complete; and
- (b) the Confidential Information may:
 - (i) have been prepared without any particular standard of care;
 - (ii) be speculative;
 - (iii) be forward looking and relatively uncertain;
 - (iv) be based on assumptions (stated or unstated) which may not be realised; and
 - (v) contain material which has not been audited or verified.

5.2 Liability

Subject to any written agreement between the parties to the contrary, the Discloser is not liable to the Recipient or any other person in relation to the use of the Confidential Information by the Recipient or any other person.

5.3 Release

Subject to any written agreement between the parties to the contrary, the Recipient releases the Discloser to the fullest extent permitted by law from any claim regarding any person's reliance on the Confidential Information.

6 Injunctive relief

The Recipient acknowledges that:

- (a) because of the nature of the Confidential Information, damages or an account of profit may be an inadequate remedy for the Discloser in the event of an unauthorised use or disclosure of the Confidential Information; and
- (b) the Discloser is entitled to seek an ex parte interlocutory or final injunction to restrain any actual or threatened unauthorised use or disclosure of the Confidential Information by the Recipient.

7 [Termination

- (a) **The Discloser may terminate this document at any time by giving written notice to the Recipient.**
- (b) **Any notice given to terminate this document will be taken to be a request to return or destroy all material containing any Confidential Information in accordance with clause 3.1.]³**

8 General

8.1 Severance

- (a) Subject to **clause 8.1(b)**, if a provision of this document is illegal or unenforceable in any relevant jurisdiction, it may be severed for the purposes of that jurisdiction without affecting the enforceability of the other provisions of this document.
- (b) **Clause 8.1(a)** does not apply if severing the provision:
 - (i) materially alters:
 - (A) the scope and nature of this document; or
 - (B) the relative commercial or financial positions of the parties; or
 - (ii) would be contrary to public policy.

8.2 Amendment

This document may only be varied or replaced by a document executed by the parties.

³ This will apply where the Recipient is a Prospective Purchaser only.

8.3 Waiver and exercise of rights

- (a) A single or partial exercise or waiver of a right relating to this document does not prevent any other exercise of that right or the exercise of any other right.
- (b) A party is not liable for any loss, cost or expense of any other party caused or contributed to by the waiver, exercise, attempted exercise, failure to exercise or delay in the exercise of a right.

8.4 Governing law and jurisdiction

This document is governed by and is to be construed in accordance with the laws applicable in Hong Kong.

8.5 Assignment

Neither party may assign any right or obligation under this document without the other party's prior written consent. Any dealing in breach of this clause is of no effect.

8.6 Entire understanding

This document and the Shareholders' Agreement (if applicable) contain the entire understanding between the parties as to the subject matter of this document.

8.7 Legal costs

Except as expressly stated otherwise in this document, each party must pay its own legal and other costs and expenses of negotiating, preparing, executing and performing its obligations under this document.

8.8 Rights cumulative

Except as expressly stated otherwise in this document, the rights of a party under this document are cumulative and are in addition to any other rights of that party.

8.9 Further steps

Each party must promptly do whatever any other party reasonably requires of it to give effect to this document and to perform its obligations under it.

8.10 Counterparts and facsimile copies

- (a) This document may consist of a number of counterparts and, if so, the counterparts taken together constitute one document.
- (b) This document may be entered into and becomes binding on the parties upon one party (**Sender**) signing the document and sending a facsimile copy of the signed document to the other party (**Receiver**) and the Receiver either:
 - (i) signing the document received by it and sending it by facsimile transmission to the Sender; or
 - (ii) signing a counterpart of the document received by it and sending it by facsimile transmission to the Sender.

8.11 Relationship of parties

This document is not intended to create a partnership, joint venture or agency relationship between the parties.

8.12 Ownership thresholds

In determining the number of Upstream Securities held by a person in an entity for the purposes of any threshold in this document, Upstream Securities held by an Affiliate of that person in that same entity shall be deemed to be held by that person.

9 Notices

9.1 General

A notice, demand, certification, process or other communication relating to this document must be in writing in English and may be given by an agent of the sender.

9.2 How to give a communication

A communication must be given by being:

- (a) personally delivered;
- (b) left at the party's current delivery address for notices;
- (c) sent to the party's current postal address for notices by reputable international delivery service for delivery within three days; or
- (d) sent by fax to the party's current fax number for notices,

provided that any communication hereunder may also be sent by e-mail (which shall not constitute notice).

9.3 Particulars for delivery of notices

- (a) The particulars for delivery of notices for each party, including such party's (i) delivery address for notices, (ii) postal address for notices (if different than delivery address), (iii) facsimile number for notices, (iv) e-mail address for notices, and (v) the person or office to whom notices are to be addressed, are initially as set out opposite such party's name at the commencement of this document.
- (b) Each party may change its particulars for delivery of notices by notice to each other party.

9.4 Communications by post

Subject to **clause 9.6**, a communication is deemed given five days after being sent under **clause 9.2(c)**.

9.5 Communications by fax

Subject to **clause 9.6**, a communication is deemed given if sent by fax, when the sender's fax machine produces a report that the fax was sent in full to the addressee. That report is conclusive evidence that the addressee received the fax in full at the time indicated on that report.

9.6 After hours communications

If a communication is given:

(a) after 5.00pm in the place of receipt; or

(b) on a day which is a Saturday, Sunday or bank or public holiday in the place of receipt,

it is taken as having been given at 9.00am on the next day which is not a Saturday, Sunday or bank or public holiday or (in the case of Hong Kong) general holiday in that place.

9.7 Receipt of notice

A notice, demand, certification, process or other communication relating to this document shall be deemed received when it is deemed given hereunder.

Deed of Accession

Deed poll dated

By

[
of [] (**Acceding Party**)

Background

A This document is supplemental to an Amended and Restated Shareholders Agreement dated October 16, 2018 (**Agreement**) by and among MCE Cotai Investments Limited, a company incorporated in the Cayman Islands, c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1 - 9005, Cayman Islands, New Cotai, LLC, a limited liability company formed in Delaware, United States of America, c/o New Cotai Holdings, LLC, of Two Greenwich Plaza, Greenwich, Connecticut 06830, United States of America, Melco Resorts & Entertainment Limited, a company incorporated in the Cayman Islands, c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1 - 9005, Cayman Islands, and Studio City International Holdings Limited, a company incorporated in the Cayman Islands, with its registered office at Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

Declarations

1 Acceding party to be bound

The Acceding Party covenants with all parties to the Agreement from time to time (whether original or by accession) (**Parties**) to observe, perform and be bound by all the terms of the Agreement in so far as they remain to be observed and performed, as if the Acceding Party had been an original party to the Agreement as [**Shareholder**].

2 Copy of the Deed

The Acceding Party confirms that it has been supplied with a copy of the Agreement.

3 Representations and warranties

The Acceding Party represents and warrants to the Parties that:

- (a) **(registration)**: it is a corporation, partnership, limited liability company, or other organization, as applicable, duly incorporated, formed, or organized, as applicable, and validly existing under the laws of the country of its registration, formation, or organization, as applicable;
- (b) **(corporate power)**: it has the corporate, partnership, limited liability company, or other organizational, as applicable, power to enter into and perform its obligations under this document and to carry out the transactions contemplated by the Agreement.
- (c) **(corporate action)**: it has taken all necessary corporate, partnership, limited liability company, or other organizational, as applicable, action to authorise the entry into and performance of this document and to carry out the transactions contemplated by the Agreement;
- (d) **(binding obligation)**: the obligations in this document are valid and binding obligations of the Acceding Party.

This deed poll is governed by the laws applicable in Hong Kong.

Executed as a deed.

SUBSCRIPTION AGREEMENT

This SUBSCRIPTION AGREEMENT (this “Agreement”) is entered into as of October 17, 2018, by and between Studio City International Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands (the “Company”), and Melco International Development Limited, an exempted company with limited liability incorporated under the laws of the Hong Kong (the “Purchaser”).

WHEREAS, the Company confidentially submitted a registration statement on Form F-1 on August 14, 2017 (as may be amended from time to time, the “Registration Statement”) with the United States Securities and Exchange Commission (the “SEC”) in connection with the initial public offering (the “Offering”) by the Company of American depositary shares (“ADSs”) representing Class A ordinary shares of a par value of US\$0.0001 each (“Ordinary Shares”) of the Company as specified in the Registration Statement; and

WHEREAS, subject to, and concurrently with, completion of the Offering, the Company desires to issue, sell and deliver to the Purchaser, and the Purchaser desires to purchase and acquire from the Company, Ordinary Shares in the Company in a private placement pursuant to an exemption from registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), on the terms and subject to the conditions set forth herein to effect the assured entitlement distribution (the “Assured Entitlement Distribution”) as set out in the Registration Statement.

NOW, THEREFORE, in consideration of the promises and the mutual benefits to be derived from this Agreement and the representations, warranties, covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. Purchase and Sale of Purchased Securities

1.1 Purchase and Sale of Purchased Shares. On the terms and subject to the conditions set forth herein, the Company agrees to sell, issue and deliver to the Purchaser, and the Purchaser agrees to purchase and acquire from the Company, on the Subscription Closing Date (as defined below), a total number of 800,376 Ordinary Shares (the “Purchased Shares”) at a price per Ordinary Share, which is the public offering price per ADS as set forth on the cover of the Company’s final prospectus in connection with the Offering divided by the number of Ordinary Shares represented by one ADS (the “Offer Price”), free and clear of all liens or encumbrances (except for restrictions arising under the Securities Act or created by virtue of this Agreement or the Lock-up Letter (as defined below)).

1.2 Subscription Closing. Subject to the conditions set forth herein, the sale, issuance and delivery of the Purchased Shares referred to in Section 1.1 (the “Subscription Closing”) shall take place remotely by electronic exchange of closing deliveries, concurrently with, and contingent upon, the Closing (as such term is defined in an underwriting agreement between the Company and the underwriters substantially in the form attached hereto as Exhibit A) (the “Underwriting Agreement”). Such date on which the Subscription Closing takes place is herein referred to as the “Subscription Closing Date”.

1.3 Subscription Closing Deliveries. At the Subscription Closing, the parties shall, respectively, make the following deliveries:

(a) The Purchaser shall deliver to the Company in immediately available funds by wire transfer or such other method as shall be acceptable to the Company, in either case to an account or accounts to be designated in writing by the Company, an amount equal to the number of Purchased Shares multiplied by the Offer Price (the “Purchase Price”).

(b) After receiving the Purchase Price, the Company shall promptly update or procure the updating of the register of members of the Company, evidencing the Purchased Shares having been issued and sold to the Purchaser, and deliver a copy of the same to the Purchaser.

Section 2. Representations and Warranties

Each of the Company and the Purchaser represents to the other party that none of such party, any of its affiliates or any person acting on its behalf has taken any actions that would result in the sale of the Purchased Shares to the Purchaser under this Agreement requiring registration under the Securities Act.

Section 3. Conditions

The respective obligations of each party to consummate the purchase and issuance and sale of the Purchased Shares shall be subject to the satisfaction on or prior to the Subscription Closing Date of the following condition, which, except as set forth in Section 3.2, may be waived by a party on behalf of itself in writing, in whole or in part, to the extent permitted by applicable law:

3.1 no governmental body or agency shall have issued any order, decree or ruling, no action has been commenced seeking any order, decree, or ruling and no law or regulation shall be in effect, enjoining, restraining or otherwise prohibiting any of the transactions contemplated by this Agreement, which in each of the cases referred to has not been terminated or withdrawn; and

3.2 the Subscription Closing shall have been consummated substantially concurrently with the Closing.

Section 4. Termination

4.1 If any governmental body or agency issues an order, decree or ruling or has taken any other action permanently enjoining, restraining or otherwise prohibiting any of the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable, then either the Purchaser or the Company may terminate this Agreement and, upon such termination, there shall be no liability or obligation hereunder on the part of the Purchaser or the Company.

4.2 If the Underwriting Agreement terminates prior to the consummation of the transactions contemplated by this Agreement, then this Agreement will automatically terminate and there shall be no liability or obligation hereunder on the part of the Purchaser or the Company.

4.3 Except as set forth in Section 4.1, this Agreement may not be terminated without the Underwriting Agreement having been terminated prior thereto.

Section 5. Covenant

5.1 Lock-up. The Purchaser shall, concurrently with the execution of this Agreement, enter into a lock-up letter (the "Lock-up Letter") substantially in the form attached hereto as Exhibit B.

5.2 Distribution Compliance Period. The Purchaser agrees not to resell, pledge or transfer any Purchased Shares within the United States or to any of whom within the best knowledge of the Purchaser is a U.S. Person, as each of those terms is defined in Regulation S, during the 40 days following the Subscription Closing Date.

5.3 Further Assurance. The Company and the Purchaser shall use their reasonable best efforts to fulfill or obtain the fulfillment of the conditions precedent to the consummation of the transactions contemplated hereby.

Section 6. Miscellaneous

6.1 Waiver, Amendment. Neither this Agreement nor any provision hereof shall be waived, modified, changed, discharged or terminated except by an instrument in writing signed by the party against whom such waiver, modification, change, discharge or termination is sought.

6.2 Assignability. Neither this Agreement nor any right, remedy, obligation or liability arising hereunder or by reason hereof shall be assignable by Purchaser without the prior written consent of the Company; *provided*, that the Purchased Shares may be delivered to a designee of the Purchaser if such designee is an affiliate of the Purchaser or pursuant to the Assured Entitlement Distribution.

6.3 Severability. If any term, provision, agreement, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, agreements, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party hereto. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a reasonably acceptable manner in order that the transactions contemplated hereby may be consummated as originally contemplated to the fullest extent possible.

6.4 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given if delivered personally or sent by facsimile, e-mail, overnight courier or registered or certified mail, postage prepaid, to the address set forth below, or to such other address as may be designated in writing by such party:

if to the Purchaser, to:

Melco International Development Limited
38th Floor, The Centrium
60 Wyndham Street
Hong Kong
Fax: (852) 3162 3579
Email: EvanWinkler@melco-group.com / VincentLeung@melco-group.com
Attention: Mr. Evan Winkler / Mr. Vincent Leung

if to the Company, to:

Studio City International Holdings Limited
38th Floor, The Centrium
60 Wyndham Street
Hong Kong
Fax: (852) 2537 3618
Email: comsec@sc-macau.com
Attention: Company Secretary

6.5 Counterparts. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto and each such executed counterpart shall be deemed to be an original instrument.

6.6 Binding Effect. The provisions of this Agreement shall be binding upon and accrue to the benefit of the parties hereto and their respective heirs, legal representatives, permitted successors and assigns.

6.7 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement or serve as a limitation or expansion on the scope of any term or proviso of this Agreement.

6.8 Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than Hong Kong.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

PURCHASER

**MELCO INTERNATIONAL DEVELOPMENT
LIMITED**

By: /s/ Lawrence Yau Lung Ho

Name: Lawrence Yau Lung Ho

Title: Director

COMPANY

**STUDIO CITY INTERNATIONAL HOLDINGS
LIMITED**

By: /s/ WINKLER, Evan Andrew

Name: WINKLER, Evan Andrew

Title: Director

[Signature Page to Subscription Agreement]

Exhibit A

Form of Underwriting Agreement

Exhibit B

Form of Lock-up Letter

STUDIO CITY FINANCE LIMITED,

as Company

THE SUBSIDIARY GUARANTORS PARTIES HERETO,

7.250% SENIOR NOTES DUE 2024

INDENTURE

February 11, 2019

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Trustee, Paying Agent, Registrar and Transfer Agent

and

THE OTHER PERSONS FROM TIME TO TIME PARTY HERETO

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INDENTURE dated as of February 11, 2019 among Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of the British Virgin Islands with company number 1673307 (the “*Company*”), the Subsidiary Guarantors named herein (the “*Subsidiary Guarantors*”) and Deutsche Bank Trust Company Americas, a New York banking corporation as Trustee, Paying Agent, Registrar and Transfer Agent.

Each party agrees as follows for the benefit of each other and for the other parties hereto and for the equal and ratable benefit of the Holders (as defined herein) of the 7.250% Senior Notes due 2024 (the “*Notes*”):

ARTICLE 1 DEFINITIONS

Section 1.01 *Definitions.*

“*144A Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depository or its nominee, that will be issued in a denomination equal (subject to a maximum denomination of US\$500 million) to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

“*2020 Notes*” means the 8.500% Senior Notes due 2020 of the Company.

“*Acquired Indebtedness*” means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Additional Notes*” means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Section 2.02 and Section 4.09 hereof, as part of the same series as the Initial Notes; *provided that* any Additional Notes that are not fungible with the Notes for U.S. federal income tax purposes shall have a separate CUSIP, ISIN or other identifying number than any previously issued Notes, but shall otherwise be treated as a single class with all other Notes issued under this Indenture.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “*control*,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided that* beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms “*controlling*,” “*controlled by*” and “*under common control with*” have correlative meanings.

“*Agent*” means any Registrar, co-registrar, Paying Agent, Transfer Agent or additional paying agents or transfer agents.

“*Applicable Premium*” means, with respect to any Note on any redemption date, the greater of:

1. 1.0% of the principal amount of the Note; or

2. the excess of:

- (a) the present value at such redemption date of (i) the redemption price of the Note at February 11, 2021, plus (ii) all required interest payments due on the Note through February 11, 2021 (such redemption price being set forth in the table appearing in Section 3.07 hereof) plus (iii) all required interest payments due on the Note through February 11, 2021 (excluding accrued but unpaid interest to but excluding the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
- (b) the principal amount of the Note, if greater,

as calculated by the Company or on behalf of the Company by such Person as the Company may engage. For the avoidance of doubt, calculation of the Applicable Premium shall not be a duty or obligation of the Trustee, the Paying Agent, the Transfer Agent, or the Registrar.

“*Applicable Procedures*” means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depository, Euroclear and Clearstream, Luxembourg that apply to such transfer or exchange.

“*Asset Sale*” means:

(1) the sale, lease, conveyance or other disposition of any assets or rights; *provided that* the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of this Indenture described in Section 4.15 hereof and/or the provisions described in Section 5.01 hereof and not by the provisions of Section 4.10 hereof;

(2) the issuance of Equity Interests in any of the Restricted Subsidiaries of the Company or the sale of Equity Interests in any of the Company’s Subsidiaries; and

(3) any Event of Loss.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than US\$5.0 million;

(2) a transfer of assets between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or a Restricted Subsidiary of the Company;

(4) the sale, license, transfer, lease (including the right to use) or other disposal of products, services, rights, accounts receivable, undertakings, establishments or other current assets or cessation of any undertaking or establishment in the ordinary course of business (including pursuant to any shared services agreements (including the MSA), Revenue Sharing Agreement or any construction and development activities) and any sale or other disposition of damaged, worn-out, surplus or obsolete assets (or the dissolution of any Dormant Subsidiary) in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents;

(6) any transfer, termination or unwinding or other disposition of Hedging Obligations in the ordinary course of business;

(7) a transaction covered under Section 5.01 or Section 4.15;

(8) the lease of, right to use or equivalent interest under Macau law on that portion of real property granted to Studio City Developments Limited pursuant to the applicable land concession granted by the government of the Macau SAR in connection with the development of the Phase II Project in accordance with such applicable land concession;

(9) a Restricted Payment that does not violate the provisions of Section 4.07 hereof or a Permitted Investment, and any other payment under the Services and Right to Use Agreement, the Reinvestment Agreement or the MSA and any transactions or arrangements involving contractual rights under, pursuant to or in connection with the Services and Right to Use Agreement, the Reinvestment Agreement or the MSA, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals thereof;

(10) the (i) lease, sublease, license or right to use of any portion of the Property to persons who, either directly or through Affiliates of such persons, intend to develop, operate or manage gaming, hotel, nightclubs, bars, restaurants, malls, amusements, attractions, recreation, spa, pool, exercise or gym facilities, or entertainment facilities or venues or retail shops or venues or similar or related establishments or facilities within the Property and (ii) the grant of declarations of covenants, conditions and restrictions and/or easements or other rights to use with respect to common area spaces and similar instruments benefiting such tenants of such lease, subleases licenses and rights to use generally and/or entered into connection with the Property (collectively, the “*Venue Easements*”); *provided that* no Venue Easements or operations conducted pursuant thereto would reasonably be expected to materially interfere with, or materially impair or detract from, the operation of the Property;

(11) the dedication of space or other dispositions of property in connection with and in furtherance of constructing structures or improvements reasonably related to the development, construction and operation of the Property; *provided*, that in each case such dedication or other disposition is in furtherance of, and does not materially impair or interfere with the use or operations (or intended use or operations) of, the Property;

(12) the granting of easements, rights of way, rights of access and/or similar rights to any governmental authority, utility providers, cable or other communication providers and/or other parties providing services or benefits to the Property, the real property held by the Company or a Restricted Subsidiary of the Company or the public at large that would not reasonably be expected to interfere in any material respect with the construction, development or operation of the Property;

(13) the granting of a lease, right to use or equivalent interest to Melco Resorts Macau or Melco Resorts or any of its Affiliates for purposes of operating a gaming facility at Studio City, including under the Services and Right to Use Agreement and any related agreements, or any transactions or arrangements contemplated thereby;

(14) the grant of licenses to intellectual property rights to third Persons (other than Affiliates of the Company or any Restricted Subsidiary of the Company) on an arm’s length basis in the ordinary course of business or to Melco Resorts Macau, Melco Resorts and its Affiliates in the ordinary course of business;

(15) transfers, assignments or dispositions constituting an Incurrence of a Permitted Lien (but not the actual sale or other disposition of the property subject to such Lien); and

(16) any surrender or waiver of contractual rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business.

“*Bankruptcy Law*” means (i) the United States Bankruptcy Code of 1978 or any similar U.S. federal or state law for the relief of debtors, (ii) the provisions of the Code of Civil Procedure of Macau that deal with the placement of a debtor into liquidation, the administration and disposal of its assets, the distribution of the proceeds thereof and the alternatives to such liquidation, or any laws of similar effect, and (iii) those laws included, principally within (but not limited to) the BVI Business Companies Act, 2004 (as amended) and the Insolvency Act, 2007 (as amended) concerning the solvency and insolvency of BVI companies.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;
- (2) with respect to a partnership, the Board of Directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Business Day*” means any day other than a Legal Holiday.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a finance or capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with U.S. GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

“*Capital Stock*” means:

- (1) in the case of a corporation, corporate stock or shares;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

“*Cash Equivalents*” means:

- (1) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality of the United States government (*provided that* the full faith and credit of the United States is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

(2) demand deposits, certificates of deposit, time deposits and eurodollar time deposits with maturities of 12 months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any commercial bank organized under the laws of Macau, Hong Kong, a member state of the European Union or of the United States of America or any state thereof having capital and surplus in excess of US\$500.0 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-3" or higher by Moody's or "A-" or higher by S&P or the equivalent rating category or another internationally recognized rating agency;

(3) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within 12 months after the date of acquisition; and

(5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

"Casualty" means any casualty, loss, damage, destruction or other similar loss with respect to real or personal property or improvements.

"Change of Control" means the occurrence of any of the following:

(1) Melco Resorts' equity securities not being listed on at least one of the following:

(a) The Hong Kong Stock Exchange;

(b) The NASDAQ Stock Market; or

(c) The New York Stock Exchange;

(2) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any "person" or "group" (as such terms are used in Section 13(d) of the Exchange Act) (other than Melco Resorts or a Related Party of Melco Resorts);

(3) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(4) the first day on which:

(A) Melco Resorts ceases to own, directly or indirectly, (i) a majority, or (ii) if Melco Resorts is authorized by the relevant Gaming Authority or is otherwise permitted to hold less than 50.1% of Equity Interest in Studio City International, the greater of (x) such lesser percentage and (y) 35%, of the outstanding Equity Interests and/or Voting Stock of each of the Company and Studio City Holdings Five Limited (or any Person which becomes a "Golden Shareholder" and/or a "Preference Holder" under the Direct Agreement pursuant to the terms thereof, if any);

(B) Melco Resorts ceases to own, directly or indirectly, less than 50.1% of Equity Interest in Melco Resorts Macau (or another operator of the Studio City Casino); or

- (C) Melco Resorts ceases to have, directly or indirectly (through a Subsidiary), the power to nominate a number of directors on the Board of Directors of the Company who are entitled to cast a majority of the votes which may be cast at a meeting of the Board of Directors of the Company.

“*Clearstream, Luxembourg*” means Clearstream Banking S.A.

“*Company*” means Studio City Finance Limited, and any and all successors thereto.

“*Condemnation*” means any taking by a Governmental Authority of assets or property, or any part thereof or interest therein, for public or quasi-public use under the power of eminent domain, by reason of any public improvement or condemnation or in any other manner.

“*Consolidated Net Income*” means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with U.S. GAAP; *provided that*:

(1) the Net Income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person;

(2) the Net Income of any Restricted Subsidiary that is not a Subsidiary Guarantor will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders *provided, however*, that Consolidated Net Income of the specified Person will be increased by the amount of dividends or similar contributions actually paid in cash (or to the extent converted into cash) to the specified Person or any of its Restricted Subsidiaries that is a Subsidiary Guarantor, to the extent not already included therein;

(3) the cumulative effect of a change in accounting principles will be excluded; and

(4) charges or expenses related to deferred financing fees and Indebtedness issuance costs, including related commissions, fees and expenses, premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off, extinguishment, repurchase, cancellation or forgiveness of Indebtedness will be excluded.

“*Corporate Trust Office of the Trustee*” means the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

“*Credit Facilities*” means one or more debt facilities, indentures or commercial paper facilities, in each case, with banks or other lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), letters of credit or other forms of Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to investors) in whole or in part from time to time.

“*Credit Facilities Documents*” means the collective reference to any Credit Facilities, any notes issued pursuant thereto and the guarantees thereof, and the collateral or other documents relating thereto, as amended, supplemented, restated, renewed, refunded, replaced, restructured, repaid, refinanced or otherwise modified, in whole or in part, from time to time.

“*Custodian*” means Deutsche Bank Trust Company Americas, as custodian with respect to the Notes in global form, or any successor entity thereto.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Definitive Note*” means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the “Schedule of Exchanges of Interests in the Global Note” attached thereto.

“*Depository*” means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depository with respect to the Notes, and any and all successors thereto appointed as depository hereunder and having become such pursuant to the applicable provision of this Indenture.

“*Direct Agreement*” means the direct agreement dated November 26, 2013, in relation to (a) the Services and Right to Use Agreement and (b) the Reinvestment Agreement.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Company may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

“*Dormant Subsidiary*” means a Restricted Subsidiary of the Company which does not trade (for itself or as agent for any other person) and does not own, legally or beneficially, assets (including, without limitation, Indebtedness owed to it) which in aggregate have a book value greater than US\$100,000 and has no third-party recourse Indebtedness or intercompany Indebtedness with the Company or any other Restricted Subsidiary.

“*EBITDA*” means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

- (1) an amount equal to any extraordinary loss plus any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Consolidated Net Income; *plus*
- (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*
- (3) the Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(4) depreciation, amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period), of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(5) any non-cash compensation charge arising from any grant of stock, stock options or other equity based awards; *plus*

(6) Pre-Opening Expenses, to the extent such expense were deducted in computing Consolidated Net Income; *plus*

(7) any goodwill or other intangible asset impairment charge; *plus*

(8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with U.S. GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company will be added to Consolidated Net Income to compute EBITDA of the Company only to the extent that a corresponding amount was included in the calculation of Consolidated Net Income.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means any public sale or private issuance of Capital Stock (other than Disqualified Stock) of (1) the Company or (2) a direct or indirect parent of the Company to the extent the net proceeds from such issuance are contributed in cash to the common equity capital of the Company (in each case other than pursuant to a registration statement on Form S-8 or otherwise relating to equity securities issuable under any employee benefit plan of the Company).

“*Euroclear*” means Euroclear Bank SA/NV.

“*Event of Loss*” means, with respect to the Company, any Subsidiary Guarantor or any Restricted Subsidiary of the Company that is a Significant Subsidiary, any (1) Casualty, (2) Condemnation or seizure (other than pursuant to foreclosure) or (3) settlement in lieu of clause (2) above, in each case having a fair market value in excess of US\$20.0 million.

“*Exchange Act*” means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Excluded Contributions*” means the net cash proceeds received by the Company subsequent to the Issue Date from:

(1) contributions to its common equity capital; and

(2) the issuance or sale (other than to a Subsidiary of the Company or to any Company or Subsidiary management equity plan or stock option plan or any other management or employee benefit plan or agreement) by the Company of shares of its Capital Stock (other than Disqualified Stock) or a share capital increase;

in each case, designated as Excluded Contributions on the date on which such Excluded Contributions were received pursuant to an Officer’s Certificate, and excluded from the calculation set forth in Section 4.07(a)(4)(C)(ii) hereof.

“*Excluded Subsidiary*” means a Restricted Subsidiary of the Company which (a) is incorporated solely for the purpose of complying with the requirements of the government of Macau in connection with the conduct of the Permitted Business by the Company and its Restricted Subsidiaries, and (b) does not own, legally or beneficially, assets (including, without limitation, Indebtedness owed to it) which in aggregate have a book value greater than US\$100,000 and has no third-party recourse Indebtedness or intercompany Indebtedness with the Company or any other Restricted Subsidiary.

“*Existing Studio City Company Notes*” means the US\$350,000,000 5.875% Senior Secured Notes due 2019 and the US\$850,000,000 7.250% Senior Secured Notes due 2021 of Studio City Company Limited outstanding on the Issue Date.

“*Fair Market Value*” means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Company (unless otherwise provided in this Indenture).

“*Fixed Charge Coverage Ratio*” means with respect to any specified Person for any period, the ratio of EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Calculation Date*”), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Preferred Stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including any related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date will be given pro forma effect (in accordance with Regulation S-X under the Securities Act) as if they had occurred on the first day of the four-quarter reference period;

(2) the EBITDA attributable to discontinued operations, as determined in accordance with U.S. GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with U.S. GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the Obligations giving rise to such Fixed Charges will not be Obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months).

“Fixed Charges” means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not (i) debt issuance costs, commissions, fees and expenses or (ii) amortization of discount on the Intercompany Note Proceeds Loans), non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges Incurred in respect of letter of credit or bankers’ acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates; *plus*

(2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (other than Indebtedness secured by a Lien of the type specified in clause (22) of the definition of “Permitted Liens”), whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Preferred Stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of such Person (other than Disqualified Stock) or to such Person or a Restricted Subsidiary of such Person, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with U.S. GAAP.

“Gaming Authorities” means the applicable gaming board, commission, or other governmental gaming regulatory body or agency which (a) has, or may at any time after issuance of the Notes have, jurisdiction over the gaming activities (i) at the Studio City Casino, (ii) of Melco Resorts Macau (or any other operator of the Studio City Casino including Melco Resorts or any of its Affiliates), or (iii) of the Company or any of its Subsidiaries, or any successor to such authority or (b) is, or may at any time after the issuance of the Notes be, responsible for interpreting, administering and enforcing the Gaming Laws.

“Gaming Laws” means all applicable constitutions, treaties, resolutions, laws, regulations, instructions and statutes pursuant to which any Gaming Authority possesses regulatory, licensing or permit authority over gaming, gambling or casino activities, and all rules, rulings, orders, ordinances, regulations of any Gaming Authority applicable to the gambling, casino, gaming businesses or activities (i) at Studio City Casino, (ii) of Melco Resorts Macau (or any other operator of the Studio City Casino including Melco Resorts or any of its Affiliates), or (iii) of the Company or any of its Subsidiaries in any jurisdiction, as in effect from time to time, including the policies, interpretations and administration thereof by the Gaming Authorities.

“Gaming Licenses ” means any concession, subconcession, license, permit, franchise or other authorization at any time required under any Gaming Laws to own, lease, operate or otherwise conduct the gaming business (i) at Studio City Casino or (ii) of Melco Resorts Macau.

“*Global Note Legend*” means the legend set forth in Section 2.06(f)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

“*Global Notes*” means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depository or its nominee, substantially in the form of Exhibit A hereto and that bears the Global Note Legend and that has the “Schedule of Exchanges of Interests in the Global Note” attached thereto, issued in accordance with Section 2.01, 2.06(b)(3), 2.06(b)(4), and with Section 2.06(d)(2) or 2.06(f) hereof.

“*Governmental Authority*” means the government of the Macau SAR or any other territory, nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

“*Guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

“*Holder*” means a Person in whose name a Note is registered.

“*Incur*” means, with respect to any Indebtedness, Capital Stock or other Obligation of any Person, to create, issue, assume, guarantee, incur (by conversion, exchange, or otherwise) or otherwise become liable in respect of such Indebtedness, Capital Stock or other Obligation or the recording, as required pursuant to U.S. GAAP or otherwise, of any such Indebtedness or other Obligation on the balance sheet of such Person. Indebtedness or Capital Stock otherwise Incurred by a Person before it becomes a Restricted Subsidiary of the Company shall be deemed to be Incurred at the time at which such Person becomes a Restricted Subsidiary of the Company. The accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness and the payment of dividends on Preferred Stock in the form of additional shares of Preferred Stock shall not be considered an Incurrence of Indebtedness.

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker’s acceptances;
- (4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than one year after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with U.S. GAAP. In addition, the term “Indebtedness” includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

Notwithstanding the foregoing, “Indebtedness” will not include (i) any capital commitments, deposits or advances from customers or any contingent obligations to refund payments (including deposits) to customers (or any guarantee thereof), (ii) obligations of the Company or a Restricted Subsidiary of the Company to pay the deferred and unpaid purchase price of property or services due to suppliers of equipment or other assets (including parts thereof) not more than one year after such property is acquired or such services are completed and the amount of unpaid purchase price retained by the Company or any of its Restricted Subsidiaries in the ordinary course of business in connection with an acquisition of equipment or other assets (including parts thereof) pending full operation or contingent on certain conditions during a warranty period of such equipment or assets in accordance with the terms of the acquisition; *provided that*, in each case of clause (i) and (ii), such Indebtedness is not reflected as borrowings on the consolidated balance sheet of the Company (contingent obligations and commitments referred to in a footnote to financial statements and not otherwise reflected as borrowings on the balance sheet will not be deemed to be reflected on such balance sheet), or (iii) any lease of property which would be considered an operating lease under U.S. GAAP and any guarantee given by the Company or a Restricted Subsidiary in the ordinary course of business solely in connection with, or in respect of, the obligations of the Company or a Restricted Subsidiary under any operating lease.

The amount of Indebtedness of any Person at any time shall be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided that*:

- (A) the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with U.S. GAAP;
- (B) money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness shall not be deemed to be “Indebtedness” so long as such money is held to secure the payment of such interest; and
- (C) that the amount of or the principal amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if such Hedging Obligation terminated at or prior to that time due to a default by such Person.

“*Indenture*” means this Indenture, as amended or supplemented from time to time.

“*Independent Financial Advisor*” means accounting, appraisal or investment banking firm of international standing.

“*Indirect Participant*” means a Person who holds a beneficial interest in a Global Note through a Participant.

“*Initial Notes*” means the first US\$600,000,000 aggregate principal amount of Notes issued under this Indenture on the date hereof.

“*Initial Purchasers*” means Deutsche Bank AG, Singapore Branch or Australia, New Zealand Banking Group Limited, Bank of Communications Co., Ltd. Macau Branch, BOC Asia Limited, Industrial and Commercial Bank of China (Asia) Limited, Industrial and Commercial Bank of China (Macau) Limited and Mizuho Securities USA LLC.

“*Intercompany Note Proceeds Loans*” means the one or more intercompany loans between the Company and its Subsidiaries pursuant to which the Company on-lends to its Subsidiaries the net proceeds from the issuance of the 2020 Notes in accordance with the terms of the definitive documents with respect to the 2020 Notes, including in connection with any extension, additional issuance or refinancing thereof.

“*Investment Grade Status*” shall apply at any time the Notes receive (i) a rating equal to or higher than BBB- (or the equivalent) from S&P and (ii) a rating equal to or higher than Baa3 (or the equivalent) from Moody’s.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees and consultants made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with U.S. GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company’s Investments in such Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.07 hereof. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

“*Issue Date*” means the date on which the Notes (other than any Additional Notes) are originally issued.

“*Land Concession*” means the land concession by way of lease, for a period of 25 years, subject to renewal as of October 17, 2001 for a plot of land situated in Cotai, Macau, described with the Macau Immovable Property Registry under No. 23059 and registered in Studio City Developments Limited’s name under inscription no. 26642 of Book F, titled by Dispatch of the Secretary for Public Works and Transportation no. 100/2001 of October 9, 2001, published in the Macau Official Gazette no. 42 of October 17, 2001, as amended by Dispatch of the Secretary for Public Works and Transportation no. 31/2012 of July 19, 2012, published in the Macau Official Gazette no. 30 of July 25, 2012, and by Dispatch of Secretary for Public Works and Transportation no. 92/2015 of September 10, 2015, published in the Macau Official Gazette no. 38 of September 23, 2015 and including any other amendments from time to time to such land concession.

“*Legal Holiday*” means a Saturday, a Sunday or a day on which banking institutions in the City of New York, New York, Hong Kong, Macau, the British Virgin Islands or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

“*Melco Resorts*” means Melco Resorts & Entertainment Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands.

“*Melco Resorts Macau*” means Melco Resorts (Macau) Limited, a Macau company.

“*Melco Resorts Parties*” means COD Resorts Limited, Altira Resorts Limited, Melco Resorts (Macau) Limited, MPEL Services Limited, Golden Future (Management Services) Limited, MPEL Properties (Macau) Limited, Melco Resorts Security Services Limited, Melco Resorts Travel Limited, MCE Transportation Limited, MCE Transportation Two Limited and any other Person which accedes to the MSA as a “*Melco Crown Party*” pursuant to terms thereof; and a “*Melco Resorts Party*” means any of them.

“*Moody’s*” means Moody’s Investors Service, Inc. or any successor to the rating agency business thereof.

“*MSA*” means the master services agreement dated December 21, 2015, including any work agreements entered into pursuant to the master services agreement, entered into between the Studio City Parties on the one part and the Melco Resorts Parties on the other part, as amended, modified, supplemented, extended, replaced or renewed from time to time, and any other master services agreement or equivalent agreement or contract, including any work agreements entered into pursuant to any such master services agreement, in each case entered into in connection with the conduct of Permitted Business and on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in an arm’s length commercial transaction, as amended, modified, supplemented, extended, replaced or renewed from time to time.

“*Net Income*” means, with respect to any Person, the net income (loss) of such Person, determined in accordance with U.S. GAAP and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment, repurchase or cancellation of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

“*Net Proceeds*” means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with U.S. GAAP.

“*Non-Recourse Debt*” means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender, other than, in the case of (a) and (b), Indebtedness incurred pursuant to Section 4.09(b)(15) hereof; and

(2) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries (other than to the Equity Interests of any Unrestricted Subsidiary).

“*Non-U.S. Person*” means a Person who is not a U.S. Person.

“*Note Guarantee*” means the Guarantee by each Subsidiary Guarantor of the Company’s Obligations under this Indenture and the Notes.

“*Notes*” has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the offering memorandum dated January 29, 2019 in respect of the Notes.

“*Officer*” means the Chairman of the Board, Chief Executive Officer, Property Chief Financial Officer, President, any Executive Vice President, Senior Vice President or Vice President, Treasurer or Secretary of the Company or any Directors of the Board or any Person acting in that capacity.

“*Officer’s Certificate*” means a certificate signed on behalf of the Company by an Officer of the Company which meets the requirements of Section 13.05 hereof.

“*Opinion of Counsel*” means a written opinion from legal counsel who is acceptable to the Trustee that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company.

“*Participant*” means, with respect to the Depository, Euroclear or Clearstream, Luxembourg, a Person who has an account with the Depository, Euroclear or Clearstream, Luxembourg, respectively (and, with respect to DTC, shall include Euroclear and Clearstream, Luxembourg).

“*Permitted Business*” means (1) any businesses, services or activities engaged in by the Company or any of its Restricted Subsidiaries on the Issue Date, including, without limitation, the construction, development and operation of the Property, (2) any gaming, hotel, accommodation, hospitality, transport, tourism, resort, food and beverage, retail, entertainment, cinema / cinematic venue, audio-visual production (including provision of sound stage, recording studio and similar facilities), performance, cultural or related business, development, project, undertaking or venture of any kind in the Macau SAR, and (3) any other businesses, services, activities or undertakings that are necessary for, supportive of, or connected, related, complementary, incidental, ancillary or similar to, any of the foregoing or are extensions or developments of any thereof (including in support of the businesses, services, activities and undertakings of the Melco Resorts group as a whole or any member thereof including through participation in shared and centralized services and activities).

“Permitted Investments” means:

- (1) any Investment in the Company or in a Restricted Subsidiary of the Company;
- (2) any Investment in cash or Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
 - (A) such Person becomes a Restricted Subsidiary of the Company; or
 - (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;
- (5) any acquisition of assets or Capital Stock in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments represented by Hedging Obligations;
- (8) loans or advances to employees, officers, or directors made in the ordinary course of business of the Company or any Restricted Subsidiary of the Company in an aggregate principal amount not to exceed US\$2.0 million at any one time outstanding;
- (9) repurchases of the Notes;
- (10) any Investments consisting of gaming credit extended to customers and junket operators in the ordinary course of business and consistent with applicable law and any Investments made or deemed to be made in connection with or through any transactions or arrangements involving contractual rights under, pursuant to or in connection with (i) the Services and Right to Use Agreement, the Reinvestment Agreement or the MSA and (ii) any transaction or arrangements made pursuant to clause (10) of the definition of “Asset Sale”, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals;
- (11) advances to contractors and suppliers and accounts, trade and notes receivables created or acquired in the ordinary course of business;
- (12) receivables owing to the Company or any of its Restricted Subsidiaries if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (13) any Investment existing on the Issue Date or made pursuant to binding commitments in effect on the Issue Date or an Investment consisting of any extension, modification or renewal of any Investment existing on the Issue Date; *provided that* the amount of any such Investment may be increased (x) as required by the terms of such Investment as in existence on the Issue Date or (y) as otherwise permitted under this Indenture;

(14) Investments in prepaid expenses, negotiable instruments held for collection, deposits made in connection with self-insurance, and performance and other similar deposits and prepayments made in connection with an acquisition of assets or property in the ordinary course of business by the Company or any Restricted Subsidiary of the Company;

(15) deposits made by the Company or any Restricted Subsidiary of the Company in the ordinary course of business to comply with statutory or regulatory obligations (including land grants) to maintain deposits for the purposes specified by the applicable statute or regulation (including land grants) from time to time;

(16) any Investment consisting of a Guarantee permitted by Section 4.09 hereof and performance guarantees that do not constitute Indebtedness entered into by the Company or any Restricted Subsidiary of the Company in the ordinary course of business;

(17) to the extent constituting an Investment, licenses of intellectual property rights granted by the Company or any Restricted Subsidiary of the Company in the ordinary course of business; *provided*, that such grant does not interfere in any material respect with the ordinary conduct of the business of such Person;

(18) Investments consisting of purchases and acquisitions of inventory, supplies, materials, services or equipment or purchases of contract rights or licenses or leases of intellectual property, in each case, in the ordinary course of business;

(19) Investments held by a Person that becomes a Restricted Subsidiary of the Company; *provided, however*, that such Investments were not acquired in contemplation of the acquisition of such Person;

(20) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(21) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of “Permitted Liens”;

(22) Investments (other than Permitted Investments) made with Excluded Contributions; *provided, however*, that any amount of Excluded Contributions made will not be included in the calculation of Section 4.07(a)(4)(C)(ii) hereof;

(23) Investments consisting of the licensing or contribution of intellectual property pursuant to joint marketing arrangements with other Persons; and

(24) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (24) under the Indenture that are at the time outstanding not to exceed US\$5.0 million.

“*Permitted Liens*” means:

- (1) Liens to secure Indebtedness permitted by Section 4.09(b)(1)(i)(x) and Section 4.09(b)(3)(a) hereof;
- (2) Liens created for the benefit of (or to secure) the Notes (including any Additional Notes) or the Note Guarantees;
- (3) Liens in favor of the Company or the Subsidiary Guarantors;

(4) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; *provided that* such Liens were not created in connection with, or in contemplation of, such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(5) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Company or any Subsidiary of the Company; *provided that* such Liens were in existence prior to, such acquisition, and not incurred in contemplation of, such acquisition;

(6) Liens incurred or deposits made in the ordinary course of business in connection with workmen's compensation or employment obligations or other obligations of a like nature, including any Lien securing letters of credit issued in the ordinary course of business in connection therewith, or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money);

(7) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by Section 4.09(b)(4) covering only the assets acquired with or financed by such Indebtedness and directly related assets such as proceeds (including insurance proceeds), improvements, replacements and substitutions thereto;

(8) Liens existing on the Issue Date;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided that* any reserve or other appropriate provision as is required in conformity with U.S. GAAP has been made therefor;

(10) Liens imposed by law, such as carriers, warehousemen's, landlord's, suppliers' and mechanics' Liens, in each case, incurred in the ordinary course of business;

(11) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(12) Liens to secure any Permitted Refinancing Indebtedness permitted to be Incurred under this Indenture; *provided, however,* that:

- (A) the new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
- (B) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(13) Liens securing Hedging Obligations so long as the related Indebtedness is, and is permitted to be under this Indenture, secured by a Lien on the same assets or property securing such Hedging Obligations;

(14) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the money borrowed, (ii) relating to pooled deposit or sweep accounts of the Company or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(15) Liens arising out of judgments against such Person not giving rise to an Event of Default, with respect to which such Person shall then be proceeding with an appeal or other proceedings for review, *provided that* any reserve or other appropriate provision as shall be required in conformity with U.S. GAAP shall have been made therefor;

(16) Liens granted to the Trustee for its compensation and indemnities pursuant to this Indenture;

(17) Liens arising out of or in connection with licenses, sublicenses, leases (other than capital leases) and subleases (including rights to use) of assets (including, without limitation, intellectual property) entered into in the ordinary course of business;

(18) Liens upon specific items of inventory or other goods and proceeds of the Company or any of its Restricted Subsidiaries securing obligations in respect of bankers' acceptances issued or created to facilitate the purchase, shipment or storage of such inventory or other goods in the ordinary course of business;

(19) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangement for the sale of goods in the ordinary course of business;

(20) Liens arising under customary provisions limiting the disposition or distribution of assets or property or any related restrictions thereon in operating agreements, joint venture agreements, partnership agreements, contracts for sale and other agreements arising in the ordinary course of business; *provided, that* such Liens do not extend to any assets of the Company or any of its Restricted Subsidiaries other than the assets subject to such agreements or contracts;

(21) Liens on deposits made in the ordinary course of business to secure liability to insurance carriers;

(22) Liens on the Equity Interests of Unrestricted Subsidiaries;

(23) Liens created or Incurred under, pursuant to or in connection with the Services and Right to Use Agreement or the Reinvestment Agreement, including Liens on any revenues or receipts thereunder or any accounts created or maintained thereunder;

(24) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries of the Company securing obligations of such joint ventures;

(25) Liens securing Indebtedness Incurred pursuant to Section 4.09(b)(17) hereof;

(26) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to Obligations that do not exceed US\$5.0 million at any one time outstanding; and

(27) Liens securing obligations under a debt service reserve account or interest reserve account (including all dividends, instruments, cash and Cash Equivalents and other property, as applicable, on deposit in such account) established for the benefit of creditors securing Indebtedness to the extent such debt service reserve account or interest reserve account is established in the ordinary course of business consistent with past practice.

“*Permitted Refinancing Indebtedness*” means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided that*:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, Incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes and the Note Guarantees on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and

(4) such Indebtedness is Incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“*Phase I*” means the approximately 477,110 gross square-meter complex on the Site which contains retail, hotel, gaming, entertainment, food and beverage outlets and entertainment studios and other facilities.

“*Phase II Project*” means the development of the remainder of the Site, which is expected to include one or more types of Permitted Business and will be developed in accordance with the applicable governmental requirements regarding the Site.

“*Preferred Stock*” means any Equity Interest with preferential right of payment of dividends or upon liquidation, dissolution, or winding up.

“*Pre-Opening Expenses*” means, with respect to any fiscal period, the amount of expenses (other than interest expense) incurred with respect to capital projects that are classified as “pre-opening expenses” on the applicable financial statements of the Company and its Restricted Subsidiaries for such period, prepared in accordance with U.S. GAAP.

“*Private Placement Legend*” means the legend set forth in Section 2.06(f)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

“*Property*” means Phase I and the Phase II Project.

“*QIB*” means a “qualified institutional buyer” as defined in Rule 144A.

“*Regulation S*” means Regulation S promulgated under the Securities Act.

“*Regulation S Global Note*” means a Global Note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depository or its nominee, issued in a denomination equal (subject to a maximum denomination of US\$500 million) to the outstanding principal amount of the Notes sold in reliance on Rule 903 of Regulation S.

“*Reinvestment Agreement*” means the reimbursement agreement dated June 15, 2012, between Melco Resorts Macau and Studio City Entertainment Limited, as amended, restated, modified, supplemented, extended, replaced (whether upon or after termination or otherwise or whether with the original or other relevant parties) or renewed, in whole or in part from time to time, including pursuant to the Direct Agreement.

“*Related Party*” means:

(1) any controlling stockholder or majority-owned Subsidiary of Melco Resorts; or

(2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, stockholders, partners, members, owners or Persons beneficially holding at least 50.1% interest of which consist of Melco Resorts and/or such other Persons referred to in the immediately preceding clause (1).

“*Responsible Officer*,” when used with respect to the Trustee, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee) with direct responsibility for the administration of this Indenture or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

“*Restricted Definitive Note*” means a Definitive Note bearing the Private Placement Legend.

“*Restricted Global Note*” means a Global Note bearing the Private Placement Legend.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Period*” means the 40-day distribution compliance period as defined in Regulation S.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“*Revenue Sharing Agreement*” means any joint venture, development, management, operating or similar agreement or arrangement for the sharing of revenues, profits, losses, costs or expenses entered into in connection with developments or services complementary or ancillary to the Property in the ordinary course of business (including, for the avoidance of doubt, such agreements or arrangements reasonably necessary to conduct a Permitted Business) and on arms’ length terms.

“*Rule 144*” means Rule 144 promulgated under the Securities Act.

“*Rule 144A*” means Rule 144A promulgated under the Securities Act.

“*Rule 903*” means Rule 903 promulgated under the Securities Act.

“*Rule 904*” means Rule 904 promulgated under the Securities Act.

“*S&P*” means S&P Global Ratings or any successor to the rating agency business thereof.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*Securities Act*” means the United States Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

“*Senior Secured Credit Facilities*” means the amended and restated senior secured credit facilities dated November 30, 2016 among Studio City Company Limited, the guarantors named therein, the financial institutions named as lenders therein and the agent for such lenders, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, as such facilities may be amended, restated, modified, renewed, supplemented, replaced or refinanced from time to time.

“*Services and Right to Use Agreement*” means the services and right to use agreement originally dated May 11, 2007 and as amended and restated on June 15, 2012, executed with Studio City Entertainment Limited (formerly named MSC Diversões, Limitada and New Cotai Entertainment (Macau) Limited), a wholly owned indirect subsidiary of the Company, as amended, restated, modified, supplemented, extended, replaced (whether upon or after termination or otherwise or whether with the original or other relevant parties) or renewed, in whole or in part from time to time, including pursuant to the Direct Agreement.

“*SGX-ST*” means the Singapore Exchange Securities Trading Limited or its successor.

“*Shareholder Subordinated Debt*” means, collectively, any debt provided to the Company by any direct or indirect parent holding company of the Company (or Melco Resorts), in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Shareholder Subordinated Debt; *provided that* such Shareholder Subordinated Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confer on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary of the Company and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company;

(6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes, the Note Guarantees, and this Indenture;

(7) does not (including upon the happening of any event) constitute Voting Stock; and

(8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company.

“*Significant Subsidiary*” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such regulation is in effect on the Issue Date.

“*Site*” means an approximately 130,789 square meter parcel of land in the reclaimed area between Taipa and Coloane Island (Cotai), Lotes G300, G310 and G400, registered with the Macau Real Estate Registry under no. 23059.

“*Special Put Option Triggering Event*” means:

(1) any event after which the Gaming License or other permits or authorizations as are necessary for the operation of the Studio City Casino in substantially the same manner and scope as operations are conducted at the Issue Date cease to be in full force and effect, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its Subsidiaries, taken as a whole; or

(2) the termination, rescission, revocation or modification of any Gaming License which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Company and its Subsidiaries, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the government of Macau in connection with the granting or renewal of any Gaming License; *provided that* such renewal, tender or other process results in the granting or renewal of the relevant Gaming License.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Studio City Casino*” means any casino, gaming business or activities conducted at the Site.

“*Studio City International*” means Studio City International Holdings Limited, an exempted company incorporated with limited liability under the laws of the British Virgin Island.

“*Studio City Parties*” means Studio City International, Studio City Entertainment Limited, Studio City Hotels Limited, Studio City Retail Services Limited, Studio City Developments Limited, Studio City Ventures Limited, Studio City Services Limited and any other Person which accedes to the MSA as a “Studio City Party” pursuant to terms thereof.

“*Subordinated Indebtedness*” means (a) with respect to the Company, any Indebtedness of the Company which is by its terms subordinated in right of payment to the Notes, and (b) with respect to any Subsidiary Guarantor, any Indebtedness of such Subsidiary Guarantor which is by its terms subordinated in right of payment to such Subsidiary Guarantor’s Obligations in respect of its Note Guarantee.

“*Subsidiary*” means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“*Subsidiary Guarantor*” means each of (1) Studio City Investments Limited, Studio City Company Limited, Studio City Holdings Two Limited, Studio City Holdings Three Limited, Studio City Holdings Four Limited, Studio City Entertainment Limited, Studio City Services Limited, Studio City Hotels Limited, SCP Holdings Limited, Studio City Hospitality and Services Limited, SCIP Holdings Limited, SCP One Limited, SCP Two Limited, Studio City Developments Limited, Studio City Retail Services Limited and Studio City (HK) Two Limited and (2) any other Subsidiary of the Company that provides a Note Guarantee in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

“*Total Assets*” means, as of any date, the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with U.S. GAAP as shown on the most recent balance sheet of such Person.

“*Transactions*” means the offering of the Notes and the offer to purchase and/or redemption, as the case may be, of the 2020 Notes as described in the Offering Memorandum.

“*Treasury Rate*” means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to February 11, 2021; provided, however, that if the period from the redemption date to February 11, 2021 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

“*Trustee*” means Deutsche Bank Trust Company Americas until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

“*Unrestricted Definitive Note*” means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Global Note*” means a Global Note that does not bear and is not required to bear the Private Placement Legend.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11 hereof, is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

“U.S. GAAP” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

“U.S. Government Obligations” means securities that are:

- (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged, or
- (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America,

which, in each case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act) as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depository receipt; *provided that* (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depository receipt.

“U.S. Person” means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

“Voting Stock” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“Weighted Average Life to Maturity” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

“Wholly-Owned Restricted Subsidiary” is any Wholly-Owned Subsidiary that is a Restricted Subsidiary.

“Wholly-Owned Subsidiary” of any Person means a Subsidiary of such Person 100% of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) shall at the time be owned by such Person or by one or more Wholly-Owned Subsidiaries of such Person.

Section 1.02 *Other Definitions.*

<u>Term</u>	<u>Defined in</u> <u>Section</u>
"Additional Amounts"	2.13
"Affiliate Transaction"	4.11
"Asset Sale Offer"	3.09
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"Designated Subsidiary Guarantor Enforcement Sale"	11.08
"direct parent companies"	4.20
"DTC"	2.03
"Event of Default"	6.01
"Excess Proceeds"	4.10
"Guaranteed Obligations"	11.01
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Permitted Debt"	4.09
"Payment Default"	6.01
"Purchase Date"	3.09
"Redemption Date"	3.07
"Registrar"	2.03
"Relevant Jurisdiction"	2.13
"Restricted Payments"	4.07
"Reversion Date"	4.21
"Special Put Option Offer"	4.21
"Special Put Option Payment"	4.21
"Suspended Covenants"	4.21
"Suspension Period"	4.21
"Taxes"	2.13

Section 1.03 *Rules of Construction.*

Unless the context otherwise requires:

- (1) a term has the meaning assigned to it;
- (2) an accounting term not otherwise defined has the meaning assigned to it in accordance with U.S. GAAP;
- (3) "or" is not exclusive;
- (4) words in the singular include the plural, and in the plural include the singular;
- (5) "will" shall be interpreted to express a command;
- (6) provisions apply to successive events and transactions; and
- (7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General.* The Notes and the Trustee's certificate of authentication will be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note will be dated the date of its authentication. The Notes shall be in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Company, the Subsidiary Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Global Notes.* Notes issued in global form will be substantially in the form of Exhibit A hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Paying Agent, Trustee or the Registrar, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) *Euroclear and Clearstream, Luxembourg Procedures Applicable.* The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions—Clearstream Banking, Luxembourg" and "Customer Handbook" of Clearstream, Luxembourg will be applicable to transfers of beneficial interests in the Regulation S Global Note that are held by Participants through Euroclear or Clearstream, Luxembourg.

Section 2.02 *Execution and Authentication.*

At least one Officer must sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note will nevertheless be valid.

A Note will not be valid until authenticated by the manual signature of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Company may issue additional notes under the Indenture from time to time after the Issue Date. Any issuance of Additional Notes shall be subject to all of the covenants described under Article 4 of this Indenture, including Section 4.09 hereof. The Notes and any Additional Notes subsequently issued under this Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase; *provided, however* if the Additional Notes are not fungible with the Notes for U.S. federal income tax purposes, such Additional Notes will have a separate CUSIP, ISIN or other identifying number.

The Trustee will, upon receipt of a written order of the Company signed by an Officer (an “*Authentication Order*”), authenticate Notes for original issue that may be validly issued under this Indenture, including any Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Company pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 *Registrar, Paying Agent and Transfer Agent.*

The Company will maintain an office or agency where Notes may be presented for registration of transfer or for exchange (“*Registrar*”) and an office or agency where Notes may be presented for payment (“*Paying Agent*”). The Company will also maintain a transfer agent (the “*Transfer Agent*”). The Registrar will keep a register of the Notes and of their transfer and exchange. The Transfer Agent shall perform the functions of a transfer agent. The Company may appoint one or more co-registrars, one or more additional transfer agents and one or more additional paying agents. The term “*Registrar*” includes any co-registrar and the term “*Paying Agent*” includes any additional paying agent. The Company may change any Paying Agent, the Transfer Agent or Registrar without notice to any Holder and shall so notify the Trustee and each Paying Agent thereof in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar, Transfer Agent or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company (“*DTC*”) to act as Depository with respect to the Global Notes.

The Company initially appoints Deutsche Bank Trust Company Americas to act as the Registrar, Transfer Agent and Paying Agent and to act as Custodian, with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust.*

The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Additional Amounts, if any, or interest on the Notes, and will notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) will have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it will segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee will serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists.*

The Registrar will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Company will furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes.

Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes.* A Global Note may not be transferred except as a whole by the Depository to a nominee of the Depository, by a nominee of the Depository to the Depository or to another nominee of the Depository, or by the Depository or any such nominee to a successor Depository or a nominee of such successor Depository. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depository that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by the Company within 120 days after the date of such notice from the Depository;

(2) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1) or (2) above, Definitive Notes shall be issued in such names as the Depository shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes.* The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depository, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note.* Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; *provided, however*, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes.* In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depository in accordance with the Applicable Procedures directing the Depository to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to the paragraph above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to the paragraph above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes.*

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any Holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

- (A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;
- (B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;
- (C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;
- (D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;
- (E) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or
- (F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A Holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1) (b) thereof; or

(ii) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any Holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(3) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of the appropriate Restricted Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions in this Section 2.06(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (1)(B), (1)(D) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Company will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications and certificates required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in such case set forth in this paragraph, if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *Legends*. The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) Private Placement Legend.

(A) Except as permitted by subparagraph (C) below, each 144A Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF US\$200,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF.

IF AT ANY TIME THE COMPANY DETERMINES IN GOOD FAITH THAT A HOLDER OR BENEFICIAL OWNER OF THIS SECURITY OR BENEFICIAL INTERESTS HEREIN IS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE INDENTURE, THE COMPANY SHALL REQUIRE SUCH HOLDER TO TRANSFER THIS SECURITY (OR INTEREST HEREIN) TO A TRANSFEREE ACCEPTABLE TO THE COMPANY WHO IS ABLE TO AND WHO DOES SATISFY ALL OF THE REQUIREMENTS SET FORTH HEREIN AND IN THE INDENTURE. PENDING SUCH TRANSFER, SUCH HOLDER WILL BE DEEMED NOT TO BE THE HOLDER OF THIS SECURITY (OR INTEREST HEREIN) FOR ANY PURPOSE, INCLUDING BUT NOT LIMITED TO RECEIPT OF PRINCIPAL AND INTEREST PAYMENTS ON THE SECURITY, AND SUCH HOLDER WILL BE DEEMED TO HAVE NO INTEREST WHATSOEVER IN THE SECURITY EXCEPT AS OTHERWISE REQUIRED TO SELL ITS INTEREST THEREIN AS DESCRIBED HEREIN.

THE NOTES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) ONLY (A) TO THE COMPANY, THE SUBSIDIARY GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATIONS UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE COMPANY AND THE TRUSTEE’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.”

(B) Except as permitted by subparagraph (C) below, each Regulation S Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

“THE NOTES MAY BE PURCHASED AND TRANSFERRED ONLY IN MINIMUM PRINCIPAL AMOUNTS OF US\$200,000 AND INTEGRAL MULTIPLES OF US\$1,000 IN EXCESS THEREOF.

THE NOTES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) ONLY (A) TO THE COMPANY, THE SUBSIDIARY GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”), TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE COMPANY AND THE TRUSTEE’S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.”

(C) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(2), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(g) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Registrar at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Registrar at the direction of the Trustee to reflect such increase.

(h) General Provisions Relating to Transfers and Exchanges.

(1) To permit registrations of transfers and exchanges, the Company will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.06, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Company will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile or electronic mail (in pdf format).

Section 2.07 *Replacement Notes.*

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company and the Trustee may charge the Holder for their expenses in replacing a Note, including but not limited to the reasonable expenses of counsel and any tax that may be imposed with respect to replacement of such Note.

Every replacement Note is an additional obligation of the Company and will be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company or any Subsidiary Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Subsidiary Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that the Trustee actually knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Company will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation.*

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent will forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee, in accordance with its customary procedures, and no one else will cancel (subject to the Trustee's retention policy) all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and will dispose of such cancelled Notes in its customary manner (subject to the record retention requirement of the Exchange Act). At the request of the company, the Trustee will confirm the cancellation of the Notes delivered to it. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.*

If the Company defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company will fix or cause to be fixed each such special record date and payment date; *provided that* no such special record date may be less than ten (10) days prior to the related payment date for such defaulted interest. At least fifteen (15) days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) will mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Additional Amounts.*

(a) All payments of principal of, premium, if any, and interest on the Notes and all payments under the Note Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever ("*Taxes*") nature imposed or levied by or within any jurisdiction in which the Company or any applicable Subsidiary Guarantor is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) or any jurisdiction from or through which payment is made by or on behalf of the Company or any Subsidiary Guarantor (including the jurisdiction of any Paying Agent) (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a "*Relevant Jurisdiction*"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In such event, the Company or the applicable Subsidiary Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("*Additional Amounts*") as will result in receipt by the Holder of such amounts as would have been received by such holder had no such withholding or deduction been required, *provided that* no Additional Amounts will be payable for or on account of:

(1) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Note Guarantee, as the case may be, and the Relevant Jurisdiction including, without limitation, such holder or beneficial owner being or having been a citizen or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note or the receipt of payments thereunder or under the Note Guarantee;

(B) the presentation of such Note (where presentation is required) more than thirty (30) days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the holder or beneficial owner to comply with a timely request of the Company or any Subsidiary Guarantor addressed to the holder or beneficial owner, as the case may be, to provide information concerning such holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such holder; or

(D) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(2) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charge;

(3) any tax, duty, assessment or other governmental charge which is payable other than (i) by deduction or withholding from payments of principal of or interest on the Note or payments under the Note Guarantees, or (ii) by direct payment by the Company or applicable Subsidiary Guarantor in respect of claims made against the Company or the applicable Subsidiary Guarantor;

(4) any tax arising pursuant to Sections 1471 - 1474 of the U.S. Internal Revenue Code of 1986, as amended, and any successor or amended version that is substantively comparable and not materially more onerous to comply with, any official interpretations thereof, current or future regulations or agreements entered pursuant thereto, any agreement entered pursuant thereto, any U.S. or non-U.S. law enacted in connection with an intergovernmental agreement related thereto, or any rules, regulations, or administrative guidance of any kind relating to any of the foregoing; or

(5) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (1), (2), (3) and (4); or

(b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Note Guarantee to such holder, if the holder is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the holder thereof.

In addition to the foregoing, the Company and the Subsidiary Guarantors will also pay and indemnify the holder of a Note for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies (including penalties, interest and other reasonable expenses related thereto) which are levied by any Relevant Jurisdiction on the execution, delivery, issuance, or registration of any of the Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein, or the receipt of any payments with respect thereto, or enforcement of, any of the Notes or any Note Guarantee. The Company and the Subsidiary Guarantors will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from each Relevant Jurisdiction imposing such taxes, in such form as provided in the ordinary course by the Relevant Jurisdiction and as is reasonably available to the Company, and will provide such certified copies to the Trustees and the Paying Agent. Such copies shall be made available to the Holders upon request and will be made available at the offices of the Paying Agent. The Company or the Subsidiary Guarantor, as applicable, will attach to each certified copy a certificate stating (x) that the amount of withholding taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding taxes paid per \$1,000 principal amount of the Notes.

(c) Whenever there is mentioned in any context the payment of principal of, and any premium or interest, on any Note or under any Note Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in this Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Section 2.14 *Forced Sale or Redemption for Non-QIBs.*

(a) The Company has the right to require any Holder of a Note (or beneficial interest therein) that is a U.S. Person and is determined not to have been a QIB at the time of acquisition of such Note or is otherwise determined to be in breach, at the time given, of any of the representations and agreements required to be made pursuant to the transfer restrictions set forth herein, to transfer such Security (or beneficial interest therein) to a transferee acceptable to the Company who is able to and who does make all of the representations and agreements required to be made pursuant to the transfer restrictions set forth herein, or to redeem such Note (or beneficial interest therein) within 30 days of receipt of notice of the Company's election to so redeem such Holder's Notes on the terms set forth in paragraph (b) below. Pending such transfer or redemption, such Holder will be deemed not to be the Holder of such Note for any purpose, including but not limited to receipt of interest and principal payments on such Note, and such Holder will be deemed to have no interest whatsoever in such Note except as otherwise required to sell or redeem its interest therein.

(b) Any such redemption occurring pursuant to paragraph (a) above shall be at a redemption price equal to the lesser of (i) the Person's cost, plus accrued and unpaid interest, if any, to the redemption date and (ii) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date. The Company shall notify the Trustee in writing of any such redemption as soon as practicable.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it must furnish to the Trustee, the Registrar and the Paying Agent, at least 30 days but not more than 60 days before a redemption date, an Officer's Certificate setting forth:

- (1) the clause of this Indenture pursuant to which the redemption shall occur;
- (2) the redemption date;
- (3) the principal amount of Notes to be redeemed; and
- (4) the redemption price.

Section 3.02 Selection of Notes to Be Redeemed or Purchased.

If fewer than all of the Notes are to be redeemed or purchased at any time, the Trustee, the Paying Agent or the Registrar will select Notes for redemption or purchase (i) in compliance with the requirements of the principal national securities exchange, if any, on which Notes are listed and any applicable Depository procedures, (ii) by lot or such other similar method in accordance with the applicable procedures of the Depository or any other applicable clearing system (if the Notes are Global Notes), or (iii) if there are no such requirements of such exchange or the Notes are not then listed on a national securities exchange or cleared through the Depository or any other applicable clearing system, on a *pro rata* basis. No Notes of a principal amount of US\$200,000 or less may be redeemed or purchased in part, and if Notes are redeemed or purchased in part, the remaining outstanding amount must be at least equal to US\$200,000 and integral multiples of US\$1,000 in excess thereof. None of the Trustee, the Paying Agent or the Registrar will be liable for any selections made under this paragraph.

In the event of partial redemption or purchase by lot, the particular Notes to be redeemed or purchased will be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption or purchase date by the Registrar from the outstanding Notes not previously called for redemption or purchase.

The Registrar will promptly notify the Company in writing of the Notes selected for redemption or purchase and, in the case of any Note selected for partial redemption or purchase, the principal amount thereof to be redeemed or purchased. Notes and portions of Notes selected will be in amounts of US\$200,000 or integral multiples of US\$1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder, even if not a multiple of US\$1,000, shall be redeemed or purchased. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase.

Section 3.03 Notice of Redemption.

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date (with prior notice to the Trustee) if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Article 8 or 11 hereof.

The notice will identify the Notes to be redeemed and will state:

- (1) the redemption date;

(2) the redemption price;

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note, *provided that* the unredeemed portion has a minimum denomination of US\$200,000;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;

(8) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes;

(9) if applicable, any condition to such redemption; and

(10) if applicable, that payment of the redemption price and performance of the Company's obligations with respect to such redemption is to be performed by another Person and the identity of such other Person.

At the Company's request, the Trustee will give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company has delivered to the Trustee, at least three Business Days prior to the date that the notice of redemption is to be delivered to Holders, an Officer's Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

Section 3.04 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become due and payable on the redemption date at the redemption price stated in such notice, provided, that any redemption pursuant to Paragraph 5 of the Notes may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

Section 3.05 *Deposit of Redemption or Purchase Price.*

No later than 10 a.m. New York time one Business Days prior to the redemption or purchase date, the Company will deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption or purchase price of and accrued interest and Additional Amounts, if any, on all Notes to be redeemed or purchased on that date. The Trustee or the Paying Agent will promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption or purchase price of, and accrued interest and Additional Amounts, if any, on all Notes to be redeemed or purchased.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption or purchase date, interest will cease to accrue on the Notes or the portions of Notes called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption or purchase date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 *Notes Redeemed or Purchased in Part.*

In the case of Definitive Notes, upon surrender of a Note that is redeemed or purchased in part, the Company will issue and, upon receipt of an Authentication Order, the Trustee will authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed or unpurchased portion of the Note surrendered.

Section 3.07 *Optional Redemption.*

(a) At any time prior to February 11, 2021, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes at a redemption price of 107.250% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of the Holders on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings; *provided that*:

(1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 45 days of the date of the closing of such Equity Offering.

Any redemption notice given in respect of the redemption referred to in the preceding paragraph may be given prior to completion of the related Equity Offering, and any such redemption or notice may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent, including the completion of the Equity Offering.

(b) At any time prior to February 11, 2021, the Company may redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest to, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date. Any such redemption and notice may, at the discretion of the Company, be subject to satisfaction of one or more conditions precedent.

(c) Except pursuant to the two preceding paragraphs and the provisions under Section 3.10 and Section 3.11 hereof, the Notes will not be redeemable at the Company's option prior to February 11, 2021.

(d) On or after February 11, 2021, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the periods indicated below, subject to the rights of holders of the Notes on the relevant record date to receive interest on the relevant interest payment date:

<u>Period</u>	<u>Redemption Price</u>
Twelve-month period on or after February 11, 2021	103.625%
Twelve-month period on or after February 11, 2022	101.813%
On or after February 11, 2023	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(e) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through Section 3.06 hereof and may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent. If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, at the Company's discretion, the redemption date may be delayed until such time (*provided, however*, that any delayed redemption date shall not be more than 60 days after the date the relevant notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date or by the redemption date as delayed. In addition, the Company may provide in such notice that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

Section 3.08 *Mandatory Redemption.*

The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes. However, under certain circumstances, the Company may be required to offer to purchase Notes as described in Section 4.15 and Section 4.10 hereof. The Company may at any time and from time to time purchase Notes in the open market or otherwise.

Section 3.09 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Company is required to commence an offer to all Holders to purchase Notes (an "*Asset Sale Offer*"), it will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders and all holders of other Indebtedness that is *pari passu* with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets. The Asset Sale Offer will remain open for a period of at least 20 Business Days following its commencement and not more than 30 Business Days, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than five Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Company will apply all Excess Proceeds (the "*Offer Amount*") to the purchase of Notes and such other *pari passu* Indebtedness (on a *pro rata* basis, if applicable) or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer. Payment for any Notes so purchased will be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest and Additional Amounts, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company will send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

- (1) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;
- (2) the Offer Amount, the purchase price and the Purchase Date;
- (3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in integral multiples of US\$200,000 and integral multiples of US\$1,000 in excess thereof only;

(6) that Holders electing to have Notes purchased pursuant to any Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Company, a Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(8) that, if the aggregate principal amount of Notes and other *pari passu* Indebtedness surrendered by holders thereof exceeds the Offer Amount, the Company will select the Notes and other *pari passu* Indebtedness to be purchased in accordance with Section 3.02 based on the principal amount of Notes and such other *pari passu* Indebtedness surrendered (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of US\$200,000, or integral multiples of US\$1,000 in excess thereof, will be purchased); and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer), *provided* that the unpurchased portion has a minimum denomination of US\$200,000.

On or before the Purchase Date, the Company will, to the extent lawful, accept for payment, on a *pro rata* basis to the extent necessary (but subject to Section 3.02), the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company will promptly issue a new Note, and the Trustee, upon written request from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered, *provided* that the unpurchased portion has a minimum denomination of US\$200,000. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company will publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Section 3.01 through Section 3.06 hereof.

Section 3.10 *Redemption for Taxation Reasons.*

The Notes may be redeemed, at the option of the Company, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Company for redemption (the "*Tax Redemption Date*") if, as a result of:

- (1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Jurisdiction affecting taxation; or
- (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective on or after the date of this Indenture with respect to any payment due or to become due under the Notes, this Indenture or a Note Guarantee, the Company or a Subsidiary Guarantor, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by the Company or a Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; *provided that* for the avoidance of doubt, changing the jurisdiction of the Company or a Subsidiary Guarantor is not a reasonable measure for the purposes of this Section 3.10; *provided, further*, that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company or a Subsidiary Guarantor, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee:

- (1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company or such Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel or an opinion of a tax consultant of recognized international standing stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee will accept and shall be entitled to rely on such Officer's Certificate and Opinion of Counsel or opinion of tax consultant as sufficient evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed pursuant to this Section 3.10 will be cancelled.

Section 3.11 *Gaming Redemption.*

Each Holder, by accepting a Note, shall be deemed to have agreed that if the Gaming Authority of any jurisdiction in which the Company or any of its Affiliates (including Melco Resorts Macau) conducts or proposes to conduct gaming requires that a person who is a holder or the beneficial owner of Notes be licensed, qualified or found suitable under applicable Gaming Laws, such holder or beneficial owner, as the case may be, shall apply for a license, qualification or a finding of suitability within the required time period. If such Person fails to apply or become licensed or qualified or is found unsuitable, the Company shall have the right, at its option:

- (1) to require such Person to dispose of its Notes or beneficial interest therein within 30 days of receipt of notice of the Company's election or such earlier date as may be requested or prescribed by such Gaming Authority; or
- (2) to redeem such Notes, which redemption may be less than 30 days following the notice of redemption if so requested or prescribed by the applicable gaming authority, at a redemption price equal to:

(A) the lesser of:

- (1) the Person's cost, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; and
- (2) 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to the earlier of the redemption date or the date of the finding of unsuitability or failure to comply; or

(B) such other amount as may be required by applicable law or order of the applicable Gaming Authority.

The Company shall notify the Trustee in writing of any such redemption as soon as practicable. Neither the Company nor the Trustee shall be responsible for any costs or expenses any Holder may incur in connection with such Holder's application for a license, qualification or a finding of suitability.

ARTICLE 4 COVENANTS

Section 4.01 *Payment of Notes.*

The Company will pay or cause to be paid the principal of, premium, if any, and interest and Additional Amounts, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Additional Amounts, if any, will be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. New York Time two Business Days prior to the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, interest and Additional Amounts, if any, then due. All the funds provided to the Paying Agent must be in U.S. Dollars.

The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 *Maintenance of Office or Agency.*

The Company will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission will in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates Deutsche Bank Trust Company Americas as one such office or agency of the Company in accordance with Section 2.03 hereof.

Section 4.03 *Reports.*

(a) The Company will provide to the Trustee and the Holders and make available to potential investors:

(1) within 120 days after the end of the Company's fiscal year, annual reports of the Company containing: (a) information with a level of detail that is substantially comparable to the sections in the Offering Memorandum entitled "Selected Consolidated Financial and Operational Data," "Business," "Management," "Related Party Transactions" and "Description of Other Material Indebtedness;" (b) the Company's audited consolidated (i) balance sheet as of the end of the two most recent fiscal years and (ii) income statement and statement of cash flow for the two most recent fiscal years, in each case prepared in accordance with U.S. GAAP and including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (c) an operating and financial review of the two most recent fiscal years for the Company and its Restricted Subsidiaries, including a discussion of (i) the financial condition and results of operations of the Company on a consolidated basis and any material changes between such two fiscal years and (ii) any material developments in the business of the Company and its Restricted Subsidiaries; and (d) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any Change of Control or material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year, unless *pro forma* information has been provided in a previous report pursuant to paragraph (2)(c) below; *provided that no pro forma* information shall be required to be provided for any material acquisitions or dispositions relating solely to the Phase II Project;

(2) within 60 days after the end of each day of the first three fiscal quarters in each fiscal year of the Company, quarterly reports containing: (a) the Company's unaudited condensed consolidated (i) balance sheet as of the end of such quarter and (ii) statement of income and cash flow for the quarterly and year to date periods ending on the most recent balance sheet date, and the comparable prior year periods, in each case prepared in accordance with U.S. GAAP; (b) an operating and financial review of such periods for the Company and its Restricted Subsidiaries including a discussion of (i) the financial condition and results of operations of the Company on a consolidated basis and material changes between the current period and the period of the prior year and (ii) any material developments in the business of the Company and its Restricted Subsidiaries; (c) *pro forma* income statement and balance sheet information of the Company, together with explanatory footnotes, for any Change of Control or material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter, *provided that* no *pro forma* information shall be required to be provided for any material acquisitions or dispositions relating solely to the Phase II Project, and *provided further* that the Company may provide any such *pro forma* information relating to a material acquisition within 75 days following such quarterly report in the form of a report provided pursuant to clause (3) below; and

(3) promptly from time to time after the occurrence of any of the events listed in (a) to (d) of this clause (3) information with respect to (a) any change in the independent accountants of the Company or any of the Significant Subsidiaries of the Company, (b) any material acquisition or disposition, (c) any material event that the Company or any Restricted Subsidiary of the Company announces publicly and (d) any information that the Company is required to make publicly available under the requirements of the SGX-ST or such other exchanges on which the securities of the Company or its Subsidiaries are then listed.

(b) If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries constitute Significant Subsidiaries of the Company, then the annual and quarterly information required by the paragraphs (a)(1) and (a)(2) hereof shall include a reasonably detailed presentation of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of such Unrestricted Subsidiaries of the Company.

(c) In addition, so long as the Notes are "restricted securities" within the meaning of Rule 144(a)(3) of the Securities Act and in any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the holders of the Notes, securities analysts and prospective investors, upon their request, any information that Rule 144A(d)(4) under the Securities Act would require the Company to provide to such parties.

(d) The Company may elect to satisfy its obligations under this Section 4.03 with respect to all such financial information relating to the Company by furnishing, or making available on the SEC's website, *provided* that the Trustee shall have no responsibility whatsoever to determine whether such filing has occurred, such financial information relating to Studio City International, or by furnishing or making available on the SGX's website such financial information relating to Studio City Company Limited; provided that the same is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to Studio City International or Studio City Company Limited (as the case may be), on the one hand, and the information relating to the Company and its Restricted Subsidiaries on a stand-alone basis, on the other hand; provided further that the Company shall make no more than two such elections.

(e) All financial statement information required under this covenant shall be prepared on a consistent basis in accordance with U.S. GAAP. In addition, all financial statement information and all reports required under this covenant shall be presented in the English language.

(f) *[Intentionally Omitted]*.

(g) Delivery of such reports, information and documents to the Trustee shall be for informational purposes only as regards the Trustee and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on the Officer's Certificates).

Section 4.04 *Compliance Certificate.*

(a) The Company shall deliver to the Trustee within 120 days after the end of each fiscal year, an Officer's Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) *[Intentionally Omitted]*.

(c) So long as any of the Notes are outstanding, the Company will deliver to the Trustee, as soon as possible and in any event within five (5) Business Days after the Company becomes aware of any Default or Event of Default, an Officer's Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto. The Trustee shall not be deemed to have a duty to monitor compliance by the Company, nor to have knowledge of a Default or an Event of Default (other than a payment default on a scheduled interest payment date) unless a Responsible Officer of the Trustee receives written notice thereof, stating that it is a notice of default and referencing the applicable section of this Indenture.

Section 4.05 *Taxes.*

The Company will pay, and will cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies required to be paid by the Company or such Subsidiaries except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders.

Section 4.06 *Stay, Extension and Usury Laws.*

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Limitation on Restricted Payments.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and other than dividends or distributions payable to the Company or a Restricted Subsidiary of the Company);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any of its direct or indirect parents;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Indebtedness of the Company or any Subsidiary Guarantor (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment,

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(B) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2) through (12) of Section 4.07(b)) pursuant to this Indenture, is less than the sum of:

(i) 75% of the EBITDA of the Company less 2.00 times Fixed Charges for the period (taken as one accounting period) from the beginning of the fiscal quarter in which the Notes are issued to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such EBITDA for such period is a deficit, minus 100% of such deficit); plus

(ii) 100% of the aggregate net cash proceeds received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Company (in each case, other than in connection with any Excluded Contribution) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date (x) is reduced as a result of payments of dividends to the Company or a Restricted Subsidiary of the Company or (y) is sold for cash or otherwise liquidated or repaid for cash, (in the case of sub-clauses (x) and (y)) the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment or (z) is reduced upon the release of a Note Guarantee granted by the Company or a Restricted Subsidiary of the Company that constituted a Restricted Investment, to the extent that the initial granting of such Note Guarantee reduced the restricted payments capacity under Section 4.07(a)(4)(C); *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is re-designated as a Restricted Subsidiary after the Issue Date, the lesser of (i) the Fair Market Value of the Company's Restricted Investment in such Subsidiary as of the date of such re-designation or (ii) the Fair Market Value of the net aggregate Investments made by the Company or a Restricted Subsidiary of the Company in such Unrestricted Subsidiary from the date such entity was originally designated as an Unrestricted Subsidiary through the date of such re-designation; *plus*

(v) 100% of the aggregate amount received from the sale of the stock of any Unrestricted Subsidiary of the Company after the Issue Date or 100% of any dividends received by the Company or a Restricted Subsidiary of the Company after the Issue Date from an Unrestricted Subsidiary of the Company.

(b) The provisions of Section 4.07(a) hereof will not prohibit:

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital to the Company (in each case, other than in connection with any Excluded Contribution); *provided that* the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from Section 4.07(a)(4)(C)(ii) hereof;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the net cash proceeds from a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary to the holders of its Equity Interests on a *pro rata* basis;

(5) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officer, director or employee of the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement or similar agreement; *provided that* the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed US\$1.0 million in any twelve-month period;

(6) the repurchase of Equity Interests deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;

(7) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary of the Company issued on or after the Issue Date in accordance with the Fixed Charge Coverage Ratio test described in Section 4.09(a) hereof;

(8) any Restricted Payment made or deemed to be made by the Company or a Restricted Subsidiary of the Company under, pursuant to or in connection with the Services and Right to Use Agreement, the Reinvestment Agreement or the MSA;

(9) [RESERVED];

(10) Restricted Payments that are made with Excluded Contributions;

(11) payments to any parent entity in respect of directors' fees, remuneration and expenses (including director and officer insurance (including premiums therefore)) to the extent relating to the Company and its Subsidiaries, in an aggregate amount not to exceed US\$2.0 million per annum;

(12) the making of Restricted Payments, if applicable:

(A) in amounts required for any direct or indirect parent of the Company to pay fees and expenses (including franchise or similar taxes) required to maintain its corporate existence, customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers and employees of any direct or indirect parent of the Company and general corporate operating and overhead expenses of any direct or indirect parent of the Company in each case to the extent such fees and expenses are attributable to the ownership or operation of the Company, if applicable, and its Subsidiaries, in an aggregate amount not to exceed US\$2.0 million per annum;

(B) in amounts required for any direct or indirect parent of the Company, if applicable, to pay interest and/or principal on Indebtedness the proceeds of which have been contributed to the Company or any of its Restricted Subsidiaries prior to the Issue Date and that has been guaranteed by, or is otherwise considered Indebtedness of, the Company Incurred in accordance with Section 4.09; *provided that* the amount of any such proceeds will be excluded from Section 4.07(a)(4)(C)(ii);

(C) in amounts required for any direct or indirect parent of the Company to pay fees and expenses, other than to Affiliates of the Company, related to any unsuccessful equity or debt offering of such parent; and

(D) payments for services under any Revenue Sharing Agreement that would constitute or be deemed to constitute a Restricted Payment;

(13) any Restricted Payment used to fund the Transactions and the payment of fees and expenses incurred in connection with the Transactions or owed by the Company or any direct or indirect parent of the Company or its Restricted Subsidiaries to Affiliates, and any other payments made, including any such payments made to any direct or indirect parent of the Company to enable it to make payments, in connection with the consummation of the Transactions, whether payable on the Issue Date or thereafter, in each case on terms described in the Offering Memorandum under “Use of Proceeds” and to the extent permitted by Section 4.11;

(14) any Restricted Payments, to the extent required to be made by any Gaming Authority having jurisdiction over the Company or any of its Restricted Subsidiaries or Melco Resorts Macau (or any other operator of the Studio City Casino);

(15) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Capital Stock of the Company or any Restricted Subsidiary; *provided, however*, that any such cash payment shall not be for the purpose of evading the limitation of this Section 4.07;

(16) the repurchase, redemption or other acquisition or retirement for value of any Subordinated Indebtedness of the Company or any Subsidiary Guarantor pursuant to provisions similar to those described under Section 4.15, *provided that* all Notes tendered by holders of the Notes in connection with a Change of Control Offer have been repurchased, redeemed or acquired for value;

(17) payments or distributions to dissenting stockholders of Capital Stock of the Company pursuant to applicable law in connection with a consolidation, merger or transfer of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, that complies with Section 5.01; *provided that* as a result of such consolidation, merger or transfer of assets, the Company shall have made a Change of Control Offer (if required by this Indenture) and that all Notes tendered by holders in connection with such Change of Control Offer have been repurchased, redeemed or acquired for value; and

(18) other Restricted Payments in an aggregate amount not to exceed US\$15.0 million since the Issue Date,

provided, however, that at the time of, and after giving effect to, any Restricted Payment permitted under clauses (12), (13) and (18) of this Section 4.07(b), no Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this Section 4.07 will be determined by the Board of Directors of the Company whose resolution with respect thereto will be delivered to the Trustee as set forth in an Officer’s Certificate of the Company. The Company’s Board of Directors’ determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of international standing (an “*Independent Financial Advisor*”) if the Fair Market Value exceeds US\$45.0 million.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Subsidiaries.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or otherwise cause, permit or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) sell, lease or transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements governing Indebtedness or any other agreements in existence on the Issue Date as in effect on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided that* the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in those agreements on the Issue Date;

(2) the Credit Facilities Documents (other than the Senior Secured Credit Facilities), and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided that* such Credit Facilities Documents and the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings thereof are not materially more restrictive, taken as a whole, with respect to such dividend and the other restrictions than those contained in the Senior Secured Credit Facilities;

(3) the Indenture, the Notes and the Note Guarantees;

(4) applicable law, rule, regulation or order, or governmental license, permit or concession;

(5) any agreement or instrument governing Indebtedness or Capital Stock of a Person or assets acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was Incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired (and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements or instruments; *provided that* the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other restrictions than those contained in those agreements or instruments at the time of such acquisition); *provided further, that*, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be Incurred;

(6) customary non-assignment provisions in contracts and licenses including, without limitation, with respect to any intellectual property, entered into in the ordinary course of business;

(7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in Section 4.08(a)(3);

(8) any agreement for the sale or other disposition of Equity Interests or property or assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending the sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided that* the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions limiting dividends or the disposition or distribution of assets, property or Equity Interests in joint venture or operating agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements, merger agreements and other similar agreements entered into with the approval of the Company's Board of Directors, which limitation is applicable only to the assets, property or Equity Interests that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers under contracts entered into in the ordinary course of business; and

(13) any agreement or instrument with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of this Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancing, renewals, supplements or amendments or replacements thereof; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced.

Section 4.09 *Limitation on Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, Incur any Indebtedness (including Acquired Indebtedness) and the Company will not issue any shares of Disqualified Stock and the Company will not, and the Company will not permit any of its Restricted Subsidiaries, to issue any shares of Preferred Stock; *provided, however,* that the Company may Incur Indebtedness (including Acquired Indebtedness) or issue Disqualified Stock, and the Company or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) or issue Preferred Stock, if the Fixed Charge Coverage Ratio of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is Incurred or such Disqualified Stock or Preferred Stock is issued, as the case may be, would have been at least 2.00 to 1.00 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been Incurred, or the Disqualified Stock or Preferred Stock had been issued, as the case may be, and the application of proceeds therefrom had occurred at the beginning of such four-quarter period.

(b) The provisions of Section 4.09(a) hereof do not apply to the following (collectively, "*Permitted Debt*"):

(1) the Incurrence by the Company and the Subsidiary Guarantors of Indebtedness under Credit Facilities; *provided that* on the date of the Incurrence of any such Indebtedness and after giving effect thereto, the aggregate principal amount outstanding of all such Indebtedness Incurred pursuant to this clause (1) (together with any refinancing thereof) does not exceed the sum of: (i)(x) US\$35.0 million; plus (y) US\$100.0 million Incurred in respect of the Phase II Project; *less* (ii), in the case of clause (i)(y), the aggregate amount of all Net Proceeds of Asset Sales applied since the Issue Date to repay any term Indebtedness Incurred pursuant to this clause (1)(i)(y) or to repay any revolving credit indebtedness Incurred under this clause (1)(i)(y) and effect a corresponding commitment reduction thereunder pursuant to Section 4.10 hereof;

(2) the Incurrence of Indebtedness represented by the Notes (other than Additional Notes) and the Note Guarantees (other than Notes Guarantees for Additional Notes) and the Intercompany Note Proceeds Loans;

(3) (a) the Incurrence by the Company or the Subsidiary Guarantors of Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (3)(a), not to exceed the greater of (x) an amount equal to 3.5 times the EBITDA of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the relevant time of determination and (y) US\$1,200,000,000, and (b) Indebtedness existing on the Issue Date (other than the Existing Studio City Company Notes and Indebtedness described in clauses (1) and (2));

(4) the Incurrence of Indebtedness of the Company or any of its Restricted Subsidiaries represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, Incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property, plant or other assets (including through the acquisition of Capital Stock of any person that owns property, plant or other assets which will, upon acquisition, become a Restricted Subsidiary) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (4), not to exceed the greater of (x) US\$50.0 million and (y) 2.0% of Total Assets at any time outstanding;

(5) the Incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be Incurred under Section 4.09(a) or clauses (2), (3)(b), (4), (5) or (15) of this Section 4.09(b);

(6) (a) Obligations in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, performance, bid, appeal and surety bonds and completion or performance guarantees (including the guarantee of any land grant) provided by the Company or any Restricted Subsidiary in connection with the Property or in the ordinary course of business and (b) Indebtedness constituting reimbursement obligations with respect to letters of credit or trade or bank guarantees (including for land grants) issued in the ordinary course of business to the extent that such letters of credit, trade or bank guarantees (including for land grants) are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than thirty (30) days following receipt of a demand for reimbursement;

(7) the Incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company or any of its Restricted Subsidiaries; *provided, however*, that:

(A) if the Company or any Subsidiary Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Subsidiary Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Subsidiary Guarantor; and

(B) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not the Company or a Restricted Subsidiary of the Company, will be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (7);

(8) shares of Preferred Stock of a Restricted Subsidiary issued to the Company or another Restricted Subsidiary of the Company; *provided that*

(A) any subsequent issuance or transfer of Equity Interests that results in any such Preferred Stock being held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such Preferred Stock to a Person that is not the Company or a Restricted Subsidiary of the Company, will be deemed, in each case, to constitute an issuance of such Preferred Stock by such Restricted Subsidiary that was not permitted by this clause (8).

(9) the Incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations in the ordinary course of business and not for speculative purposes;

(10) the guarantee by the Company or any Restricted Subsidiary of the Company of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be Incurred by another provision of this Section 4.09; *provided that* if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(11) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is extinguished within five (5) Business Days of its Incurrence;

(12) to the extent constituting Indebtedness, agreements to pay service fees to professionals (including architects, engineers, contractors and designers) in furtherance of and/or in connection with the Property or agreements to pay fees and expenses or other amounts pursuant to the Services and Right to Use Agreement or the MSA or otherwise arising under the Services and Right to Use Agreement or the MSA in the ordinary course of business (*provided, that* no such agreements shall give rise to Indebtedness for borrowed money);

(13) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds, or performance bonds securing any obligation of the Company or any Restricted Subsidiary of the Company pursuant to such agreements, in each case, incurred or assumed in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Subsidiary for the purpose of financing such acquisition; *provided, that* the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received in connection with such disposition;

(14) Obligations in respect of Shareholder Subordinated Debt;

(15) any guarantees made solely in connection with (and limited in scope to) the giving of a Lien of the type specified in clause (22) of "Permitted Liens" to secure Indebtedness of an Unrestricted Subsidiary, the only recourse of which to the Company and its Restricted Subsidiaries is to the Equity Interests subject to the Liens;

(16) the Incurrence by the Company or the Subsidiary Guarantors of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (16), not to exceed US\$50.0 million; and

(17) the Incurrence by the Company or the Subsidiary Guarantors of additional Indebtedness in respect of the Phase II Project in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness Incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness Incurred pursuant to this clause (17), not to exceed the greater of (x) 75% of the EBITDA of the Company for the most recently ended four full fiscal quarters for which internal financial statements are available (which figure shall be based on audited financial information, if for an annual period) and (y) US\$350.0 million.

The Company will not Incur, and will not permit any Subsidiary Guarantor to Incur, any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a first or junior Lien basis.

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (17) above, or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its Incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this Section 4.09. Indebtedness incurred under the Senior Secured Credit Facilities will be deemed to have been incurred in reliance on the exception provided by clause (1)(x) of the definition of Permitted Debt and may not be reclassified and Indebtedness incurred under the Existing Studio City Company Notes will be deemed to have been incurred in reliance on the exception provided by clause (3)(a) of the definition of Permitted Debt and may not be reclassified. The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; provided, in each such case, that the amount of any such accrual, accretion or payment is included in Fixed Charges of the Company as accrued. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary of the Company may Incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

Further, for purposes of determining compliance with this covenant, to the extent the Company or any of its Restricted Subsidiaries guarantees Indebtedness of a direct or indirect parent entity to the extent otherwise permitted by this covenant, the on-loan by such direct or indirect parent entity to the Company or any of its Restricted Subsidiaries of all or a portion of the principal amount of such Indebtedness will not be double counted.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (A) the Fair Market Value of such assets at the date of determination; and
 - (B) the face amount of the Indebtedness of the other Person.

Section 4.10 Asset Sales.

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale (other than an Event of Loss), unless:

(1) the Company or the Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Company's most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;

(B) any securities, notes or other Obligations received by the Company or any such Restricted Subsidiary from such transferee that are, within 30 days of the receipt thereof, converted by the Company or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion; and

(C) any stock or assets of the kind referred to in Section 4.10(b)(2) or Section 4.10(b)(4).

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale (including an Event of Loss), the Company or the applicable Restricted Subsidiary, as the case may be may apply such Net Proceeds:

(1) to repay (a) Indebtedness Incurred under Section 4.09(b)(1) and Section 4.09(b)(17), (b) other Indebtedness of the Company or a Subsidiary Guarantor secured by property and assets that are the subject of such Asset Sale, and, in each case, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, (c) Indebtedness of a Restricted Subsidiary that is not a Subsidiary Guarantor or (d) the Notes pursuant to the redemption provisions of this Indenture;

(2) to acquire all or substantially all of the assets of another Permitted Business, or any Capital Stock of, a Person undertaking another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Company (*provided that* (a) such acquisition funded with any proceeds from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to acquire such assets or Capital Stock is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss, and (b) if such acquisition is not consummated within the period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds);

(3) to make a capital expenditure (*provided that* any such capital expenditure funded with any proceeds from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to make such capital expenditure is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss); or

(4) to acquire other assets that are not classified as current assets under U.S. GAAP and that are used or useful in a Permitted Business (*provided that* (a) such acquisition funded from an Event of Loss occurs within the date that is 545 days after receipt of the Net Proceeds from the relevant Event of Loss to the extent that a binding agreement to acquire such assets is entered into on or prior to the date that is 360 days after receipt of the Net Proceeds from the relevant Event of Loss, and (b) if such acquisition is not consummated within the period set forth in clause (a), the Net Proceeds not so applied will be deemed to be Excess Proceeds);

or enter into a binding commitment regarding clauses (2), (3) or (4) above (in addition to the binding commitments expressly referenced in those clauses); *provided that* such binding commitment shall be treated as a permitted application of Net Proceeds from the date of such commitment until the earlier of (x) the date on which such acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 360-day period. To the extent such acquisition or expenditure is not consummated on or before such 180th day and the Company or such Restricted Subsidiary shall not have applied such Net Proceeds pursuant to clauses (2), (3) or (4) above on or before such 180th day, such commitment shall be deemed not to have been a permitted application of Net Proceeds, and such Net Proceeds will constitute Excess Proceeds.

(c) Pending the final application of any Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by this Indenture.

(d) Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this Section 4.10 will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds US\$5.0 million, within ten (10) days thereof, the Company shall make an Asset Sale Offer to all Holders with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Company will purchase all tendered Notes on a *pro rata* basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(e) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations to the extent such laws or regulations are applicable in connection with the repurchase of the Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of Section 3.09 hereof or this Section 4.10, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under Section 3.09 hereof or this Section 4.10 by virtue thereof.

Section 4.11 *Transactions with Affiliates.*

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an “*Affiliate Transaction*”), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$45.0 million, a resolution of the Board of Directors of the Company set forth in an Officer’s Certificate certifying that such Affiliate Transaction complies with this Section 4.11(a) and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company or, if the Board of Directors of the Company has no disinterested directors, approved in good faith by a majority of the members (or in the case of a single member, the sole member) of the Board of Directors of the Company; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$60.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of national standing with experience appraising the terms and conditions of the type of transaction or series of related transactions.

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any employment agreement, employee benefit plan (including compensation, retirement, disability, severance and other similar plan), officer or director indemnification, stock option or incentive plan or agreement, employee equity subscription agreement or any similar arrangement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because the Company owns directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable officers’ and directors’ fees and reimbursement of expenses (including the provision of indemnity to officers and directors) to Persons who are not otherwise Affiliates of the Company;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company or contribution to the common equity capital of the Company;

(6) Restricted Payments (including any payments made under, pursuant to or in connection with the Services and Right to Use Agreement, the Reinvestment Agreement or the MSA) that do not violate Section 4.07 hereof;

(7) any agreement or arrangement existing on the Issue Date, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals (so long as any such agreement or arrangement together with all such amendments, modifications, supplements, extensions, replacements, terminations and renewals, taken as a whole, is not materially more disadvantageous to the Company and its Restricted Subsidiaries, taken as a whole, than the original agreement or arrangement as in effect on the Issue Date, unless any such amendments, modifications, supplements, extensions, replacements, terminations or renewals are imposed by any Gaming Authority or any other public authority, in each case having jurisdiction over the Studio City Casino, Melco Resorts Macau (or any other operator of the Studio City Casino), the Company or any of its Restricted Subsidiaries, including, but not limited to, the government of the Macau SAR);

(8) loans or advances to employees (including personnel who provide services to the Company or any of its Restricted Subsidiaries pursuant to the MSA) in the ordinary course of business not to exceed US\$2.0 million in the aggregate at any one time outstanding;

(9) [RESERVED];

(10) (a) transactions or arrangements under, pursuant to or in connection with the Services and Right to Use Agreement, the Reinvestment Agreement or the MSA, including any amendments, modifications, supplements, extensions, replacements, terminations or renewals thereof (so long as the Services and Right to Use Agreement and the Reinvestment Agreement, taken as a whole, or the MSA, respectively, together with all such amendments, modifications, supplements, extensions, replacements, terminations and renewals, taken as a whole, is not materially more disadvantageous to the Company and its Restricted Subsidiaries, taken as a whole, than the Services and Right to Use Agreement and the Reinvestment Agreement, taken as a whole, or the MSA, respectively, as in effect on the Issue Date or, as determined in good faith by the Board of Directors of the Company, would not materially and adversely affect the Company's ability to make payments of principal of and interest on the Notes) and (b) other than with respect to transactions or arrangements subject to clause (a) above, transactions or arrangements with customers, clients, suppliers or sellers of goods or services in the ordinary course of business, on terms that are fair to the Company or any of its Restricted Subsidiaries, as applicable, or are no less favorable than those that might reasonably have been obtained in a comparable transaction at such time on an arms-length basis from a Person that is not an Affiliate of the Company, in the case of each of (a) and (b), unless any such amendments, modifications, supplements, extensions, replacements, terminations or renewals are imposed by any Gaming Authority or any other public authority having jurisdiction over Melco Resorts Macau (or any other operator of the Studio City Casino), the Company or any of its Restricted Subsidiaries, including, but not limited to, the government of the Macau SAR;

(11) the execution of the Transactions, and the payment of all fees and expenses relating to the Transactions described in the Offering Memorandum;

(12) transactions or arrangements to be entered into in connection with the Property in the ordinary course of business (including, for the avoidance of doubt, transactions or arrangements necessary to conduct a Permitted Business) including any amendments, modifications, supplements, extensions, replacements, terminations or renewals thereof; *provided* that such transactions or arrangements must comply with clauses 4.11(a)(1) and (a)(2)(A) hereof;

(13) transactions or arrangements duly approved by the Audit and Risk Committee of Studio City International so long as Studio City International is listed on the New York Stock Exchange or another internationally recognized stock exchange and the Company delivers to the Trustee a copy of the resolution of the Audit and Risk Committee of Studio City International annexed to an Officer's Certificate certifying that such Affiliate Transaction complies with this clause (13) and that such Affiliate Transaction has been duly approved by the Audit and Risk Committee of Studio City International;

(14) execution, delivery and performance of any tax sharing agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes; and

(15) provision by, between, among, to or from Persons who may be deemed Affiliates of group administrative, treasury, legal, accounting and similar services.

Section 4.12 *Liens*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness on any asset now owned or hereafter acquired or any proceeds, income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens, or, if such Lien is not a Permitted Lien, unless the Notes and the Note Guarantees are secured on a *pari passu* basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Section 4.13 *Business Activities*.

The Company will not, and will not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Business, except to such extent as would not be material to the Company and its Restricted Subsidiaries (taken as a whole).

Section 4.14 *Corporate Existence*.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(2) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders.

Section 4.15 *Offer to Repurchase upon Change of Control.*

(a) Upon the occurrence of a Change of Control, each Holder will have the right to require the Company to repurchase all or any part of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of repurchase (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Company has previously or concurrently elected to redeem the Notes in full pursuant to Section 3.07 hereof. Within ten (10) days following any Change of Control, except to the extent that the Company has exercised its right to redeem the Notes by delivery of a notice of redemption pursuant to Section 3.03 hereof, the Company shall mail a notice (a "*Change of Control Offer*") to each Holder with a copy to the Trustee stating:

(1) that a Change of Control has occurred and that such Holder has the right to require the Company to repurchase such Holder's Notes at a repurchase price in cash equal to 101% of the principal amount thereof, plus accrued and unpaid interest to the date of repurchase (subject to the right of holders of record on a record date to receive interest on the relevant interest payment date (the "*Change of Control Payment*"));

(2) the circumstances and relevant facts and financial information regarding such Change of Control;

(3) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(4) that any Note not tendered will continue to accrue interest;

(5) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(6) the Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(7) the Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have the Notes purchased, and

(8) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, *provided* that the unpurchased portion has a minimum denomination of US\$200,000.

(b) On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Paying Agent the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes properly tendered and being purchased by the Company.

The Paying Agent will promptly mail (but in any case not later than five (5) days after the Change of Control Payment Date) to each Holder properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any, *provided* that the unpurchased portion has a minimum denomination of US\$200,000. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) Notwithstanding anything to the contrary in this Section 4.15, the Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 hereof and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to Section 3.03 hereof, unless and until there is a default in payment of the applicable redemption price.

(d) A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

(e) Notes repurchased by the Company pursuant to a Change of Control Offer will be retired and cancelled at the option of the Company. Notes purchased by a third party pursuant to the preceding paragraph will have the status of Notes issued and outstanding.

(f) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of the Notes pursuant to this Section 4.15. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

Section 4.16 *Payments for Consents.*

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture, the Notes or the Note Guarantees unless such consideration is (1) offered to be paid; and (2) is paid to all Holders that consent, waive or agree to amend within the time frame and on the terms set forth in the solicitation documents relating to such consent, waiver or agreement.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes in connection with an exchange offer, the Company and any of the Restricted Subsidiaries may exclude (a) in connection with an exchange offer, holders or beneficial owners of the Notes that are not “qualified institutional buyers” as defined in Rule 144A under the Securities Act, and (b) in connection with any consent, waiver or amendment, holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Company or any of its Restricted Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Company or any of its Restricted Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Company or any of its Restricted Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Company in its sole discretion.

Section 4.17 *Future Subsidiary Guarantors.*

(a) If the Company or any of its Restricted Subsidiaries acquires or creates another Subsidiary after the Issue Date, then the Company shall cause such newly acquired or created Subsidiary to become a Subsidiary Guarantor (in the event that such Subsidiary provides a guarantee of any other Indebtedness of the Company or a Subsidiary Guarantor of the type specified under clauses (1) or (2) of the definition of "Indebtedness"), at which time such Subsidiary shall:

(1) execute a supplemental indenture in the form attached as Exhibit D hereto pursuant to which such Subsidiary shall unconditionally guarantee, on a senior basis, all of the Company's Obligations under this Indenture and the Notes on the terms set forth in this Indenture;

(2) take such further action and execute and deliver such other documents as otherwise may be reasonably requested by the Trustee to give effect to the foregoing; and

(3) deliver to the Trustee an Opinion of Counsel that (i) such supplemental indenture and any other documents required to be delivered have been duly authorized, executed and delivered by such Subsidiary and constitute legal, valid, binding and enforceable Obligations of such Subsidiary.

(b) Notwithstanding the foregoing, any Guarantee of the Notes created pursuant to the provisions described in paragraph (a) above may provide by its terms that it will be automatically and unconditionally released and discharged upon:

(1) (with respect to any Guarantee created after the date of this Indenture) the release by the holders of the Company's or the Subsidiary Guarantor's Indebtedness described in paragraph (a) above, of their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness other than as a result of payment under such guarantee), at a time when:

(A) no other Indebtedness of either the Company or any Subsidiary Guarantor has been guaranteed by such Restricted Subsidiary; or

(B) the holders of all such other Indebtedness that is guaranteed by such Restricted Subsidiary also release their guarantee by such Restricted Subsidiary (including any deemed release upon payment in full of all obligations under such Indebtedness other than as a result of payment under such guarantee); or

(2) the release of the Note Guarantees on the terms and conditions and in the circumstances described in Section 11.08 hereof.

(c) Each additional Note Guarantee will be limited as necessary to recognize certain defences generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defences affecting the rights of creditors generally) or other considerations under applicable law. Notwithstanding Section 4.17(a) hereof, the Company shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in (i) any liability for the officers, directors or shareholders of such Restricted Subsidiary or (ii) any significant cost, expense, liability or obligation (including with respect of any Taxes, but excluding any reasonable guarantee or similar fee payable to the Company or a Restricted Subsidiary of the Company) other than reasonable out of pocket expenses.

Section 4.18 *Designation of Restricted and Unrestricted Subsidiaries.*

The Board of Directors of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default; *provided that* in no event will the business currently operated by the Company, Studio City Developments Limited, Studio City Entertainment Limited or Studio City Hotels Limited be transferred to or held by an Unrestricted Subsidiary. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 hereof or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company may re-designate any Unrestricted Subsidiary to be a Restricted Subsidiary if that re-designation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate of the Company certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be Incurred as of such date under Section 4.09 hereof, the Company will be in Default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of the Company; *provided that* such designation will be deemed to be an Incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the reference period; and (2) no Default or Event of Default would be in existence following such designation. On such designation, the Company shall deliver an Officer's Certificate of the Company to the Trustee regarding such designation and certifying that such designation complies with the preceding conditions and the relevant covenants under this Indenture.

Section 4.19 *Listing.*

The Company will use its commercially reasonable efforts to list and maintain the listing and quotation of the Notes on the Official List of the Singapore Exchange Securities Trading Limited or another comparable exchange.

Section 4.20 *Limitations on Use of Proceeds*

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than as set forth under the caption "Use of Proceeds" in the Offering Memorandum.

Section 4.21 *Special Put Option.*

(a) Upon a Special Put Option Triggering Event, each Holder will have the right to require the Company to repurchase all or any part of such Holder's Notes pursuant to a Special Put Option Offer (as defined below) on the terms set forth in this Section 4.21. In the Special Put Option Offer, the Company will offer to purchase the Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to but excluding the date of repurchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date), except to the extent the Company has previously or concurrently elected to redeem the Notes in full as described under Section 3.07 hereof.

(b) Within ten days following the occurrence of a Special Put Option Triggering Event, except to the extent that the Company has exercised its right to redeem the Notes in full by delivery of a notice of redemption as described under Section 3.07 hereof the Company shall mail a notice (a “*Special Put Option Offer*”) to each Holder with a copy to the Trustee and the Paying Agent stating:

(1) that a Special Put Option Triggering Event has occurred and that such holder has the right to require the Company to repurchase such Holder’s Notes at a repurchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to but excluding the date of repurchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date);

(2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed); and

(3) the instructions determined by the Company, consistent with this Section 4.21, that a Holder must follow in order to have its Notes repurchased.

(c) Notes repurchased by the Company pursuant to a Special Put Option Offer will have the status of Notes issued but not outstanding or will be retired and cancelled at the option of the Company. Notes purchased by a third party pursuant to sub-clause (b)(3) of this Section 4.21 will have the status of Notes issued and outstanding.

(d) On the date of repurchase pursuant to a Special Put Option Offer, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Special Put Option Offer;

(2) deposit with the Paying Agent an amount equal to the repurchase price, plus accrued and unpaid interest, if any, and Additional Amounts, if any, to but excluding the date of repurchase (the “*Special Put Option Payment*”), in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee, the Notes properly accepted together with an Officers’ Certificate stating the aggregate principal amount of Notes or portions of Notes properly tendered and being purchased by the Company.

(e) The Paying Agent will promptly mail to each Holder properly tendered the Special Put Option Payment for such Notes, and the Trustee, or its authenticating agent, will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any.

(f) The provisions described in this Section 4.21 that require the Company to make a Special Put Option Offer following a Special Put Option Triggering Event will be applicable whether or not any other provisions of the Indenture are applicable. Except as described this Section 4.21 with respect to a Special Put Option Triggering Event, this Indenture does not contain provisions that permit the Holders to require that the Company repurchase or redeem the Notes in the event of a termination, rescission or expiration of any Gaming License.

(g) The Company will not be required to make a Special Put Option Offer upon a Special Put Option Triggering Event if (1) a third party makes the Special Put Option Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Special Put Option Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Special Put Option Offer, or (2) notice of redemption has been given in accordance with Section 3.07 and Section 3.10 hereof pursuant to which the Company has exercised its right to redeem the Notes in full, unless and until there is a default in payment of the applicable redemption price.

(h) The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this provision. To the extent that the provisions of any securities laws or regulations conflict with provisions of this provision, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this covenant by virtue thereof.

Section 4.22 *Suspension of Covenants*

(a) The following covenants (the “*Suspended Covenants*”) will not apply during any period during which the Notes have an Investment Grade Status (a “*Suspension Period*”): Section 4.07, Section 4.08, Section 4.09, Section 4.10, Section 4.11, Section 5.01(a)(3) and Section 4.17. Additionally, during any Suspension Period, the Company will not be permitted to designate any Restricted Subsidiary as an Unrestricted Subsidiary.

(b) In the event that the Company and its Restricted Subsidiaries are not subject to the Suspended Covenants for any period of time as a result of the foregoing, and on any subsequent date (the “*Reversion Date*”) the Notes cease to have Investment Grade Status, then the Suspended Covenants will apply with respect to events occurring following the Reversion Date (unless and until the Notes subsequently attain an Investment Grade Status, in which case the Suspended Covenants will again be suspended for such time that the Notes maintain an Investment Grade Status); *provided, however*, that no Default or Event of Default will be deemed to exist under the Indenture with respect to the Suspended Covenants, and none of the Company or any of its Subsidiaries will bear any liability for any actions taken or events occurring during a Suspension Period and before any related Reversion Date, or any actions taken at any time pursuant to any contractual obligation or binding commitment arising prior to such Reversion Date, regardless of whether those actions or events would have been permitted if the applicable Suspended Covenant had remained in effect during such period. The Company shall notify the Trustee should the Notes achieve Investment Grade Status; *provided* that such notification shall not be a condition for the suspension of the covenants set forth above to be effective. The Trustee shall be under no obligation to notify the holders of the Notes that the Notes have achieved Investment Grade Status.

(c) On each Reversion Date, all Indebtedness Incurred during the Suspension Period prior to such Reversion Date will be deemed to be Indebtedness existing on the Issue Date. For purposes of calculating the amount available to be made as Restricted Payments under Section 4.07(a)(4)(C) hereof on or after the Reversion Date, calculations under such covenant shall be made as though such covenant had been in effect during the entire period of time after the Issue Date (including the Suspension Period). Restricted Payments made during the Suspension Period not otherwise permitted pursuant to any of clauses (2) through (6) or (18) under Section 4.07(b) hereof will reduce the amount available to be made as Restricted Payments under Section 4.07(a)(4)(C) hereof; *provided*, that the amount available to be made as Restricted Payments on the Reversion Date shall not be reduced to below zero solely as a result of such Restricted Payments. In addition, for purposes of the other Suspended Covenants, all agreements entered into and all actions taken during the Suspension Period, including, without limitation, the Incurrence of Indebtedness shall be deemed to have been taken or to have existed prior to the Issue Date.

**ARTICLE 5
SUCCESSORS**

Section 5.01 *Merger, Consolidation, or Sale of Assets.*

(a) *The Company.* The Company will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company survives); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(1) either:

(A) if the transaction or series of transactions is a consolidation of the Company with or a merger of the Company with or into any other Person, the Company shall be the surviving entity of such merger or consolidation; or

(B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made shall be a corporation organized and existing under the laws of the British Virgin Islands, Cayman Islands, Hong Kong, Macau, Singapore, United States, any state of the United States or the District of Columbia, and such Person shall expressly assume all the Obligations of the Company under the Notes and this Indenture, pursuant to supplemental indentures or other documents or agreements reasonably satisfactory to the Trustee;

(2) immediately after such transaction, no Default or Event of Default exists; and

(3) the Company, or if applicable, the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition has been made, would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to Incur at least US\$1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof.

(b) *The Subsidiary Guarantors.* Subject to the Section 11.08(c) hereof, no Subsidiary Guarantor will, and the Company will not permit any Subsidiary Guarantor to, directly or indirectly:

(1) consolidate or merge with or into another Person (whether or not such Subsidiary Guarantor survives); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of such Subsidiary Guarantor in one or more related transactions, to another Person, unless:

(1) either:

(A) if the transaction or series of transactions is a consolidation of such Subsidiary Guarantor with or a merger of such Subsidiary Guarantor with or into any other Person, such Subsidiary Guarantor shall be the surviving entity of such consolidation or merger; or

(B) the Person formed by or surviving any such consolidation or merger (if other than such Subsidiary Guarantor) or to which such sale, assignment, transfer, conveyance or other disposition has been made shall be a corporation organized and existing under the laws of the British Virgin Islands, Cayman Islands, Hong Kong, Macau, Singapore, United States, any state of the United States or the District of Columbia, and such Person shall expressly assume all the Obligations of such Subsidiary Guarantor under its Note Guarantee and this Indenture, pursuant to a supplemental indenture; and

(2) immediately after such transaction, no Default or Event of Default exists.

(c) This Section 5.01 will not apply to:

(1) a merger of the Company or a Subsidiary Guarantor, as the case may be, with an Affiliate solely for the purpose of reincorporating the Company or a Subsidiary Guarantor, as the case may be, in another jurisdiction; or

(2) any consolidation or merger, or any sale, assignment, transfer, conveyance, or other disposition of assets between or among the Company and the Subsidiary Guarantors or between or among the Subsidiary Guarantors.

Upon consummation of any consolidation or merger, or any sale, assignment, transfer, conveyance, or other disposition of assets by a Subsidiary Guarantor with or into the Company or another Subsidiary Guarantor in accordance with this Section 5.01 which results in a Subsidiary Guarantor distributing all of its assets (other than *de minimis* assets required by law to maintain its corporate existence) to the Company or another Subsidiary Guarantor, such transferring Subsidiary Guarantor may be wound up pursuant to a solvent liquidation or solvent reorganization, provided it shall have no third party recourse Indebtedness or be the obligor under any intercompany Indebtedness.

Section 5.02 *Successor Corporation Substituted.*

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the properties or assets of the Company in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof, the successor Person formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the “Company” shall refer instead to the successor Person and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company’s assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6 DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

(a) Each of the following is an event of default (an “*Event of Default*”):

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption, upon required repurchase, or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with its obligations under the provisions of Section 3.09, 4.10, 4.15, 4.21 or 5.01 hereof;

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days after notice to the Company by the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the other agreements in this Indenture,;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a “*Payment Default*”); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates US\$20.0 million or more at any time outstanding;

(6) failure by the Company or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction (other than any judgment as to which a reputable third party insurer has accepted full responsibility and coverage) aggregating in excess of US\$20.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case or is the subject of a petition by a creditor to have it declared bankrupt,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(8) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary in an involuntary case;

(B) appoints a custodian of the Company or of any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or of any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary;

(9) except as permitted by this Indenture, (a) any Note Guarantee being held in any judicial proceeding in a competent jurisdiction to be unenforceable or invalid or ceases for any reason to be in full force and effect, or (b) any Person acting on behalf of any Subsidiary Guarantor, denying or disaffirming its Obligations under its Note Guarantee; and

(10) the termination or rescission of any Gaming License or the Macau government takes any formal measure to do so (excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the government of Macau in connection with the granting or renewal of any Gaming License; provided that such renewal, tender or other process results in the granting or renewal of the relevant Gaming License).

Section 6.02 *Acceleration.*

In the case of an Event of Default specified in Section 6.01(a)(7) or 6.01(a)(8) hereof, with respect to the Company, any Restricted Subsidiary of the Company that is a Significant Subsidiary or any group of Restricted Subsidiaries of the Company that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately. Upon any such declaration, the Notes shall become due and payable immediately.

The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may, on behalf of all of the Holders, rescind an acceleration (including any related payment default that resulted from such acceleration) and its consequences, if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except non-payment of principal of, premium, if any, or interest on the Notes).

Section 6.03 *Other Remedies.*

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium and Additional Amounts, if any, and interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 *Waiver of Past Defaults.*

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes (including in connection with an offer to purchase); *provided, however,* that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

Holders of a majority in aggregate principal amount of the then outstanding Notes may direct, in writing, the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability.

Section 6.06 *Limitation on Suits.*

(a) Subject to the provisions of this Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee indemnity and/or security to its satisfaction against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) such Holder has previously given the Trustee written notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have made a written request to the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security and/or indemnity satisfactory to the Trustee against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity to its satisfaction; and

(5) during such 60-day period, Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a written direction inconsistent with such request.

(b) A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

Section 6.07 *Rights of Holders to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal, premium, Additional Amounts, if any, and interest on the Notes, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided that* a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(a)(1) or (a)(2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, Additional Amounts, if any, and interest remaining unpaid on, the Notes and interest on overdue principal and premium, if any and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.08 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, the Agents, and their respective agents and attorneys for amounts due under Section 7.08 hereof, including payment of all compensation, expenses and liabilities incurred, and all advances made, by the Trustee or any Agent, and the costs and expenses of collection;

Second: to Holders for amounts due and unpaid on the Notes for principal, premium, Additional Amounts, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, Additional Amounts, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee will examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(3) other than with respect to a payment default, the Trustee shall not be charged with knowledge of any Default or Event of Default unless written notice has been delivered to a Responsible Officer at the Corporate Trust Office of the Trustee referencing the applicable provision of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee, to expend or risk its own funds or incur any liability.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

Section 7.02 Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may engage and consult with professional advisors and counsel selected by it at the reasonable expense of the Company, and the Trustee may rely conclusively upon advice of such professional advisors and counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon by the Trustee and any of its directors, officers, employees or agents duly appointed.

(c) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent appointed with due care. The Trustee shall have no duty to monitor the performance of such agents.

(d) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture. The Trustee shall not be required to take action at the direction of the Company or Holders which conflicts with the requirements of this Indenture or for which it is not indemnified to its satisfaction, or which involves undue risk or would be contrary to applicable law or regulation.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company will be sufficient if signed by an Officer or a director of the Company.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to it in its sole discretion against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services and the unavailability of the Federal Reserve Bank wire or facsimile or other communication facility; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

(h) The recitals contained herein and in the Notes are made by the Company and not by the Trustee, and the Trustee, does not assume any responsibility for the correctness thereof. The Trustee makes no representation as to the validity or sufficiency of this Indenture or the Notes,.

(i) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records, and premises of the Company, personally or by agent or attorney at the sole cost of the Company and shall incur no liability or additional liability of any kind by reason of such inquiry or investigation.

(j) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(k) The rights, privileges, indemnity, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder and each agent, custodian and other Person employed to act hereunder *provided, however* any such agent or custodian shall not be deemed to be a fiduciary;

(l) The Trustee may request that the Company deliver a certificate setting forth the names of individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture;

(m) In the event that the Trustee and Agents shall be uncertain as to their respective duties or rights hereunder or shall receive instructions, claims or demands from the Company, which in their opinion, conflict with any of the provisions of this Indenture, they shall be entitled to refrain from taking action until directed in writing by a final order or judgment of a court of competent jurisdiction;

(n) So long as any of the Notes remains outstanding, the Company shall provide the Agents with a sufficient number of copies of this Indenture and each of the documents sent to the Trustee or which are required to be made available by stock exchange regulations or stated in the Offering Memorandum relating to the Notes, to be available and, subject to being provided with such copies, each of the Agents will procure that such copies shall be available at its specified office during normal office hours for examination by the Holders and that copies thereof will be furnished to the Holders upon written request at their own expense;

(o) Whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate and/or an Opinion of Counsel;

(p) In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than a majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, will be taken and shall not incur any liability for its failure to act until such inconsistency or conflict is, in its reasonable opinion, resolved;

(q) The Trustee may, before commencing (or at any time during the continuance of) any act, action or proceeding, require the Holders at whose instance it is acting to deposit with the Trustee the Notes held by them, for which Notes the Trustee to which such Notes are deposited shall issue receipts to such Holders;

(r) Notwithstanding any other provision of this Indenture, the Trustee and the Paying Agent shall be entitled to make a deduction or withholding from any payment which they make under this Indenture for or on account of any present or future taxes, duties or charges if and to the extent so required by applicable law, in which event the Trustee or the Paying Agent, as applicable, shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted;

(s) The Trustee shall (except as expressly otherwise provided herein) as regards all the trusts, powers, authorities and discretions vested in it by this Indenture or by applicable law, have absolute and uncontrolled discretion as to the exercise or non-exercise thereof and, absent any wilful misconduct, gross negligence or fraud on the part of the Trustee the Trustee shall not be responsible for any loss, damage, cost, claim or any other liability or inconvenience that may result from the exercise or non-exercise thereof;

(t) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice of the Company mentioned herein shall be sufficiently evidenced if in writing and signed by an Officer of the Company and any resolution of the Board of Directors shall be sufficiently evidenced by a board resolution;

(u) The Trustee shall have no duty to inquire as to the performance of the covenants of the Company or its Restricted Subsidiaries. Delivery of reports, information and documents to the Trustee under Section 4.03 hereof shall be for informational purposes only as regards the Trustee and the Trustee's receipt of such reports, information and documents shall not constitute constructive notice of any information contained therein, including the Company's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates);

(v) The Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect to any transfer, exchange, redemption, purchase or repurchase, as applicable, of any interest in any Notes;

(w) The Trustee is not required to give any bond or surety with respect to the performance of its duty or the exercise of its power under this Indenture or the Notes;

(x) No provision of this Indenture shall require the Trustee to do anything which, in its opinion, may be illegal or contrary to applicable law or regulation;

(y) The Trustee may assume without inquiry in the absence of actual knowledge that the Company is duly complying with its obligations contained in this Indenture required to be performed and observed by them, and that no Default or Event of Default or other event which would require repayment of the Notes has occurred; and

(z) The permissive right of the Trustee to take the actions permitted by this Indenture shall not be construed as an obligation or duty to do so.

Section 7.03 *[Intentionally Omitted.]*

Section 7.04 *Individual Rights of Trustee.*

(a) The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. The Trustee is also subject to Section 7.11 hereof.

(b) If the Trustee becomes a creditor of the Company or a Subsidiary Guarantor, this Indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires actual knowledge that it has any conflicting interest it must eliminate such conflict within 90 days or resign.

Section 7.05 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than the certificate of authentication. The Trustee shall not be deemed to be required to calculate any Fixed Charges, Treasury Rates, Additional Amounts, any make-whole amount, any Fixed Charge Coverage Ratio or other coverage ratio, or otherwise.

Section 7.06 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will mail to Holders a notice of the Default or Event of Default within ninety (90) days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, Additional Amounts, if any, or interest on, any Note, the Trustee shall not be deemed to have such actual knowledge and may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.07 *[Intentionally Omitted.]*

Section 7.08 *Compensation and Indemnity.*

(a) The Company will pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder pursuant to a written fee agreement executed or as otherwise agreed by the Trustee and the Company. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Company will reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses properly incurred or made by it in addition to the compensation for its services. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

(b) The Company and the Subsidiary Guarantors will indemnify the Trustee and its officers, directors, employees and agents against any and all losses, liabilities or expenses (including the fees and expenses of counsel) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company and the Subsidiary Guarantors (including this Section 7.08) and defending itself against any claim (whether asserted by the Company, the Subsidiary Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable solely to its gross negligence, willful misconduct or fraud as determined by a court of competent jurisdiction in a final non-appealable order. The Trustee will notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company will not relieve the Company or any of the Subsidiary Guarantors of their obligations hereunder. The Company or such Subsidiary Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Company will pay the reasonable fees and expenses of such counsel. Neither the Company nor any Subsidiary Guarantor need to pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Company and the Subsidiary Guarantors under this Section 7.08 will survive the satisfaction and discharge of this Indenture, and the resignation or removal of the Trustee and/or any Agent.

(d) To secure the Company's and the Subsidiary Guarantors' payment obligations in this Section 7.08, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(a)(7) or Section 6.01(a)(8) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.09 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.09.

(b) The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

- (1) the Trustee fails to comply with Section 7.11 hereof;

- (2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;
- (3) a custodian or public officer takes charge of the Trustee or its property; or
- (4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. Within one (1) year after the successor Trustee takes office, the holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

(d) If a successor Trustee does not take office within sixty (60) days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee at the sole expense of the Company.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six months, fails to comply with Section 7.11 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.08 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.09, the Company's obligations under Section 7.08 hereof will continue for the benefit of the retiring Trustee.

Section 7.10 *Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.11 *Eligibility; Disqualification.*

There shall at all times be a Trustee hereunder that is entitled to carry out the activities of a trustee under the laws of England and Wales, or Hong Kong or the State of New York or is a corporation organized or doing business under the laws of the United States of America or any state thereof or the District of Columbia that is authorized under such laws to exercise corporate trustee power and that is a corporation which is generally recognized as a corporation which customarily performs such corporate trustee roles and provides such corporate trustee services in transactions similar in nature to the offering of the Notes. No obligor under the Notes or Person directly controlling, controlled by, or under common control with such obligor shall serve as trustee under the Notes.

Section 7.12 *Appointment of Co-Trustee.*

(a) Notwithstanding any other provisions of this Indenture, at any time, for the purpose of meeting any legal requirement of any jurisdiction or otherwise, the Trustee shall have the power and may execute and deliver all instruments necessary to appoint one or more Persons to act as a co-trustee or co-trustees, or separate trustees, of all or any part of this Indenture, and to vest in such Person or Persons, in such capacity and for the benefit of the Holders, such powers, duties, obligations, rights and trusts as the Trustee may consider necessary or desirable. No co-trustee or separate trustee hereunder shall be required to meet the terms of eligibility as a successor trustee under Section 7.09 hereof and no notice to the Holders of the appointment of any co-trustee or separate trustee shall be required.

(b) Every separate trustee and co-trustee shall, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

(1) All rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and exercised or performed by the Trustee and such separate trustee or co-trustee jointly (it being understood that such separate trustee or co-trustee is not authorized to act separately without the Trustee joining in such act), except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed singly by such separate trustee or co-trustee, but solely at the direction of the Trustee.

(2) No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(3) The Trustee may at any time accept the resignation of or remove any separate trustee or co-trustee.

(c) Any notice, request or other writing given to the Trustee shall be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Section 7.12. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee.

(d) Any separate trustee or co-trustee may at any time constitute the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall die, become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies, and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

Section 7.13 *Resignation of Agents.*

Any Agent may resign and be discharged from its duties under this Indenture at any time by giving thirty (30) days' prior written notice of such resignation to the Trustee and the Company. The Trustee or the Company may remove any Agent at any time by giving thirty (30) days' prior written notice to such Agent. Upon such notice, a successor Agent shall be appointed by the Company, who shall provide written notice of such to the Trustee. Such successor Agent shall become the Agent hereunder upon the resignation or removal date specified in such notice. If the Company is unable to replace the resigning Agent within thirty (30) days after such notice, the Agent shall deliver any funds then held hereunder in its possession to the Trustee or (i) such Agent may appoint as its successor Agent, any reputable and experienced financial institution acceptable to the Trustee and the Company or (ii) apply to a court of competent jurisdiction for the appointment of a successor Agent or for other appropriate relief. The reasonable costs and expenses (including its counsels' fees and expenses) incurred by the Agent in connection with such proceeding shall be paid by the Company. Upon receipt of the identity of the successor Agent, the Agent shall deliver any funds then held hereunder to the successor Agent, less the Agent's fees, costs and expenses or other obligations owed to the Agent. Upon its resignation and delivery of any funds, the Agent shall be discharged of and from any and all further obligations arising in connection with this Indenture, but shall continue to enjoy the benefit of Section 7.08 hereof.

Section 7.14 *Agents General Provisions.*

- (a) The rights, powers, duties and obligations and actions of each Agent under this Indenture are several and not joint or joint and several.
- (b) The Company and the Agents acknowledge and agree that in the event of a Default or Event of Default, the Trustee may, by notice in writing to the Company and the Agents, require that the Agents act as agents of, and take instructions exclusively from, the Trustee. Until they have received such written notice from the Trustee, the Agents shall act solely as agents of the Company and need have no concern for the interests of the Holders.
- (c) In the event that instructions given to any Agent are not reasonably clear, then such Agent shall be entitled to seek clarification from the Company or other party entitled to give the Agents instructions under this Indenture. If an Agent has sought clarification in accordance with this Section 7.14(c), then such Agent shall be entitled to take no action until such clarification is provided, and shall not incur any liability for not taking any action pending receipt of such clarification.
- (d) The Agents shall only have such duties as expressly set out in this Indenture.
- (e) The Company shall provide the Agents with a certified list of authorized signatories.

Section 7.15 *Rights of Trustee in Other Roles.*

All rights, powers and indemnities contained in this Article 7 shall apply to the Trustee in its other roles hereunder and to the Agents.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02 *Legal Defeasance and Discharge.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from their Obligations with respect to all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Subsidiary Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) below, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

- (1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium and Additional Amounts, if any, on, such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Company's Obligations with respect to the Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties and immunities of the Trustee, the Paying Agent and Transfer Agent and the Registrar, and the Company's and the Subsidiary Guarantors' Obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 *Covenant Defeasance.*

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Subsidiary Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18, 4.19 and 4.21 hereof and Section 5.01(a)(3) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, *Covenant Defeasance* means that, with respect to the outstanding Notes and Note Guarantees, the Company and the Subsidiary Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof and Section 6.01(a)(3) through 6.01(a)(5) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance or Covenant Defeasance under either Section 8.02 or 8.03 hereof:

(1) the Company must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest and premium, if any, on, the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of an election under Section 8.02 hereof, the Company must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that:

(A) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling; or

(B) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law,

in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Legal Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of an election under Section 8.03 hereof, the Company must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(6) the Company must deliver to the Trustee an Officer's Certificate of the Company stating that the deposit was not made by the Company with the intent of preferring the Holders over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(7) the Company must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

(8) The Trustee shall be entitled to its usual fees and, in addition, any fees and expenses incurred or charged by the Trustee and its counsel in connection with defeasance, satisfaction and discharge, and investment or custody services provided hereunder.

Section 8.05 Deposited Money and U.S. Government Obligations to be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06 hereof, all money and non-callable U.S. Government Obligations (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, and Additional Amounts, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable U.S. Government Obligations deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the holders of the outstanding Notes.

Notwithstanding anything in this Article 8 to the contrary, the Trustee will deliver or pay to the Company from time to time upon the request of the Company any money or non-callable U.S. Government Obligations held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(1) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on, any Note and remaining unclaimed for two (2) years after such principal, premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) will be discharged from such trust; and the holder of such Note will thereafter be permitted to look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, will thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than thirty (30) days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

Section 8.07 Reinstatement.

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable U.S. Government Obligations in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's and the Subsidiary Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium, if any, or interest on, any Note following the reinstatement of its obligations, the Company will be subrogated to the rights of the holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

**ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER**

Section 9.01 Without Consent of Holders of Notes.

Notwithstanding Section 9.02 of this Indenture, the Company, the Subsidiary Guarantors, the Trustee (as applicable and to the extent each is a party to the relevant document) may amend or supplement this Indenture, the Notes, and/or the Note Guarantees without the consent of any Holder:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Company's or a Subsidiary Guarantor's Obligations under the Notes or the Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Subsidiary Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights under this Indenture of any such Holder;

(5) to conform the text of the Notes, this Indenture or the Note Guarantees to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" section of the Offering Memorandum was intended to be a verbatim recitation of a provision of the Notes, this Indenture or the Note Guarantees, which intent shall be evidenced by an Officer's Certificate of the Company to that effect;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date of this Indenture; or

(7) to allow any Subsidiary Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes or to release any Subsidiary Guarantor from its Note Guarantee in accordance with the terms of this Indenture.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee, will join with the Company and the Subsidiary Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but neither the Trustee nor any Agent will be obligated to (although they may at their discretion) enter into such amended or supplemental indenture that affects their own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 *With Consent of Holders of Notes.*

Except as provided below in this Section 9.02, the Company and the Trustee may amend or supplement this Indenture (including, without limitation, Section 3.09, 4.10 and 4.15 hereof) and the Notes, and the Company, the Trustee and the Subsidiary Guarantors, may amend or supplement the Note Guarantees with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium or Additional Amounts, if any, or interest on, the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes).

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02, 9.06, 13.04 and 13.05 hereof, the Trustee, will join with the Company and the Subsidiary Guarantors in the execution of such amended or supplemental indenture authorized or permitted by the terms of this Indenture unless such amended or supplemental indenture directly affects the Trustee's or any Agent's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee and/or each Agent may in their discretion, but will not be obligated to, enter into such amended or supplemental indenture.

It is not necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company will mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder (including the Additional Notes) affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes (including the Additional Notes) held by a non-consenting Holder):

- (1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of, premium, if any, or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 3.09, 4.10, 4.21 and 4.15 hereof);
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any Note payable in money other than that stated in the Notes;
- (6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders to receive payments of principal of, or interest or premium, if any, on, the Notes;
- (7) waive a redemption payment with respect to any Note (other than a payment required by Section 3.09, 4.10, 4.21 or 4.15 hereof);
- (8) release any Subsidiary Guarantor from any of its Obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture; or
- (9) make any change in the preceding amendment and waiver provisions.

For the avoidance of doubt, no amendment to or deletion of, or actions taken in compliance with, the covenants described under Article 4 shall be deemed to impair or affect any rights of Holders to receive payment of principal of, or premium, if any, or interest on, the Notes.

Section 9.03 Supplemental Indenture.

Every amendment or supplement to this Indenture or the Notes will be set forth in an amended or supplemental indenture.

Section 9.04 Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder is a continuing consent by such Holder and every subsequent holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 *Notation on or Exchange of Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amended or supplemental indenture until the Board of Directors of the Company approves it. In executing any amended or supplemental indenture, the Trustee will be entitled to receive security and/or indemnity to their reasonable satisfaction. The Trustee (subject to Section 7.01 hereof) will be fully protected in relying upon, in addition to the documents required by Section 13.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture, that the supplemental indenture is legal, valid, binding and enforceable against the Company in accordance with its terms and such other matters as the Trustee may request. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

ARTICLE 10
[INTENTIONALLY OMITTED]

ARTICLE 11
NOTE GUARANTEES

Section 11.01 *Guarantee.*

(a) Each Subsidiary Guarantor hereby jointly and severally, irrevocably and unconditionally guarantees to each Holder and to the Trustee, successors and assigns (1) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Company under this Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, interest, premium or Additional Amounts, if any, on the Notes and all other monetary obligations of the Company under this Indenture and the Notes and (2) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under this Indenture and the Notes (all the foregoing being hereinafter collectively called the "*Guaranteed Obligations*"). Each Subsidiary Guarantor further agrees that the *Guaranteed Obligations* may be extended or renewed, in whole or in part, without notice or further assent from each such Subsidiary Guarantor, and that each such Subsidiary Guarantor shall remain bound under this Article 11 notwithstanding any extension or renewal of any *Guaranteed Obligation*.

(b) Each Subsidiary Guarantor waives presentation to, demand of payment from and protest to the Company of any of the *Guaranteed Obligations* and also waives notice of protest for non-payment. Each Subsidiary Guarantor waives notice of any default under the Notes or the *Guaranteed Obligations*. The obligations of each Subsidiary Guarantor hereunder shall not be affected by (1) the failure of any Holder or the Trustee to assert any claim or demand or to enforce any right or remedy against the Company or any other Person under this Indenture, the Notes or any other agreement or otherwise; (2) any extension or renewal of any thereof; (3) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (4) the release of any security held by any Holder or the Trustee for the *Guaranteed Obligations* or any of them; (5) the failure of any Holder or the Trustee to exercise any right or remedy against any other guarantor of the *Guaranteed Obligations*; or (6) any change in the ownership of such Subsidiary.

(c) Each Subsidiary Guarantor hereby waives any right to which it may be entitled to have its obligations hereunder divided among the Subsidiary Guarantors, such that such Subsidiary Guarantor's obligations would be less than the full amount claimed. Each Subsidiary Guarantor hereby waives any right to which it may be entitled to have the assets of the Company first be used and depleted as payment of the Company's or such Subsidiary Guarantor's obligations hereunder prior to any amounts being claimed from or paid by such Subsidiary Guarantor hereunder. Each Subsidiary Guarantor hereby waives any right to which it may be entitled to require that the Company be sued prior to an action being initiated against such Subsidiary Guarantor.

(d) Each Subsidiary Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment, performance and compliance when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any security held for payment of the Guaranteed Obligations.

(e) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, the obligations of each Subsidiary Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Subsidiary Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of any Subsidiary Guarantor or would otherwise operate as a discharge of any Subsidiary Guarantor as a matter of law or equity.

(f) Except as expressly set forth in Sections 8.02, 11.02 and 11.08, each Subsidiary Guarantor agrees that its Note Guarantee shall remain in full force and effect until payment in full of all the Guaranteed Obligations. Each Subsidiary Guarantor further agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Company or otherwise.

(g) In furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Subsidiary Guarantor by virtue hereof, upon the failure of the Company to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Subsidiary Guarantor hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (1) the unpaid principal amount of such Guaranteed Obligations, (2) accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and (3) all other monetary obligations of the Company to the Holders and the Trustee.

(h) Each Subsidiary Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of any Note Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Subsidiary Guarantor for the purposes of Section 11.01.

(i) Each Subsidiary Guarantor also agrees to pay any and all costs and expenses (including attorneys' fees and expenses) incurred by the Trustee in enforcing any rights under Section 11.01.

(j) Upon request of the Trustee, each Subsidiary Guarantor shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

Section 11.02 *Limitation on Liability.*

Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Subsidiary Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the applicable Subsidiary Guarantor without rendering the Note Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to ultra vires, fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally or other considerations under applicable law.

Section 11.03 *Successors and Assigns.*

This Article 11 shall be binding upon each Subsidiary Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

Section 11.04 *No Waiver.*

Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article 11 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 11 at law, in equity, by statute or otherwise.

Section 11.05 *Modification.*

No modification, amendment or waiver of any provision of this Article 11, nor the consent to any departure by any Subsidiary Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Subsidiary Guarantor in any case shall entitle such Subsidiary Guarantor to any other or further notice or demand in the same, similar or other circumstances.

Section 11.06 *Execution of Supplemental Indenture for Future Subsidiary Guarantors.*

Each Restricted Subsidiary which is required to become a Subsidiary Guarantor pursuant to Section 4.17 hereof shall promptly execute and deliver to the Trustee a supplemental indenture pursuant to which such Subsidiary shall become a Subsidiary Guarantor under this Article 11 and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such supplemental indenture, the Company shall deliver to the Trustee an Opinion of Counsel and an Officer's Certificate to the effect that such supplemental indenture has been duly authorized, executed and delivered by such Restricted Subsidiary and that, subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Note Guarantee of such Subsidiary Guarantor is a legal, valid and binding obligation of such Subsidiary Guarantor, enforceable against such Subsidiary Guarantor in accordance with its terms and/or to such other matters as the Trustee may reasonably request.

Section 11.07 *Non-Impairment.*

The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

Section 11.08 *Release of Guarantees.*

(a) Subject to paragraphs (b) and (c), each Note Guarantee, once it becomes due, is a continuing guarantee and shall (i) remain in full force and effect until payment in full of all the Guaranteed Obligations, (ii) be binding upon each Subsidiary Guarantor and its successors and (iii) inure to the benefit of, and be enforceable by, the Trustee, the Holders and their successors, transferees and assigns.

(b) The Note Guarantee of a Subsidiary Guarantor with respect to the Notes will be automatically and unconditionally released and discharged:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or, consolidation) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Section 3.09 or 4.15 hereof;

(2) in connection with any sale or other disposition of the Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary of the Company, if the sale or other disposition does not violate Section 3.09 or 4.15 hereof and such Subsidiary Guarantor ceases to be a Restricted Subsidiary of the Company as a result of such sale or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with Section 4.18 hereof;

(4) upon Legal Defeasance or satisfaction and discharge of the Indenture as provided by Articles 8 and 12 of this Indenture;

(5) upon payment in full of the principal of, premium, if any, and accrued and unpaid interest on, the Notes and all other Obligations that are then due and payable thereunder;

(6) upon the merger or consolidation of any Subsidiary Guarantor with and into the Company or a Wholly-Owned Subsidiary Guarantor (or a Wholly-Owned Restricted Subsidiary that becomes a Subsidiary Guarantor concurrently with the transaction) that is the surviving Person in such merger or consolidation, or upon the liquidation of such Subsidiary Guarantor following the transfer of all or substantially all of its assets to the Company or a Wholly-Owned Subsidiary Guarantor (or a Wholly-Owned Restricted Subsidiary that becomes a Subsidiary Guarantor concurrently with the transaction); or

(7) as described under Article 9 hereof.

(c) Each Holder hereby authorizes the Trustee to take all actions to effectuate any release in accordance with the provisions of this Section 11.08, subject to customary and reasonably satisfactory protections and indemnifications provided by the Company to the Trustee.

ARTICLE 12
SATISFACTION AND DISCHARGE

Section 12.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder, when:

(1) either:

(A) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one (1) year and the Company has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable U.S. Government Obligations, or a combination of cash in U.S. dollars and non-callable U.S. Government Obligations, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Subsidiary Guarantor is a party or by which the Company or any Subsidiary Guarantor is bound;

(3) the Company or any Subsidiary Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate of the Company and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to sub clause (b) of clause (1) of this Section 12.01, the provisions of Sections 12.02 and 8.06 hereof will survive.

Section 12.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any cash in U.S. dollars or non-callable U.S. Government Obligations in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 12.01 hereof; *provided that* if the Company has made any payment of principal of, premium, if any, or interest on, any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the cash in U.S. dollars or non-callable U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 13 MISCELLANEOUS

Section 13.01 *[Intentionally Omitted]*.

Section 13.02 *Notices*.

Any notice or communication by the Company or the Trustee to the others is duly given if in writing, in the English language, and delivered in Person or by first class mail (registered or certified, return receipt requested), facsimile transmission, electronic mail (in pdf format) or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company, Studio City Investments Limited, Studio City Company Limited, Studio City Holdings Two Limited, Studio City Holdings Three Limited, Studio City Holdings Four Limited, SCP Holdings Limited, SCIP Holdings Limited, SCP One Limited and/or SCP Two Limited:

Jayla Place, Wickhams Cay I
Road Town, Tortola
British Virgin Islands

With a copy to:

Studio City (HK) Limited
36th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong
Facsimile No.: +852 2537 3618
Attention: Company Secretary

If to Studio City Services Limited, Studio City Entertainment Limited, Studio City Hotels Limited, Studio City Hospitality and Services Limited, Studio City Retail Services Limited and/or Studio City Developments Limited:

Rua de Évora, nos 199-207
Edifício Flower City
1° andar, A1, Taipa
Macau

With a copy to:

Studio City (HK) Limited
36th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong
Facsimile No.: +852 2537 3618
Attention: Company Secretary

With a copy to:
Ashurst Hong Kong
11/F Jardine House
1 Connaught Place
Central, Hong Kong
Facsimile No.: +852 2868 0898
Attention: Anna-Marie Slot

If to Studio City (HK) Two Limited:

36th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong
Facsimile No.: +852 2537 3618
Attention: Company Secretary

If to the Trustee, the Paying Agent, Registrar and Transfer Agent:
Deutsche Bank Trust Company Americas
60 Wall Street, 16th Floor
MS NYC60-1630
New York, NY 10005
United States

Facsimile No.: (732) 578-4635
Attention: Corporates Team – Studio City Finance Limited

With a copy to:

Deutsche Bank National Trust Company
for Deutsche Bank Trust Company Americas
100 Plaza One – 8th Floor
MS JCY03-0801
Jersey City, NJ 07311-3901
United States
Attention: Corporates Team – Studio City Finance Limited
Facsimile: (732) 578-4635

The Company, any Subsidiary Guarantor, the Trustee and any Agent, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it will mail a copy to the Trustee and each Agent at the same time.

Section 13.03 *Communication by Holders of Notes with Other Holders of Notes.*

Holders may communicate with other Holders with respect to their rights under this Indenture or the Notes.

Section 13.04 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

Section 13.05 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 13.06 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 13.07 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No past, present or future director, officer, employee, incorporator or stockholder of the Company or any Subsidiary Guarantor, as such, will have any liability for any obligations of the Company or the Subsidiary Guarantors under the Notes, this Indenture or the Notes Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Section 13.08 *Governing Law.*

THE LAWS OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

Section 13.09 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 13.10 *Successors.*

All agreements of the Company in this Indenture and the Notes will bind its successors. All agreements of the Trustee and each Agent in this Indenture will bind their respective successors. All agreements of each Subsidiary Guarantor in this Indenture will bind their respective successors, except as otherwise provided in Section 11.05 hereof.

Section 13.11 *Severability.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 13.12 *Counterpart Originals.*

The parties may sign any number of copies of this Indenture. Each signed copy will be an original, but all of them together represent the same agreement.

Section 13.13 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 13.14 *Patriot Act*

In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA Patriot Act of the United States ("Applicable Law"), the Trustee and Agents are required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Trustee and Agents. Accordingly, each of the parties agree to provide to the Trustee and Agents, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee and Agents to comply with Applicable Law.

Section 13.15 *Submission to Jurisdiction; Waiver of Jury Trial*

THE COMPANY AND EACH SUBSIDIARY GUARANTOR HEREBY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF THE FEDERAL AND STATE COURTS IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK IN ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTE GUARANTEES, THE NOTES AND ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN FEDERAL AND STATE COURTS IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK AND IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH SUIT OR PROCEEDING IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE TRUSTEE OR ANY HOLDER OF THE NOTES TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST THE COMPANY IN ANY OTHER JURISDICTION. THE COMPANY AND EACH SUBSIDIARY GUARANTOR IRREVOCABLY APPOINTS LAW DEBENTURE CORPORATE SERVICES INC., 4TH FLOOR, 400 MADISON AVENUE, NEW YORK, NEW YORK, 10017, AS ITS AUTHORIZED AGENT IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK UPON WHICH PROCESS MAY BE SERVED IN ANY SUCH SUIT OR PROCEEDING, AND AGREES THAT SERVICE OF PROCESS UPON SUCH AGENT, AND WRITTEN NOTICE OF SAID SERVICE TO THE COMPANY BY THE PERSON SERVING THE SAME TO THE ADDRESS PROVIDED IN SECTION 13.02, SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON THE COMPANY OR ANY SUBSIDIARY GUARANTOR, AS THE CASE MAY BE, IN ANY SUCH SUIT OR PROCEEDING. THE COMPANY AND EACH SUBSIDIARY GUARANTOR FURTHER AGREES TO TAKE ANY AND ALL ACTION AS MAY BE NECESSARY TO MAINTAIN SUCH DESIGNATION AND APPOINTMENT OF SUCH AGENT IN FULL FORCE AND EFFECT FOR SO LONG AS THE NOTES ARE OUTSTANDING FROM THE DATE OF THIS INDENTURE.

EACH PARTY HERETO HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS INDENTURE, THE NOTES, THE NOTE GUARANTEES, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION 13.15 HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS SHALL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, SUPPLEMENTS OR MODIFICATIONS TO (OR ASSIGNMENTS OF) THIS INDENTURE. IN THE EVENT OF LITIGATION, THIS INDENTURE MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL (WITHOUT A JURY) BY THE COURT.

[Signatures on following page]

SIGNATURES

Dated as of February 11, 2019

STUDIO CITY FINANCE LIMITED

By: /s/ Geoffrey P. Andres
Name: Geoffrey P. Andres
Title: Authorized Signatory

STUDIO CITY INVESTMENTS LIMITED

By: /s/ Geoffrey P. Andres
Name: Geoffrey P. Andres
Title: Authorized Signatory

STUDIO CITY COMPANY LIMITED

By: /s/ Geoffrey P. Andres
Name: Geoffrey P. Andres
Title: Authorized Signatory

STUDIO CITY HOLDINGS TWO LIMITED

By: /s/ Geoffrey P. Andres
Name: Geoffrey P. Andres
Title: Authorized Signatory

STUDIO CITY HOLDINGS THREE LIMITED

By: /s/ Geoffrey P. Andres
Name: Geoffrey P. Andres
Title: Authorized Signatory

STUDIO CITY HOLDINGS FOUR LIMITED

By: /s/ Geoffrey P. Andres
Name: Geoffrey P. Andres
Title: Authorized Signatory

[SIGNATURE PAGE - INDENTURE]

STUDIO CITY ENTERTAINMENT LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

STUDIO CITY SERVICES LIMITED

By: _____

Name:

Title:

STUDIO CITY HOTELS LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

SCP HOLDINGS LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

STUDIO CITY HOSPITALITY AND SERVICES
LIMITED

By: _____

Name:

Title:

SCP ONE LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

[SIGNATURE PAGE - INDENTURE]

STUDIO CITY ENTERTAINMENT LIMITED

By: _____
Name:
Title:

STUDIO CITY SERVICES LIMITED

By: /s/ Evan A. Winkler _____
Name: Evan A. Winkler
Title: Authorized Signatory

STUDIO CITY HOTELS LIMITED

By: _____
Name:
Title:

SCP HOLDINGS LIMITED

By: _____
Name:
Title:

STUDIO CITY HOSPITALITY AND SERVICES
LIMITED

By: /s/ Evan A. Winkler _____
Name: Evan A. Winkler
Title: Authorized Signatory

SCP ONE LIMITED

By: _____
Name:
Title:

[SIGNATURE PAGE - INDENTURE]

SCP TWO LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

STUDIO CITY INVESTMENTS LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

SCIP HOLDINGS LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

STUDIO CITY RETAIL SERVICES LIMITED

By: /s/ Geoffry P. Andres

Name: Geoffry P. Andres

Title: Authorized Signatory

STUDIO CITY (HK)TWO LIMITED

By: /s/ Stephanie Cheung

Name: Stephanie Cheung

Title: Authorized Signatory

[SIGNATURE PAGE – INDENTURE]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Trustee

By: Deutsche Bank National Trust Company

By: /s/ Annie Jaghatspanyan

Name: Annie Jaghatspanyan
Title: Vice President

By: /s/ Robert S. Peschler

Name: Robert S. Peschler
Title: Vice President

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Paying Agent, Registrar and Transfer Agent

By: Deutsche Bank National Trust Company

By: /s/ Annie Jaghatspanyan

Name: Annie Jaghatspanyan
Title: Vice President

By: /s/ Robert S. Peschler

Name: Robert S. Peschler
Title: Vice President

[SIGNATURE PAGE – INDENTURE]

[Face of Note]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

CUSIP:
ISIN:
COMMON CODE:

7.250% Senior Notes due 2024

No. _____

STUDIO CITY FINANCE LIMITED

Promises to pay to Cede & Co. or its registered assigns, the principal sum of _____ [NUMBER IN WORDS] February 11, 2024.

Interest Payment Dates: February 11 and August 11

Record Dates: January 27 and July 27

Dated: _____, 20__

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by the duly authorized officers referred to below.

Dated: _____, 20__

STUDIO CITY FINANCE LIMITED, as Company

By: _____

Name:

Title:

Certificate of Authentication

This is one of the Notes referred to in the within-mentioned Indenture.

Dated: _____, 20__

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: _____

Name:

Title:

[Back of Note]
STUDIO CITY FINANCE LIMITED
7.250% SENIOR NOTES DUE 2024

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST.* Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of the British Virgin Islands (the “*Company*”), promises to pay interest on the principal amount of this Note at 7.250% per annum from August 11, 2019 until maturity. The Company will pay interest and Additional Amounts, if any, semi-annually in arrears on February 11 and August 11 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each, an “*Interest Payment Date*”). Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided that* if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be August 11, 2019. The Company will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Additional Amounts (without regard to any applicable grace period) at the same rate to the extent lawful. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

(2) *METHOD OF PAYMENT.* The Company will pay interest on the Notes (except defaulted interest) and Additional Amounts, if any, to the Persons who are registered Holders of Notes at the close of business on January 27 or July 27 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, and Additional Amounts, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Additional Amounts, if any, may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided that* payment by wire transfer of immediately available funds will be required with respect to principal of and interest, premium and Additional Amounts, if any, on, all Global Notes and all other Notes, the Holders of which will have provided wire transfer instructions to the Company or the Paying Agent, and shall so notify the Trustee and the Paying Agent thereof. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *PAYING AGENT AND REGISTRAR.* Initially, Deutsche Bank Trust Company Americas will act as Paying Agent, Registrar and Transfer Agent. The Company may change any Paying Agent, Transfer Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

(4) *INDENTURE.* The Company issued the Notes under an Indenture dated as of February 11, 2019 (the “*Indenture*”) among the Company, each Subsidiary Guarantor, the Trustee, the Paying Agent, the Registrar and other persons from time to time party thereto. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) *OPTIONAL REDEMPTION.*

(a) On or after February 11, 2021, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the periods indicated below, subject to the rights of Holders on the relevant record date to receive interest on the relevant interest payment date:

<u>Period</u>	<u>Redemption Price</u>
Twelve-month period on or after February 11, 2021	103.625%
Twelve-month period on or after February 11, 2022	101.813%
On or after February 11, 2023	100.000%

(b) Notwithstanding the provisions of subparagraph (b) of this Paragraph (5), at any time prior to February 11, 2021, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes at a redemption price equal to 107.250% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the rights of the Holders on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of one or more Equity Offerings; *provided that* at least 65% in aggregate principal amount of the Notes originally issued under the Indenture (excluding Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption and that such redemption occurs within 45 days of the date of the closing of such Equity Offering.

(c) At any time prior to February 11, 2021, the Company may also redeem all or a part of the Notes, upon not less than 30 nor more than 60 days' prior notice mailed by first-class mail to each Holder's registered address, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on the relevant interest payment date.

(d) Any redemption pursuant to subparagraphs (a), (b) and (c) of this Paragraph

(5) may, at the discretion of the Company, be subject to the satisfaction of one or more conditions precedent. If such redemption is so subject to satisfaction of one or more conditions precedent, such notice shall describe each such condition, and if applicable, shall state that, at the Company's discretion, the redemption date may be delayed until such time (*provided, however*, that any delayed redemption date shall not be more than 60 days after the date the relevant notice of redemption was sent) as any or all such conditions shall be satisfied, or such redemption may not occur and such notice may be rescinded in the event that any or all such conditions shall not have been satisfied by the redemption date or by the redemption date as delayed. In addition, the Company may provide in such notice that payment of the redemption price and performance of the Company's obligations with respect to such redemption may be performed by another Person.

(e) Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

(f) The Notes may also be redeemed in the circumstances described in Sections 3.10 and 3.11 of the Indenture.

(6) *MANDATORY REDEMPTION*. The Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *REPURCHASE AT THE OPTION OF HOLDER*. The Notes may be subject to a Change of Control Offer, a Special Put Option or an Asset Sale Offer, as further described in Sections 3.09, 4.10, 4.15 and 4.21 of the Indenture.

(8) *NOTICE OF REDEMPTION*. Notice of redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction or discharge of the Indenture. Notes in denominations larger than US\$200,000 may be redeemed in part but only in integral multiples of US\$1,000 provided that the unredeemed part has a minimum denomination of US\$200,000, unless all of the Notes held by a Holder are to be redeemed.

(9) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form without coupons in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar, the Transfer Agent and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

(10) *PERSONS DEEMED OWNERS*. The registered Holder may be treated as its owner for all purposes.

(11) *AMENDMENT, SUPPLEMENT AND WAIVER*. The Indenture, the Notes or the Note Guarantees may be amended as set forth in the Indenture.

(12) *DEFAULTS AND REMEDIES*. The events listed in Section 6.01 of the Indenture shall constitute “*Events of Default*” for the purpose of this Note.

(13) *TRUSTEE DEALINGS WITH COMPANY*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

(14) *NO RECOURSE AGAINST OTHERS*. A director, officer, employee, incorporator or stockholder of the Company, as such, will not have any liability for any obligations of the Company under the Notes or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

(15) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) *CUSIP NUMBERS*. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes, and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption, and reliance may be placed only on the other identification numbers placed thereon.

(18) *GOVERNING LAW*. THE LAWS OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE AND THIS NOTE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Company will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Studio City Finance Limited
Jayla Place, Wickhams Cay I
Road Town, Tortola
British Virgin Islands
Attention: Company Secretary

With a copy to:
Studio City (HK) Limited
36th Floor, The Centrium
60 Wyndham Street
Central, Hong Kong
Facsimile No.: +852 2537 3618
Attention: Company Secretary

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
(Insert assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. no.)

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10, Section 4.15 or Section 4.21 of the Indenture, check the appropriate box below:

Section 4.10

Section 4.15

Section 4.21

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10, Section 4.15 or Section 4.21 of the Indenture, state the amount you elect to have purchased:

Date: _____

US\$ _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

<u>Date of Exchange</u>	<u>Amount of decrease in Principal Amount of this Global Note</u>	<u>Amount of increase in Principal Amount of this Global Note</u>	<u>Principal Amount of this Global Note following such decrease (or increase)</u>	<u>Signature of authorized officer of Trustee or Custodian</u>
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FORM OF CERTIFICATE OF TRANSFER

[Company address block]

[Registrar address block]

Re: 7.250% Senior Notes due 2024 of Studio City Finance Limited

Reference is hereby made to the Indenture, dated as of February 11, 2019 (the “*Indenture*”), among Studio City Finance Limited, as issuer (the “*Company*”), each Subsidiary Guarantor and Deutsche Bank Trust Company Americas, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Transferor*”) owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of US\$_____ in such Note[s] or interests (the “*Transfer*”), to _____ (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

2. **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Restricted Definitive Note pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture and the Securities Act.

3. **Check and complete if Transferee will take delivery of a beneficial interest in a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S.** The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note.**

(a) **Check if Transfer is pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) **Check if Transfer is Pursuant to Regulation S.** (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

- (a) a beneficial interest in the:
 - (i) 144A Global Note (CUSIP _____), or
 - (ii) Regulation S Global Note (CUSIP _____); or
- (b) a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) a beneficial interest in the:
 - (i) 144A Global Note (CUSIP _____), or
 - (ii) Regulation S Global Note (CUSIP _____), or
 - (iii) Unrestricted Global Note (CUSIP _____); or
 - (b) a Restricted Definitive Note; or
 - (c) an Unrestricted Definitive Note,
- in accordance with the terms of the Indenture.

FORM OF CERTIFICATE OF EXCHANGE

[Company address block]

[Registrar address block]

Re: 7.250% Senior Notes due 2024 of Studio City Finance Limited

(CUSIP _____)

Reference is hereby made to the Indenture, dated as of February 11, 2019 (the “*Indenture*”), among Studio City Finance Limited, as issuer (the “*Company*”), each Subsidiary Guarantor and Deutsche Bank Trust Company Americas, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____, (the “*Owner*”) owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of US\$_____ in such Note[s] or interests (the “*Exchange*”). In connection with the Exchange, the Owner hereby certifies that:

1. Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Note for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the “*Securities Act*”), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note.** In connection with the Exchange of the Owner’s beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner’s Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner’s own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes

(a) **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] 144A Global Note, Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By: _____

Name:

Title:

Dated: _____

FORM OF SUPPLEMENTAL INDENTURE

SUPPLEMENTAL INDENTURE (this “*Supplemental Indenture*”) dated as of _____, among [name of New Subsidiary Guarantor[s]] (the “*New Subsidiary Guarantor*”), Studio City Finance Limited, a BVI business company with limited liability incorporated under the laws of British Virgin Islands (the “*Company*”) and Deutsche Bank Trust Company Americas, as Trustee (in such role, the “*Trustee*”).

WITNESSETH:

WHEREAS the Company, the Trustee and each of the parties described above are parties to an Indenture, dated as of February 11, 2019, as amended (as amended, supplemented, waived or otherwise modified, the “*Indenture*”), providing for the issuance of the Company’s 7.250% Senior Notes due 2024;

WHEREAS, pursuant to Section 9.03 of the Indenture, each New Subsidiary Guarantor is required to execute a supplemental Indenture;

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the New Subsidiary Guarantor, the Company, the Trustee and the other parties hereto mutually covenant and agree for the equal and ratable benefit of the Holders as follows:

1. Definitions. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Pursuant to, and subject to the provisions of, Article 11 of the Indenture, [each][the] New Subsidiary Guarantor (which term includes each other New Subsidiary Guarantor that hereinafter guarantees the Notes pursuant to the terms of the Indenture) hereby unconditionally and irrevocably guarantees, jointly and severally with each other New Subsidiary Guarantor and all Subsidiary Guarantors, to each Holder and to the Trustee and their successors and assigns to the extent set forth in the Indenture and subject to the provisions thereof (a) the full and punctual payment when due, whether at Stated Maturity, by acceleration, by redemption or otherwise, of all obligations of the Company under the Indenture (including obligations to the Trustee) and the Notes, whether for payment of principal of, or interest, premium, if any, on, the Notes and all other monetary obligations of the Company under the Indenture and the Notes and (b) the full and punctual performance within applicable grace periods of all other obligations of the Company whether for fees, expenses, indemnification or otherwise under the Indenture and the Notes (all the foregoing being hereinafter collectively called the “Guaranteed Obligations”). [Each][The] New Subsidiary Guarantor further agrees that the Guaranteed Obligations may be extended or renewed, in whole or in part, without notice or further assent from such New Subsidiary Guarantor and that such New Subsidiary Guarantor[s] will remain bound under Article 11 of the Indenture, notwithstanding any extension or renewal of any Guaranteed Obligation.

The Guaranteed Obligations of [each][the] New Subsidiary Guarantor to the Holders of Notes and to the Trustee pursuant to the Indenture as supplemented hereby, are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee.

[*Relevant limitations imposed by local law analogous to Section 11.02 of the Indenture to be inserted, if and as applicable*].

3. Ratification of Indenture: Supplemental Indentures Part of Indenture. Except as expressly amended hereby, the Indenture is in all respects ratified and confirmed and all the terms, conditions and provisions thereof shall remain in full force and effect. This Supplemental Indenture shall form a part of the Indenture for all purposes, and each Holder, by accepting the Notes whether heretofore or hereafter authenticated and delivered (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; *provided, however,* that [the][each] New Subsidiary Guarantor and each Subsidiary Guarantor shall be released from all its obligations with respect to this Guarantee in accordance with the terms of the Indenture, including Section 11.08 of the Indenture and upon any defeasance of the Notes in accordance with Article 8 of the Indenture.

4. Governing Law. THIS SUPPLEMENTAL INDENTURE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

5. Trustee Makes No Representation. The Trustee makes no representation as to the validity or sufficiency of this Supplemental Indenture. The recitals of fact contained herein shall be treated as statements of the other parties hereto and not the Trustee.

6. Counterparts. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

7. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed as of the date first above written.

[NAME OF NEW SUBSIDIARY GUARANTOR],
as New Subsidiary Guarantor,

By: _____
Name:
Title:

STUDIO CITY FINANCE LIMITED, as Company

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

UNDERWRITING AGREEMENT

October 17, 2018

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005, United States

Credit Suisse Securities (USA) LLC
11 Madison Avenue
New York, NY 10010, United States

Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf
London E14 4QA England

as Representatives of the several Underwriters named in Schedule A hereto

Ladies and Gentlemen:

Studio City International Holdings Limited (the “**Company**”), a Cayman Islands exempted company with limited liability, proposes to issue and sell to the several Underwriters named in Schedule A attached hereto (the “**Underwriters**”), of whom you act as the Representatives, an aggregate of 28,750,000 American Depositary Shares (“**ADSs**”), each representing four Class A ordinary shares, par value US\$0.0001 per share, of the Company (each an “**Ordinary Share**”). The 28,750,000 ADSs to be sold by the Company are collectively called the “**Firm ADSs**.” In addition, the Company has granted to the Underwriters an option to purchase up to an additional 4,312,500 ADSs. The additional 4,312,500 ADSs to be sold by the Company pursuant to such option are collectively called the “**Optional ADSs**.” The Firm ADSs and, if and to the extent such option is exercised, the Optional ADSs are collectively called the “**Offered ADSs**.” The Ordinary Shares represented by the Firm ADSs and the Ordinary Shares represented by the Optional ADSs are hereinafter collectively called the “**Shares**.” Unless the context otherwise requires, each reference to the Offered ADSs herein also includes the Shares.

As provided in Section 1 hereof, the Underwriters will take delivery of the Shares in the form of ADSs. The ADSs shall be evidenced by American Depositary Receipts (the “**ADRs**”) issued pursuant to a Deposit Agreement dated as of October 17, 2018 (the “**Deposit Agreement**”) among the Company, Deutsche Bank Trust Company Americas, as Depositary (the “**Depositary**”), and the owners and holders from time to time of the American Depositary Shares issued under the Deposit Agreement. Each ADS will initially represent the right to receive four Ordinary Shares deposited pursuant to the Deposit Agreement.

The Company has prepared and filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the “**Act**”), with the U.S. Securities and Exchange Commission (the “**Commission**”) a registration statement on Form F-1 (File No. 333-227232) under the Act, including a prospectus, relating to the ADSs. Such registration statement has become effective under the Act. The Company has filed, in accordance with Section 12 of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), a registration statement on Form 8-A to register the Offered ADSs (the “**Form 8-A Registration Statement**”).

The Company has prepared and filed with the Commission under the Act a registration statement on Form F-6 (File No. 333-227759). As used in this Agreement, “**F-6 Registration Statement**” means such registration statement on Form F-6, as amended at the time it became effective under the Act, including all exhibits thereto.

Except where the context otherwise requires, “**Registration Statement**,” as used herein, means the registration statement, as amended at the time of such registration statement’s effectiveness for purposes of Section 11 of the Act, as such section applies to the respective Underwriters (the “**Effective Time**”), including (i) all documents filed as a part thereof, (ii) any information contained in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, to the extent such information is deemed, pursuant to Rule 430A under the Act, to be part of the registration statement at the Effective Time and (iii) any registration statement filed to register the offer and sale of ADSs pursuant to Rule 462(b) under the Act.

The Company has furnished to you, for use by the Underwriters, copies of one or more preliminary prospectus, relating to the Offered ADSs. Except where the context otherwise requires, “**Pre-Pricing Prospectus**,” as used herein, means each such preliminary prospectus, in the form so furnished.

Except where the context otherwise requires, “**Prospectus**,” as used herein, means the prospectus, relating to the Offered ADSs, filed by the Company with the Commission pursuant to Rule 424(b) under the Act on or before the second business day after the date hereof and that is also a day on which the Commission is open for business (or such earlier time as may be required under the Act) in the form furnished by the Company to you for use by the Underwriters in connection with the offering of the Offered ADSs.

“**Permitted Free Writing Prospectuses**,” as used herein, means the documents listed on Schedule B attached hereto under the heading “Permitted Free Writing Prospectuses” and each “road show” (as defined in Rule 433 under the Act), if any, related to the offering of the Offered ADSs contemplated hereby that is a “written communication” (as defined in Rule 405 under the Act). The Underwriters have not offered or sold and will not offer or sell, without the Company’s consent, any Offered ADSs by means of any “free writing prospectus” (as defined in Rule 405 under the Act) that is required to be filed by the Underwriters with the Commission pursuant to Rule 433 under the Act, other than a Permitted Free Writing Prospectus.

“**Covered Free Writing Prospectuses**,” as used herein, means (i) each “issuer free writing prospectus” (as defined in Rule 433(h)(1) under the Act), if any, relating to the Offered ADSs, which is not a Permitted Free Writing Prospectus and (ii) each Permitted Free Writing Prospectus.

“**Disclosure Package**,” as used herein, means, collectively, the pricing information set forth on Schedule B attached hereto under the heading “Pricing Information Provided Orally by Underwriters,” the Pre-Pricing Prospectus immediately prior to the Applicable Time and all Permitted Free Writing Prospectuses issued at or prior to the Applicable Time, if any, considered together. “**Applicable Time**,” as used herein, means 8:00 P.M., New York City time, on October 17, 2018.

In connection with the offering contemplated by this Agreement, the Company has entered into or will enter into, among other things, (i) an implementation agreement (the “**Implementation Agreement**”) with MCE Cotai Investments Limited, Melco Resorts & Entertainment Limited, New Cotai, LLC and MSC Cotai Limited (“**MSC Cotai**,” and together with the Company, the “**Company Parties**”) and the joinder thereto (the “**Joinder to Implementation Agreement**”), (ii) a transfer agreement with MSC Cotai (the “**Transfer Agreement**”), (iii) a participation agreement with New Cotai, LLC and MSC Cotai (the “**Participation Agreement**”), (iv) a share exchange agreement with New Cotai, LLC (“the **Share Exchange Agreement**”), and (v) various documents in order to effectuate the re-domiciliation of the Company by way of continuation as an exempted company incorporated with limited liability under the Cayman Islands (the “**Continuation Documents**” and collectively, the “**Reorganization Documents**”). Prior to the Closing Date (as defined below), the Company and MSC Cotai will complete the reorganization transactions contemplated by the Reorganization Documents as described in “Corporate History and Organizational Structure” of the Registration Statement, the Disclosure Package and the Prospectus (the “**Reorganization Transactions**”).

As used in this Agreement, “**business day**” shall mean a day on which the NYSE Global Market (the “**NYSE**”) is open for trading. The terms “herein,” “hereof,” “hereto,” “hereinafter” and similar terms, as used in this Agreement, shall in each case refer to this Agreement as a whole and not to any particular section, paragraph, sentence or other subdivision of this Agreement. The term “or,” as used herein, is not exclusive.

The Company and the Underwriters agree as follows:

1. *Sale and Purchase.*

(a) Upon the basis of the representations and warranties and subject to the terms and conditions herein set forth, the Company agrees to sell to the respective Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company (i) the respective number of Firm ADSs set forth opposite the name of such Underwriter in Schedule A attached hereto at the Public Offering Price (as defined below), which will be allocated and resold by the Underwriters to MCE Cotai Investments Limited and certain affiliates of New Cotai, LLC (the “**Sponsor Firm ADSs**”), and (ii) the respective number of Firm ADSs set forth opposite the name of such Underwriter in Schedule A attached hereto (the “**Public Firm ADSs**”) at the Public Offering Price less an underwriting commission in the amount of US\$0.875 per ADS. In addition, the Company agrees to pay the Underwriters, as a structuring fee, a total amount of US\$3,773,438 (the “**Structuring Fee**”) in consideration of their services relating to the public offering, which fee shall be allocated among the Underwriters pro rata based on the respective numbers of Public Firm ADSs set forth opposite their names in Schedule A attached hereto.

(b) On the basis of the representations and warranties contained in this Agreement, and subject to its terms and conditions, the Company agrees to sell to the Underwriters the Optional ADSs, and the Underwriters shall have the right to purchase, severally and not jointly, up to 4,312,500 Optional ADSs at the Public Offering Price, *provided, however*, that the amount paid by the Underwriters for any Optional ADSs shall be reduced by an amount per share equal to any dividends declared by the Company and payable on the ADSs but not payable on such Optional ADSs. You may exercise this right on behalf of the Underwriters in whole or from time to time in part by giving written notice not later than 30 days after the date of this Agreement. Any exercise notice shall specify the number of Optional ADSs to be purchased by the Underwriters and the date on which such ADSs are to be purchased. Each purchase date must be at least two business days after the written notice is given and may not be earlier than the closing date for the Firm ADSs nor later than ten business days after the date of such notice. Optional ADSs may be purchased as provided in Section 3 hereof solely for the purpose of covering over-allotments made in connection with the offering of the Offered ADSs. On each day, if any, that Optional ADSs are to be purchased, each Underwriter agrees, severally and not jointly, to purchase the number of Optional ADSs (subject to such adjustments to eliminate fractional shares as you may determine) that bears the same proportion to the total number of Optional ADSs to be purchased on such Option Closing Date as the number of ADSs set forth in Schedule A attached hereto opposite the name of such Underwriter bears to the total number of Firm ADSs.

2. *Terms of Public Offering.* The Company is advised by you that the Underwriters propose to make a public offering of their respective portions of the ADSs as soon after the Registration Statement and this Agreement have become effective as in your judgment is advisable. The Company is further advised by you that the ADSs are to be offered to the public initially at US\$12.5 per ADS (the “**Public Offering Price**”).

3. *Payment and Delivery.* Payment of the purchase price for the Firm ADSs, after deducting the Structuring Fee, shall be made by the Underwriters to the Company in U.S. dollars in immediately available funds by wire transfer to an account specified by the Company to the Underwriters at least 48 hours in advance of such payment against delivery of such Firm ADSs for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on October 22, 2018, or at such other time on the same or such other date as shall be agreed upon by the Company and you in writing; *provided* that such date is a business day and a day on which commercial banks in the United States and the Cayman Islands are not legally obliged or authorized to close. The time and date of such payment are hereinafter referred to as the “**Closing Date**.”

Payment of the purchase price for any Optional ADSs shall be made by the Underwriters to the Company in U.S. dollars in immediately available funds by wire transfer to an account specified by the Company to the Underwriters at least 48 hours in advance of such payment against delivery of such Optional ADSs for the respective accounts of the several Underwriters at 10:00 a.m., New York City time, on the date specified in the corresponding notice described in Section 1(b) or at such other time on the same or on such other date as shall be agreed upon by the Company and you in writing; *provided* that such date is a business day and a day on which commercial banks in the United States and the Cayman Islands are not legally obliged or authorized to close. The time and date of such payment are hereinafter referred to as the “**Option Closing Date.**”

Delivery of the ADSs shall be made by or on behalf of the Company through the facilities of The Depository Trust Company (“**DTC**”) for the respective accounts of the Underwriters, against confirmation of payment of the purchase price by the Underwriters in U.S. dollars in immediately available funds by wire transfer to an account specified by the Company at least 48 hours prior to the time of such delivery. Such delivery shall be made on the Closing Date or the Option Closing Date, as the case may be.

The Firm ADSs and Optional ADSs shall be registered in such names and in such denominations as the Underwriters shall request in writing not later than two full business day prior to the Closing Date or the applicable Option Closing Date, as the case may be. The Firm ADSs and Optional ADSs shall be delivered to the Underwriters on the Closing Date or an Option Closing Date, as the case may be, for the respective accounts of the several Underwriters, with any transfer taxes payable in connection with the transfer of the ADSs to the Underwriters duly paid, against payment of the purchase price therefor.

4. *Representations and Warranties of the Company Parties.* Each of the Company Parties hereby jointly and severally represents and warrants to, and agrees with each of the Underwriters that:

(a) *Effectiveness of Registration Statement.* (i) The Registration Statement has heretofore become effective under the Act or, with respect to any registration statement to be filed to register the offer and sale of the Offered ADSs pursuant to Rule 462(b) under the Act, will be filed with the Commission and become effective under the Act no later than 10:00 P.M., New York City time, on the date of determination of the Public Offering Price; (ii) the Offered ADSs have been or will be duly registered under the Act pursuant to the Registration Statement; (iii) as of the date hereof and as of each Closing Date and Option Closing Date, no stop order of the Commission preventing or suspending the use of any Pre-Pricing Prospectus, the Prospectus or any Permitted Free Writing Prospectus, or the effectiveness of the Registration Statement, has been or will have been issued, and no proceedings for such purpose have been instituted or, to the Company’s knowledge, are contemplated by the Commission; and the Form 8-A Registration Statement has become effective as provided in Section 12 of the Exchange Act;

(b) *Compliance with Securities Law:* (i) The Registration Statement complied when it became effective, complies as of the date hereof and, as amended or supplemented, at the Applicable Time, the Closing Date and the Option Closing Date, will comply, in all material respects, with the requirements of the Act; (ii) the Registration Statement did not, as of the Effective Time, the Closing Date and the Option Closing Date, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; each Pre-Pricing Prospectus complied, at the time it was filed with the Commission, and complies as of the date hereof, in all material respects, with the requirements of the Act; (iii) the Disclosure Package, as of the Applicable Time, did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (iv) the Prospectus, as amended or supplemented (as the case may be), as of the date that it is filed with the Commission, the Closing Date and the Option Closing Date (a) will comply, in all material respects, with the requirements of the Act (including, without limitation, Section 10(a) of the Act) and (b) did not or will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however,* that the Company makes no representation or warranty with respect to any statement contained in the Registration Statement, the Disclosure Package or the Prospectus made in reliance upon and in conformity with information concerning an Underwriter and furnished in writing by or on behalf of such Underwriter through you to the Company expressly for use in the Registration Statement, the Disclosure Package or the Prospectus (“**Other Information**”); and (v) the F-6 Registration Statement has been declared effective by the Commission. No order suspending the effectiveness of the F-6 Registration Statement has been issued by the Commission, and no proceeding for that purpose or pursuant to Section 8A of the Act against the Company or related to the offering of the Offered ADSs has been initiated or, to the knowledge of the Company, threatened by the Commission; as of the applicable effective date of the F-6 Registration Statement and any post-effective amendment thereto, the F-6 Registration Statement and any such post-effective amendment complied and will comply in all material respects with the Act, and did not and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading, *provided, however,* that the Company makes no representation or warranty with respect to any Other Information;

(c) *Ineligible Issuer Status and Issuer Free Writing Prospectus.* The Company is not an “ineligible issuer” (as defined in Rule 405 under the Act) as of the eligibility determination date for purposes of Rules 164, 405 and 433 under the Act with respect to the offering of the Offered ADSs contemplated by the Registration Statement; the parties hereto agree and understand that the content of any and all “road shows” (as defined in Rule 433(h) under the Act), related to the offering of the Offered ADSs contemplated hereby is solely the property of the Company; any free writing prospectus that the Company is required to file pursuant to Rule 433(d) under the Act has been, or will be, filed with the Commission in accordance with the requirements of the Act and the applicable rules and regulations of the Commission thereunder. Each free writing prospectus that the Company has filed, or is required to file, pursuant to Rule 433(d) under the Act or that was prepared by or behalf of or used or referred to by the Company complies or will comply in all material respects with the requirements of the Act and the applicable rules and regulations of the Commission thereunder. Except for the free writing prospectuses, if any, identified in Schedule B attached hereto, and bona fide electronic road shows (as defined in Rule 433(h)(5) under the Act), if any, each furnished to you before first use, the Company has not prepared, used or referred to, and will not, without your prior consent, prepare, use or refer to, any free writing prospectus. As of the time of each sale of the Offered ADSs in connection with the offering when the Prospectus is not yet available to prospective purchasers, no free writing prospectus, when considered together with the Pre-Pricing Prospectus, as amended up to the date of such, included an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the Company makes no representation or warranty with respect to any Other Information;

(d) *Good Standing.* The Company and each of its Subsidiaries (each a “**Subsidiary**” and together the “**Subsidiaries**”) as identified on Schedule C attached hereto has been duly incorporated and is validly existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own, lease and operate its properties and conduct its business as described in the Registration Statement, the Disclosure Package and the Prospectus and to enter into, execute and perform its obligations under this Agreement and the Deposit Agreement, and is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified in such jurisdiction would not, individually or collectively, have a material adverse effect on the condition (financial or otherwise), business, properties, business prospects or results of operations of the Company and its Subsidiaries taken as a whole or the performance of the Company’s obligations under this Agreement or under the Deposit Agreement (a “**Material Adverse Effect**”); the Company owns all of the issued and outstanding share capital of each of the Subsidiaries in the amount and as set forth in the Registration Statement, the Disclosure Package and the Prospectus; other than the share capital of the Subsidiaries, the Company does not own, directly or indirectly, any shares or any other equity interests or long-term debt securities of any corporation, firm, partnership, joint venture, association or other entity;

(e) *Share Capital*. As of the date of this Agreement, the Company has an authorized and outstanding capitalization as set forth in the sections of the Registration Statement, the Disclosure Package and the Prospectus entitled “Description of Share Capital” (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus), and, as of the time of purchase, the Company shall have an authorized and outstanding capitalization as set forth in the sections of the Registration Statement, the Disclosure Package and the Prospectus entitled “Description of Share Capital” (and any similar sections or information, if any, contained in any Permitted Free Writing Prospectus); all of the shares of the Company and each of the Subsidiaries outstanding prior to the issuance of ADSs have been duly authorized and validly issued and are fully paid and non-assessable and have been issued in compliance with all applicable securities laws and were not issued in violation of any preemptive right, resale right, right of first-refusal or similar right;

(f) *Offered ADSs*. The Offered ADSs have been duly and validly authorized and (A) (i) upon delivery by the Depositary of the Offered ADSs against deposit of the Ordinary Shares in respect thereof in accordance with the provisions of the Deposit Agreement, and (ii) upon issuance and delivery by the Company of the Shares, in each case, and (B) upon payment by the Underwriters for the Offered ADSs evidenced thereby in accordance with the provisions of this Agreement, such Offered ADSs will be duly and validly issued fully paid and non-assessable, and free of statutory and contractual preemptive rights, resale rights, rights of first refusal and similar rights and the Underwriters will acquire valid and marketable title to such Offered ADSs free and clear of any claim, lien, encumbrance, security interest, community property right or other defect in title; the Offered ADSs conform in all material respects to the description thereof contained in the Registration Statement, the Disclosure Package and the Prospectus; except as described in the Registration Statement, the Disclosure Package and the Prospectus, there are no limitations on the rights of holders of ADSs to hold or vote or transfer their respective securities (except for limitations under securities laws applicable to control securities);

(g) *Authorization of this Agreement*. This Agreement has been duly and validly authorized, executed and delivered by the Company;

(h) *Reorganization*. Each of the Reorganization Documents to which the Company or MSC Cotai is or will be a party has been duly and validly authorized by the Company and MSC Cotai, as the case may be, and when executed and delivered by the Company and MSC Cotai, as the case may be (assuming due authorization, execution and delivery by the other parties hereto and thereto), constitute valid and binding obligations of the Company and MSC Cotai, as the case may be, enforceable against such party in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors’ rights generally or by equitable principles relating to enforceability; the descriptions of the Reorganization Transactions as set forth in the Registration Statement, the Disclosure Package or the Prospectus are complete, true and accurate in all material respects; and the execution, delivery and performance of the Reorganization Documents and the consummation of the Reorganization Transactions will not contravene any applicable law, rule or regulation of Macau;

(i) *Deposit Agreement.* The Deposit Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company enforceable against the Company in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or by equitable principles relating to enforceability; and upon due issuance by the Depositary of ADRs evidencing the Offered ADSs against the deposit of Shares in respect thereof in accordance with the provisions of the Deposit Agreement, the holders of Offered ADSs will be entitled subject to the terms and provisions of the Deposit Agreement to all the rights specified in the Offered ADSs and in the Deposit Agreement; the Deposit Agreement conforms in all material respects to the description thereof contained in the Registration Statement, the Disclosure Package and the Prospectus;

(j) *Due Authorization of Registration Statements.* The Registration Statement, the Pre-Pricing Prospectus, the Prospectus and any Free Writing Prospectus and the filing of the Registration Statement, the Pre-Pricing Prospectus, the Prospectus and any Free Writing Prospectus with the Commission have been duly authorized by and on behalf of the Company, and the Registration Statement have been duly executed pursuant to such authorization by and on behalf of the Company;

(k) *Listing.* The Offered ADSs have been approved for listing on the NYSE, subject only to official notice of issuance;

(l) *Registration Rights; Lock-up Letters.* Except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, there are no contracts, agreements or understandings between the Company and any person granting such person the right to require the Company to file a registration statement under the Act with respect to any securities of the Company or to require the Company to include such securities with the ADSs registered pursuant to the Registration Statement. Each shareholder of the Company has furnished to the Underwriters on or prior to the date hereof a letter or letters substantially in the form of Exhibit A hereto;

(m) *Other Shareholders' Rights.* The issuance and sale of the Offered ADSs by the Company and the deposit of the Shares with the Depositary and the issuance of the ADRs evidencing the Shares as contemplated by this Agreement and the Deposit Agreement will neither (i) cause any holder of any Ordinary Shares or ADSs, securities convertible into or exchangeable or exercisable for Ordinary Shares or ADSs or options, warrants or other rights to purchase Ordinary Shares or ADSs or any other securities of the Company to have any right to acquire any securities of the Company nor (ii) trigger any anti-dilution rights of any such holder with respect to such Shares, ADSs, securities, options, warrants or rights;

(n) *No Consent Required.* No consent, approval, or order of, clearance by, or filing or registration with, any person (including any governmental agency or body or any court or any stock exchange), or approval of the shareholders of the Company, is required to be obtained or made by the Company or any of its Subsidiaries for the performance by the Company of its obligations under this Agreement and the Deposit Agreement except (A) such as have been obtained and made under the Act or the rules and regulations thereunder by the blue sky or similar laws of any jurisdiction in connection with the offer and sale of the ADSs by the Underwriters in the manner contemplated in the Registration Statement, the Disclosure Package and the Prospectus; (B) such as have already been obtained or as may be required by the Financial Industry Regulatory Authority Inc. (“FINRA”); and (C) as have otherwise been obtained;

(o) *Title to Property.* Except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, the Company and its Subsidiaries have good and marketable title to all real property and all other property and assets owned by them as are necessary to the conduct of the businesses of the Company and its Subsidiaries in the manner described in the Registration Statement, the Disclosure Package and the Prospectus, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them, and the Company and its Subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them in relation to the businesses of the Company and its Subsidiaries and except for such liens, encumbrances, charges, defects, claims, options or restrictions which, individually or in the aggregate, would not have a Material Adverse Effect;

(p) *Compliance with Constitutive Documents, Contracts and Law.* Except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, neither the Company nor any of its Subsidiaries is (A) in violation of its respective constitutional documents, (B) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which it may be bound, or to which any of the properties or assets of the Company or any of its Subsidiaries may be subject (and no event has occurred which, with the giving of notices or lapse of time or both, would constitute such default) or (C) in violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or such Subsidiary or any of its properties, as applicable, except, in the case of (B) and (C) only, any defaults or violations which, individually and collectively, would not have a Material Adverse Effect;

(q) *Absence of Defaults and Conflicts Resulting from Transaction.* The execution, delivery and performance of this Agreement and the Deposit Agreement and the consummation of the transactions contemplated herein, the issuance and sale of the Offered ADSs (including the deposit of any Ordinary Shares underlying the Offered ADSs with the Depositary and issuance of the ADRs evidencing the Offered ADSs) do not and will not result in (A) a violation of the respective constitutional documents of the Company or any of its Subsidiaries, (B) a violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any of its Subsidiaries or any of their properties or (C) a violation of any indenture, mortgage, deed of trust, bank loan or credit agreement or other evidence of indebtedness, or any license, lease, contract or other agreement or instrument to which the Company or any of its Subsidiaries is a party or by which any of them or any of their respective properties may be bound or affected;

(r) *No Pending Proceedings.* Except as described in the Registration Statement, the Disclosure Package and the Prospectus, there are no legal, governmental or regulatory investigations, actions, suits or proceedings pending to which the Company or any of its Subsidiaries is or could reasonably be expected to be a party or to which any property of the Company or any of its Subsidiaries is or could reasonably be expected to be the subject that, individually or in the aggregate, if determined adversely to the Company or any of its Subsidiaries, could reasonably be expected to have a Material Adverse Effect; no such investigations, actions, suits or proceedings are to the knowledge of the Company, threatened or contemplated by any governmental or regulatory authority or, to the knowledge of the Company, threatened by others; and (i) there are no current or pending legal, governmental or regulatory actions, suits or proceedings that are required under the Act to be described in the Registration Statement, the Disclosure Package or the Prospectus that are not so described in the Registration Statement, the Disclosure Package or the Prospectus and (ii) there are no statutes, regulations or contracts or other documents that are required under the Act to be filed as exhibits to the Registration Statement or described in the Registration Statement, the Disclosure Package or the Prospectus that are not so filed as exhibits to the Registration Statement or described in the Registration Statement, the Disclosure Package or the Prospectus;

(s) *Possession of Licenses and Permits.* Except as described in the Registration Statement, the Disclosure Package and the Prospectus, (i) the Company and its Subsidiaries possess, and are in compliance with the terms of, all licenses, certificates and authorizations (collectively, “**Licenses**”) issued by appropriate governmental agencies or bodies necessary or material to the conduct of the business of the Company and its Subsidiaries now operated by them or proposed in the Registration Statement, the Disclosure Package and the Prospectus to be conducted by them, except for such non-compliance that would not, individually or in the aggregate, have a Material Adverse Effect; (ii) such Licenses are valid and in full force and effect and contain no materially burdensome restrictions or conditions not described in the Pre-Pricing Prospectus or the Prospectus; (iii) the Company and its Subsidiaries have not received any notice of proceedings relating to the revocation or modification of any License that, if determined adversely to the Company or any of its Subsidiaries would, individually or in the aggregate, have a Material Adverse Effect; except for the non-renewal of any such License which non-renewal would have a Material Adverse Effect on the Company or any of its Subsidiaries, none of the Company or any of its Subsidiaries has any reason to believe that any such licenses will not be renewed in the ordinary course;

(t) *Absence of Labor Dispute; Compliance with Labor Law.* Except as would not have a Material Adverse Effect, no labor dispute with the employees of the Company or any of its Subsidiaries exists or, to the knowledge of the Company or any of its Subsidiaries, is imminent;

(u) *Possession of Intellectual Property.* Except as described in the Registration Statement, the Disclosure Package and the Prospectus, the Company and its Subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know how, patents, copyrights, confidential information and other intellectual property (collectively, “**intellectual property rights**”) necessary to conduct the business of the Company and its Subsidiaries now operated by them or presently employed by them. None of the Company or any of its Subsidiaries has received any notice or communication of infringement of or conflict with asserted rights of others with respect to any intellectual property rights of others that, if determined adversely to the Company or any of its Subsidiaries would, individually or in the aggregate, have a Material Adverse Effect;

(v) *Accurate Disclosure.* The statements set forth in the Prospectus under the sections headed (i) “Risk Factors,” “Enforceability of Civil Liabilities” and “Taxation,” insofar as they purport to describe provisions of the laws and documents referred to therein, and (ii) “Description of Share Capital” and “Description of American Depositary Shares,” insofar as they purport to constitute a summary of the provisions of the laws and documents referred to therein, are accurate and fair in all material respects;

(w) *Environmental Laws.* Neither the Company nor any of its Subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances or relating to the safety of employees in the workplace (collectively, “**environmental laws**”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any civil, criminal or administrative action, suit, claim, hearing, notice of violation, investigation or proceeding (“**Proceeding**”) relating to any environmental laws, which violation, contamination, liability or Proceeding would, individually or in the aggregate, have a Material Adverse Effect; and none of the Company or any of its Subsidiaries is aware of any pending hearing or investigation which would lead to such a claim;

(x) *Insurance*. Except as described in the Registration Statement, the Disclosure Package and the Prospectus, the Company and its Subsidiaries maintain, or benefit from, insurance in such amounts and covering such risks as the Company and each subsidiary reasonably considers adequate for the conduct of the business of the Company and its Subsidiaries and as is customary for companies engaged in similar businesses in similar industries and in similar locations, all of which insurance is in full force and effect. There are no material claims by the Company or any of its Subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. None of the Company or any of its Subsidiaries has a reason to believe that such existing renewable insurance will not be able to be renewed as and when such coverage expires or replacement insurance adequate for the conduct of the business and the value of its properties at a cost that would not have a Material Adverse Effect will not be able to be obtained;

(y) *Operating and Other Company Data*. All operating and other Company data disclosed in the Registration Statement, the Disclosure Package and the Prospectus, including but not limited to those under the heading “Key Operating Data” in the “Summary Consolidated Financial Data” Section, are true and accurate in all material respects.

(z) *Third-party Data*. Any third-party statistical and market-related data included in the Registration Statement, Disclosure Package or the Prospectus are based on or derived from sources that the Company believes to be reliable and accurate, and the Company has obtained the written consent to the use of such data from such sources to the extent required;

(aa) *Absence of Accounting Issues*. The Company is not aware of any notice, oral or written, from the board of directors stating that it is reviewing or investigating, and neither the Company’s independent auditors nor internal auditors have recommended that the board of directors review or investigate, adding to, deleting, changing the application of, or changing the Company’s disclosure in any material way with respect to, the Company’s material accounting policies;

(bb) *No Transaction or Other Taxes*. Other than taxes, imposts or duties that would not have been imposed but for a present or former connection between such Underwriters and the applicable jurisdiction, other than a connection arising solely from such Underwriter having executed, delivered or performed its obligations, or received a payment, under this Agreement, other than stamp duty levied at the rate of 0.2% over principal and interest recovered through court proceedings in Macau and applicable court fees, no taxes, imposts or duties of any nature (including, without limitation, stamp, issuance, transfer taxes or other similar taxes or duties and capital gains, income, withholding or other taxes) are payable by or on behalf of the Underwriters under the laws of Macau, the Cayman Islands, Hong Kong, or the United States in connection with (A) the execution, delivery, performance and admission in court proceedings of this Agreement and the Deposit Agreement, (B) the creation, allotment and issuance of the Offered ADSs, (C) the deposit with the Depositary of the Shares against the issuance of Offered ADSs and ADRs evidencing the Offered ADSs, (D) the sale and delivery of the Offered ADSs to or for the account of the Underwriters or purchasers procured by the Underwriters, and (E) the purchase, resale and delivery of the Offered ADSs by the Underwriters in the manner contemplated in the Registration Statement, Disclosure Package and the Prospectus; except that Cayman islands stamp duty may be payable in the event that this Agreement or the Deposit Agreement in executed in or brought within the jurisdiction of the Cayman Islands;

(cc) *Tax Filings.* Each of the Company and its Subsidiaries has filed on a timely basis all necessary tax returns, reports and filings (except where the failure to file would not have a Material Adverse Effect), and all such returns, reports or filings are true, correct and complete in all material aspects and are not the subject of any disputes with revenue or other authorities and to the Company's knowledge there are no circumstances giving rise to, or which could give rise to, such disputes. Except as described in the Registration Statement, the Disclosure Package and the Prospectus, none of the Company or its Subsidiaries is delinquent in the payment of any taxes due thereunder or has any knowledge of any tax deficiency which might be assessed against any of them, which, if so assessed, would have a Material Adverse Effect; the Company and its Subsidiaries are in compliance with all of the requirements necessary to enjoy any material tax benefit, holiday, deduction or credit to which the Company or any Subsidiary is entitled;

(dd) *Independent Accountants.* Ernst & Young, whose reports on the consolidated financial statements of the Company are included in the Registration Statement, the Disclosure Package and the Prospectus, are independent registered public accountants as required by the Act and by the rules of the Public Company Accounting Oversight Board;

(ee) *Financial Statements.* The consolidated financial statements of the Company and its consolidated Subsidiaries, together with the applicable related notes present fairly, in all material respects, the consolidated financial position of the Company and its consolidated Subsidiaries at the dates indicated and their consolidated statement of operations, shareholders' equity and cash flows for the periods specified, and comply in all material respects with the applicable requirements of the Act and the Exchange Act. Such consolidated financial statements of the Company and its consolidated Subsidiaries have been prepared in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") throughout the periods involved. The selected financial data and the summary financial information included in the Registration Statement, the Disclosure Package and the Prospectus present fairly in all material respects the information shown therein. Such data has been prepared in accordance with the applicable requirements of the Act and the Exchange Act and has been derived from the audited financial statements except where disclosed in the notes to such summary information and the other financial information included in the Registration Statement, the Disclosure Package and the Prospectus has been derived from the accounting records of the Company and its Subsidiaries and presents fairly, in all material respects, the information shown thereby;

(ff) *No Material Adverse Change in Business.* Except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, since the date of the period covered by the latest financial statements included in the Registration Statement, the Disclosure Package and the Prospectus, (A) there has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of the Company and its Subsidiaries, taken as a whole and (B) neither the Company nor any of its Subsidiaries has (i) incurred, assumed or acquired any material liability (including contingent liability) or other material obligation except for any obligation incurred in the ordinary course of its business or in relation to any renovation, construction or development of properties owned or leased by the Company or its Subsidiaries, (ii) acquired or disposed of or agreed to acquire or dispose of any business or any other asset material to the Company and its Subsidiaries taken as a whole, (iii) entered into a letter of intent or memorandum of understanding (or announced an intention to do so) relating to any matter identified in clauses (i) and (ii) above, or (iv) sustained any material loss or interference with its business from fire, explosion or other calamity that would not have a Material Adverse Effect, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, and since the respective dates as of which information is given in the Registration Statement, the Disclosure Package and the Prospectus, there has been no change, nor any development or event that would have a Material Adverse Effect; except as disclosed in or contemplated by the Registration Statement, the Disclosure Package and the Prospectus, since the date of the period covered by the latest financial statements included in the Registration Statement, the Disclosure Package and the Prospectus, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its authorized shares and there has been no material adverse change in the authorized shares, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Company and its Subsidiaries, taken as a whole;

(gg) *Critical Accounting Policies.* The section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Registration Statement, the Disclosure Package and the Prospectus accurately and fully describes (i) accounting policies which the Company believes are the most important in the portrayal of the financial condition and results of operations of the Company and its consolidated Subsidiaries and which require management’s most difficult, subjective or complex judgments (“critical accounting policies”); (ii) judgments and uncertainties affecting the application of critical accounting policies; and (iii) explanation of the likelihood that materially different amounts would be reported under different conditions or using different assumptions where appropriate; the Company’s senior management have reviewed and agreed with the selection, application and disclosure of critical accounting policies; the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in the Registration Statement, the Disclosure Package and the Prospectus accurately and fairly describes (1) all material trends, demands, commitments, events, uncertainties and risks that the Company believes would materially affect liquidity and are reasonably likely to occur; and (2) all off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on the financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources of the Company and its Subsidiaries taken as a whole; except as otherwise disclosed in the Registration Statement, the Disclosure Package and the Prospectus, there are no outstanding guarantees or other contingent obligations of the Company or any Subsidiary that would have a Material Adverse Effect;

(hh) *Payments of Dividends; Payments in Foreign Currency.* Except as otherwise disclosed in the Registration Statement (including exhibits thereto), the Disclosure Package and the Prospectus, no subsidiary of the Company is currently prohibited, directly or indirectly, (i) from paying any dividends to the Company, (ii) from making any other distribution on such subsidiary's authorized shares, (iii) from repaying to the Company any loans or advances to such subsidiary from the Company or (iv) from transferring any of such subsidiary's property or assets to the Company or any other subsidiary of the Company. Under the current laws of the Cayman Islands, any amounts payable with respect to the ADSs upon liquidation of the Company or upon redemption thereof and dividends and other distributions declared and payable on the share capital of the Company or any of its Subsidiaries (i) may be paid by the Company in United States dollars and freely transferred out of the Cayman Islands, and (ii) no such payments made to the Depositary or the holders thereof or therein who are non-residents of the Cayman Islands, as applicable, will be subject to income, withholding or other taxes under the laws and regulations of the Cayman Islands and will otherwise be free and clear of any other tax, duty, withholding or deduction in the Cayman Islands and without the necessity of obtaining any governmental authorization in the Cayman Islands.

(ii) *Investment Company Act.* The Company is not, and after giving effect to the offering and sale of the ADSs and the application of the proceeds thereof as described in the Prospectus will not be, required to register as an investment company under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**");

(jj) *PFIC Status.* Subject to the qualifications set forth in the Disclosure Package and the Prospectus, the Company does not expect to be a passive foreign investment company (a "**PFIC**"), as defined in section 1297 of the Internal Revenue Code of 1986, as amended, for its current taxable year or in the foreseeable future;

(kk) *Absence of Manipulation*. None of the Company or the Subsidiaries, their respective affiliates or any person acting on its or their behalf, has taken or will take, directly or indirectly, any action for the purpose of stabilizing or manipulating the price of any security to facilitate the sale or resale of the ADSs in violation of any applicable law, *provided, however*, that this provision shall not apply to any trading or stabilization activities conducted by the Underwriters, and provided further, however, that no representation is made in respect of Other Information;

(ll) *Validity of Choice of Law*. The agreement of the Company Parties to the choice of law provisions set forth in Section 13 of this Agreement will be recognized by the courts of the Cayman Islands and Hong Kong and are legal, valid and binding; the Company Parties can sue and be sued in their names under the laws of the Cayman Islands and Hong Kong; the irrevocable submission by the Company Parties to the jurisdiction of a New York court and the appointment of Cogency Global Inc., as their authorized agents for the purpose described in Section 14 of this Agreement is legal, valid and binding; service of process effected in the manner set forth in Section 14 of this Agreement will be effective to confer valid personal jurisdiction over the Company Parties; and, except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, a judgment obtained in a New York court arising out of or in relation to the obligations of the Company Parties under this Agreement would be enforceable against the Company Parties in the courts of the Cayman Islands, without further review of the merits;

(mm) *Compliance with Anti-Bribery Laws*. None of the Company, any of its Subsidiaries or any of their respective directors or officers, nor, to the knowledge of the Company, any of its affiliates, representatives, agents, employees or other person acting on behalf of and at the direction of the Company or any of its Subsidiaries has used or will use any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or made or will make any direct or indirect unlawful payment to any government official or employee from corporate funds; none of the Company, its Subsidiaries and any of their respective officers, directors, supervisors or managers, or to the knowledge of the Company, any of its affiliates, agents, employees or other person acting on behalf of and at the direction of the Company or any of its Subsidiaries, has violated any applicable anti-bribery law, rule or regulation of any locality, including but not limited to any law, rule, or regulation promulgated to implement the United States Foreign Corrupt Practices Act or any other applicable law, rule or regulation of similar purpose and scope, or any amendment thereto (collectively, the “**Anti-Bribery Laws**”); the Company and its Subsidiaries have instituted and maintain and will continue to maintain policies and procedures, or were and will continue to be subject to policies and procedures, designed to (i) ensure continued compliance with the Anti-Bribery Laws and (ii) detect the violations of Anti-Bribery Laws; none of the Company or its Subsidiaries will use, directly or indirectly, the proceeds of the offering in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any applicable Anti-Bribery Laws;

(nn) *Compliance with Money Laundering Laws.* Each of the Company, its Subsidiaries and their respective officers, directors, supervisors, managers, and to the knowledge of the Company, each of their respective affiliates, agents, employees and other person acting on behalf, at the direction or in the interest of the Company or its Subsidiaries, has not violated, and the Company and its Subsidiaries operate and will continue to operate their businesses in compliance with all applicable anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other applicable laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code sections 1956 and 1957, the U.S. Patriot Act, the U.S. Bank Secrecy Act, and international anti-money laundering principals or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended and as applicable, and any Executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any applicable orders or licenses issued thereunder (collectively, “**Money Laundering Laws**”); and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the knowledge of the Company, threatened;

(oo) *Compliance with OFAC.* None of the Company, its Subsidiaries, and their respective officers, directors, supervisors, managers, nor to the knowledge of the Company, any affiliate, agent, or employee or other person acting on behalf, at the direction or in the interest of the Company or its Subsidiaries is a **Person** that is, or is owned or controlled by one or more Persons that are: (i) the subject of any sanctions administered or enforced by the U.S. Department of Treasury’s Office of Foreign Assets Control (“**OFAC**”), the United Nations Security Council (“**UNSC**”), or other relevant sanctions authority (collectively, “**Sanctions**”) (“**Sanction Target**”), or (ii) located, organized or resident in a country or territory that is the subject of Sanctions (including, without limitation, Crimea, Cuba, Iran, North Korea, Sudan and Syria) (each, a “**Sanctioned Country**”); none of the Company or any of its Subsidiaries has or intends to have any business operations or other dealings (i) in any Sanctioned Country, (ii) with any Specially Designated National (“**SDN**”) on OFAC’s SDN list or, to its knowledge, with a Sanction Target, and (iii) involving commodities or services of a Sanctioned Country origin or shipped to, through, or from a Sanctioned Country, or on Sanctioned Country owned or registered vessels or aircraft, or finance or subsidize any of the foregoing exceeding 5% aggregated in comparison to the Company or any of its Subsidiaries’ total assets or revenues; the Company and its Subsidiaries have instituted and maintain policies and procedures, or were and will continue to be subject to policies and procedures, designed to prevent sanctions violations (by the Company and its Subsidiaries and by persons associated with the Company and its Subsidiaries); none of the Company or its Subsidiaries knows or has reason to believe that any of them are or may become subject of sanctions-related investigations or juridical proceedings; for the past five years, the Company and its Subsidiaries have not knowingly engaged in, are not now knowingly engaged in, and will not engage in, any dealings or transactions with any person, or in any country or territory, that at the time of the dealing or transaction is or was the subject of Sanctions;

The Company will not, directly or indirectly, use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person: (i) to fund or facilitate any activities or business of or with any Person or in any country or territory that, at the time of such funding or facilitation, is the subject of Sanctions; or (ii) any other manner that will result in a violation of Sanctions by any Person (including any Person participating in the offering, whether as underwriter, advisor, investor or otherwise);

(pp) *Forward-Looking Statements*. Each “forward-looking statement” (within the meaning of Section 27A of the Act and Section 21E of the Exchange Act) included in the Registration Statement, the Disclosure Package and the Prospectus has been made or reaffirmed by the Company with a reasonable basis and in good faith;

(qq) *No Immunity*. None of the Company nor any of its respective properties has any right of immunity from jurisdiction or suit of any court or from set-off or from any legal process or remedy (whether through service, notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of the Cayman Islands, Hong Kong, Macau and the State of New York;

(rr) *No Liabilities*. Except for any obligation incurred in the ordinary course of its business or in relation to any renovation, construction or development of properties owned or leased by the Company or its Subsidiaries, there are (i) no liabilities of the Company or any of its Subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and (ii) no existing situations or set of circumstances that would reasonably be expected to result in such a liability, other than (x) liabilities set forth in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus, or (y) other undisclosed liabilities which would not, individually or in the aggregate, have a Material Adverse Effect;

(ss) *Foreign Private Issuer*. The Company is a “foreign private issuer” as defined in Rule 405 under the Act;

(tt) *Termination of Contracts*. Except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, none of the Company or any Subsidiary has sent or received any communication regarding termination of, or intent not to renew, any of the material contracts or agreements referred to or described in any Pre-Pricing Prospectus, the Prospectus or any Permitted Free Writing Prospectus, or referred to or described in, or filed as an exhibit to, the Registration Statement except for such termination that would not, individually or in the aggregate, have a Material Adverse Effect, and no such termination or non-renewal has been threatened by the Company or any Subsidiary or, to the Company’s knowledge, any other party to any such contract or agreement;

(uu) *Internal Controls*. The Company maintains a system of internal controls over accounting matters that is effective to perform the functions for which they were established and provide reasonable assurances that (i) material information relating to the Company is made known to the Property President and the Property Chief Financial Officer by others within those entities; (ii) transactions are executed in accordance with management's general or specific authorizations; (iii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles in the United States and to maintain asset accountability; (iv) access to assets is permitted only in accordance with management's general or specific authorization; and (v) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences in accordance with management's general and specific authorization. The Board of Directors of the Company have not identified any: (i) "significant deficiencies" or "material weakness" (as such terms are defined in Rule 1-02(a)(4) of Regulation S-X under the Act) in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data or (ii) fraud, whether or not material, that involves management or other employees who have a role in the Company's internal controls. Since the date of the most recent evaluation of such disclosure controls and procedures and internal controls, there have been no significant changes in internal controls or in other factors that could significantly affect internal controls, including any corrective actions with regard to significant deficiencies and material weaknesses;

(vv) *No Finder's Fee*. Except pursuant to this Agreement, neither the Company nor any of the Subsidiaries has incurred any liability for any finder's or broker's fee or agent's commission in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby or by the Registration Statement;

(ww) *No Broker-Dealer Affiliation*. There are no affiliations or associations between (i) any member of FINRA and (ii) the Company or any of the Company's officers, directors or 5% or greater security holders or any beneficial owner of the Company's unregistered equity securities that were acquired at any time on or after the 180th day immediately preceding the date the Registration Statement was initially filed with the Commission, except as disclosed in the Registration Statement (excluding the exhibits thereto), the Disclosure Package and the Prospectus;

(xx) *Enforceability of Judgment.* Except as disclosed in the Registration Statement, the Disclosure Package and the Prospectus, each of this Agreement and the Deposit Agreement is in proper form under the laws of the Cayman Islands for the enforcement thereof against the Company, and to ensure the legality, validity, enforceability or admissibility into evidence in Cayman Islands of this Agreement. The courts of Cayman Islands would recognize as a valid judgment any final monetary judgment obtained against the Company in the courts of the State of New York; provided that (i) such courts of Cayman Islands had proper jurisdiction over the parties subject to such judgment, (ii) such courts did not contravene the rules of natural justice of the Cayman Islands, (iii) such judgment was not obtained by fraud, (iv) the enforcement of the judgment would not be contrary to the public policy of the Cayman Islands, (v) no new admissible evidence relevant to the action is submitted prior to the rendering of the judgment by the courts of the Cayman Islands, and (vi) there is due compliance with the correct procedures under the laws of the Cayman Islands;

(yy) *Related Party Transactions.* No material relationships or material transactions, direct or indirect, exist between any of the Company or its Subsidiaries on the one hand and their respective shareholders, affiliates, officers and directors or any affiliates or family members of such persons on the other hand, except as described in the Registration Statement, the Disclosure Package and the Prospectus

(zz) *Tax Residence.* Neither Company Party is a resident for tax purposes in Macau and payments of dividends and other distributions by the Company Parties will not be subject to withholding or other taxes under the laws and regulations of Macau.

5. *Certain Covenants of the Company.*

(a) The Company agrees to furnish to you, without charge, six copies of the Registration Statement (including exhibits thereto) and for delivery to each other Underwriter a conformed copy of the Registration Statement (without exhibits thereto) and to furnish to you in New York City, without charge, prior to 10:00 a.m. New York City time on the business day next succeeding the date of this Agreement and during the period mentioned in Section 7(e) or 7(g) below, as many copies of the Disclosure Package, the Prospectus and any supplements and amendments thereto or to the Registration Statement as you may reasonably request;

(b) The Company agrees to furnish such information as may be required and otherwise to cooperate in qualifying the Offered ADSs for offering and sale under the securities or blue sky laws of such states or other jurisdictions as you may designate and to maintain such qualifications in effect so long as you may request for the distribution of the Offered ADSs; *provided, however*, that the Company shall not be required to qualify as a foreign corporation or to consent to the service of process under the laws of any such jurisdiction (except service of process with respect to the offering and sale of the Offered ADSs); and to promptly advise you of the receipt by the Company of any notification with respect to the suspension of the qualification of the Offered ADSs for offer or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(c) The Company agrees before amending or supplementing the Registration Statement, the Disclosure Package or the Prospectus, to furnish to you a copy of each such proposed amendment or supplement and not to file any such proposed amendment or supplement to which you reasonably object, and to file with the Commission within the applicable period specified in Rule 424(b) under the Act any prospectus required to be filed pursuant to such Rule;

(d) The Company agrees to furnish to you a copy of each proposed free writing prospectus to be prepared by or on behalf of, used by, or referred to by the Company and not to use or refer to any proposed free writing prospectus to which you reasonably object;

(e) The Company agrees not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder;

(f) If, at the time this Agreement is executed and delivered, it is necessary or appropriate for a post-effective amendment to the Registration Statement, or a Registration Statement under Rule 462(b) under the Act, to be filed with the Commission and become effective before the Offered ADSs may be sold, the Company will use its commercially reasonable efforts to cause such post-effective amendment or such Registration Statement to be filed and become effective, and the Company will pay any applicable fees in accordance with the Act, as soon as possible; and the Company will advise you promptly and, if requested by you, will confirm such advice in writing, (i) when such post-effective amendment or such Registration Statement has become effective, and (ii) if Rule 430A under the Act is used, when the Prospectus is filed with the Commission pursuant to Rule 424(b) under the Act (which the Company agrees to file in a timely manner in accordance with such Rules);

(g) The Company agrees to advise you promptly, confirming such advice in writing, of any request by the Commission for amendments or supplements to the Registration Statement, any Pre-Pricing Prospectus, the Prospectus or any Permitted Free Writing Prospectus or for additional information with respect thereto, or of notice of institution of proceedings for, or the entry of a stop order, suspending the effectiveness of the Registration Statement and, if the Commission should enter a stop order suspending the effectiveness of the Registration Statement, to use its best efforts to obtain the lifting or removal of such order as soon as possible; to advise you promptly of any proposal to amend or supplement the Registration Statement, any Pre-Pricing Prospectus or the Prospectus, and to provide you and Underwriters' counsel copies of any such documents for review and comment a reasonable amount of time prior to any proposed filing and to file no such amendment or supplement to which you shall object in writing;

(h) If the Disclosure Package is being used to solicit offers to buy the ADSs at a time when the Prospectus is not yet available to prospective purchasers and any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Disclosure Package in order to make the statements therein, in the light of the circumstances, not misleading, or if any event shall occur or condition exist as a result of which the Disclosure Package conflicts with the information contained in the Registration Statement then on file, or if, in the opinion of counsel for the Underwriters, it is necessary to amend or supplement the Disclosure Package to comply with applicable law, forthwith to prepare, the Company agrees to file with the Commission and furnish, at its own expense, to the Underwriters and to any dealer upon request, either amendments or supplements to the Disclosure Package so that the statements in the Disclosure Package as so amended or supplemented will not, in the light of the circumstances when the Disclosure Package is delivered to a prospective purchaser, be misleading or so that the Disclosure Package, as amended or supplemented, will no longer conflict with the Registration Statement, or so that the Disclosure Package, as amended or supplemented, will comply with applicable law;

(i) The Company agrees to advise the Representatives promptly of the happening of any event within the period during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of ADSs, which event could require the making of any change in the Prospectus then being used so that the Prospectus would not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading, and to advise the Representatives promptly if, during such period, it shall become necessary to amend or supplement the Prospectus to cause the Prospectus to comply with the requirements of the Act, and, in each case, during such time, subject to Section 5(k) and Section 10 hereof, to prepare and furnish, at the Company's expense, to the Representatives promptly such amendments or supplements that is not Underwriters' Information to such Prospectus as may be necessary to reflect any such change or to effect such compliance;

(j) The Company agrees to make generally available to its security holders, and, if not available on the Commission's Electronic Data Gathering, Analysis and Retrieval system ("EDGAR"), to deliver to you, an earnings statement of the Company (which will satisfy the provisions of Section 11(a) of the Act) covering a period of twelve months beginning after the effective date of the Registration Statement (as defined in Rule 158(c) under the Act) as soon as is reasonably practicable after the termination of twelve-month period;

(k) If requested by you, the Company agrees to furnish to you as early as practicable prior to the time of purchase of the Offered ADSs but not later than two business days prior thereto, a copy of the latest available unaudited interim consolidated financial statements, if any, of the Company and the Subsidiaries which have been read by the Company's independent registered public accountants, as stated in their letter to be furnished pursuant to Section 7(c) hereof, *provided, however*, that the Company shall not be required to furnish any materials pursuant to this clause if such materials are available via EDGAR, or (ii) if the Company ceases to be subject to reporting obligation under the Exchange Act;

(l) The Company agrees to comply with Rule 433(d) under the Act (without reliance on Rule 164(b) under the Act) and with Rule 433(g) under the Act with respect to the sale of ADSs pursuant hereto; not to take any action that would result in an Underwriter or the Company being required to file with the Commission pursuant to Rule 433(d) under the Act a free writing prospectus prepared by or on behalf of the Underwriter that the Underwriter otherwise would not have been required to file thereunder;

(m) Beginning on the date hereof and ending on, and including, the date that is 180 days after the date of the Prospectus (the “**Lock-Up Period**”), without the prior written consent of Deutsche Bank Securities Inc., the designated representative of the Underwriters (the “**Designated Representative**”), each of the Company Parties agrees not to (i) offer, sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Exchange Act and the rules and regulations of the Commission promulgated thereunder, with respect to, any Offered ADSs or any other securities of the Company Parties that are substantially similar to the Offered ADSs, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (ii) file or cause to become effective a registration statement under the Act relating to the offer and sale of any Offered ADSs or any other securities of the Company Parties that are substantially similar to the Offered ADSs, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, (iii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Offered ADSs or any other securities of the Company Parties that are substantially similar to the Offered ADSs, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of Offered ADSs or such other securities, in cash or otherwise or (iv) publicly announce an intention to effect any transaction specified in clause (i), (ii) or (iii), except, in each case, for (A) the registration of the offer and sale and the offer and sale of the Offered ADSs as contemplated by this Agreement, the Registration Statement, the Disclosure Package and the Prospectus, (B) the private placement of any Ordinary Shares in connection with the Assured Entitlement Distribution as contemplated by the Subscription Agreement dated October 17, 2018 by and between the Company and Melco International Development Limited, a Cayman Islands corporation, (C) any transactions described in the Prospectus under the section headed “Corporate History and Organizational Structure,” including amending and restating of the memorandum of association and articles of association to, among other things, authorize the Class A ordinary shares and the Class B ordinary shares and re-classify all of MCE Cotai’s equity interest into Class A ordinary shares, as well as issuance of any Ordinary Shares to New Cotai LLC when it exercises its right to exchange any of its participation interest in MSC Cotai and (D) any other transactions or issuances covered by a registration statement on Form S-8, including amendments thereto;

(n) The Company agrees, prior to the time of purchase, to provide you with reasonable advance notice of and opportunity to comment on any press release or other communication directly or indirectly and hold no press conferences with respect to the Company or any Subsidiary, the financial condition, results of operations, business, properties, assets, or liabilities of the Company or any Subsidiary, or the offering of the Offered ADSs, and to issue no such press release or communications or hold such press conference without your prior consent, which consent shall not be unreasonably withheld, conditioned or delayed;

(o) The Company agrees not, at any time at or after the execution of this Agreement, to, directly or indirectly, offer or sell any the Offered ADSs by means of any “prospectus” (within the meaning of the Act), or use any “prospectus” (within the meaning of the Act) in connection with the offer or sale of the Offered ADSs, in each case other than the Prospectus;

(p) The Company agrees not to, and to cause the Subsidiaries not to, take, directly or indirectly, any action designed, or which will constitute, or has constituted, or might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Offered ADSs;

(q) The Company agrees to indemnify and hold the Underwriters harmless against, any stamp, issue, registration, documentary, sales, capital, transfer, income, capital gains or other similar taxes or duties (other than any taxes (i) that would not have been imposed but for the failure of the Underwriter to comply with any certification, identification, or other reporting requirement concerning the nationality, residence, identity or connection with a taxing jurisdiction if such compliance is required or imposed by law as a precondition to an exemption from, or reduction in, such taxes, provided that such compliance would not be materially more onerous than completing a U.S. Internal Revenue Service Form W-9 or (ii) that would not have been imposed but for a present or former connection between such Underwriters and the applicable jurisdiction, other than a connection arising solely from such Underwriter having executed, delivered or performed its obligations, or received a payment, under this Agreement), including any interest or penalties, that is payable in connection with (i) the execution, delivery, consummation, performance and enforcement of this Agreement, (ii) the creation, allotment and issuance of the ADSs, (iii) the sale and delivery of the ADSs to or for the account of the Underwriters or purchasers procured by the Underwriters, or (iv) the initial resale and delivery of the ADSs by the Underwriters in the manner contemplated herein;

(r) The Company agrees to maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar for the Shares;

(s) The Company agrees to comply with the terms of the Deposit Agreement so that the ADSs will be issued by the Depositary and delivered to each Underwriter's participant account in DTC, pursuant to this Agreement on the Closing Date and each applicable Option Closing Date;

(t) To the extent that the Company or its Subsidiaries and or any of their respective properties, assets or revenues may have or may hereafter become entitled to any such right of immunity in any such court in which proceedings may at any time be commenced, each of the Company and its Subsidiaries waives or will waive such right to the extent permitted by law and has consented to such relief and enforcement as provided in Section 15 of this Agreement and Section 7.6 of the Deposit Agreement;

(u) All sums payable by the Company under this Agreement shall be paid free and clear of and without deductions or withholdings of any present or future taxes, duties, levies, imposts, fees, assessments or other charges whatsoever, unless the deduction or withholding is required by law, in which case the Company shall pay such additional amount as will result in the receipt by each Underwriter of the full amount that would have been received had no deduction or withholding been made;

(v) All sums payable to an Underwriter shall be considered exclusive of any value added or similar taxes. Where the Company is obliged to pay value added or similar tax on any amount payable hereunder to an Underwriter, the Company shall in addition to the sum payable hereunder pay an amount equal to any applicable value added or similar tax; and

(w) Whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, the Company shall pay or cause to be paid all expenses incident to the performance of the Company Parties' obligations under this Agreement, including (i) the fees, disbursements and expenses of the Company's counsel and the Company's accountants in connection with the registration and delivery of the Offered ADSs under the Act and all other fees or expenses in connection with the preparation and filing of the Registration Statement, the F-6 Registration Statement, each Pre-Pricing Prospectus, the Prospectus, each Permitted Free Writing Prospectus and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to the Company, the Underwriters and any dealers (including costs of mailing and shipment), (ii) all costs and expenses related to the registration, issue, sale, transfer and delivery of the Offered ADSs, including any stock, transfer and stamp taxes or duties payable thereon, (iii) all costs and expenses related to the producing, word processing and/or printing of this Agreement and any closing documents (including compilations thereof) and the reproduction and/or printing and furnishing of copies of each thereof to the Company and the Underwriters and (except closing documents) any dealers (including costs of mailing and shipment), (iv) up to US\$1.5 million in legal fees of counsel for the Underwriters, (v) all costs and expenses related to the qualification of the Offered ADSs for offering and sale under state or foreign laws and the determination of their eligibility for investment under state or foreign law (including the legal fees and filing fees and other disbursements of counsel for the Company but excluding, for the avoidance of doubts, any legal fees, filing fees or other disbursements of counsel of the Underwriters) and the printing and furnishing of copies of any blue sky surveys or legal investment surveys to the Underwriters and to the dealers, (vi) all costs and expenses related to any listing of the Offered ADSs on any securities exchange or qualification of the Offered ADSs for quotation on the NYSE and any registration thereof under the Exchange Act, (vii) all fees and expenses in connection with the preparation and filing of the registration statement on Form 8-A relating to the Offered ADSs and all costs and expenses incident to listing the Offered ADSs on the NYSE, (viii) the cost of printing certificates representing the Offered ADSs, (ix) the costs and charges of any transfer agent, registrar or depositary, the fees and disbursements of any transfer agent, depositary or registrar for the Offered ADSs, (x) the costs and expenses of the Company relating to presentations or meetings undertaken in connection with the marketing of the offering and sale of the Offered ADSs to prospective investors and the Underwriters' sales forces, including, without limitation, expenses associated with the preparation or dissemination of any electronic road show, expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel, lodging and other expenses incurred by the officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show; and (xi) the performance of the Company's other obligations hereunder; *provided* that, for the avoidance of doubt, (A) the Underwriters will pay all of their costs and expenses, including fees and disbursements of their counsel and (B) the Company shall not be required to compensate the Underwriters for any taxes levied solely in respect of profits earned by them resulting from the transactions contemplated hereby;

6. *Reimbursement of Underwriters' Expenses.* If this Agreement shall be terminated by the Underwriters, or any of them, because of any failure or refusal on the part of the Company Parties to comply with the terms of this Agreement, or if for any reason the Company Parties shall be unable to perform their respective obligations under this Agreement (provided that the occurrence of any event under Section 8 or the failure to satisfy the conditions under Sections 7(a) through (g) inclusive, Section 7(j)(i) and Sections 7(l) and 7(n) inclusive, shall not be deemed as any refusal, inability or failure on the part of the Company; provided, further, that in the case of Section 8(1) and Section 7(j)(i), the occurrence of any such event is not attributable to any fault on the part of the Company), the Company will reimburse the Underwriters or such Underwriters as have so terminated this Agreement with respect to themselves, severally, for all out of pocket expenses (including the fees and disbursements of their counsel) reasonably incurred by such Underwriters in connection with this Agreement or the offering contemplated hereunder.

7. *Conditions of the Underwriters' Obligations.* The several obligations of the Underwriters hereunder are subject to the accuracy of the respective representations and warranties on the part of the Company Parties and on the date hereof, at the time of purchase, the performance by the Company Parties of their respective obligations hereunder and to the following additional conditions precedent:

(a) You shall have received on the Closing Date or the Option Closing Date, as the case may be, an opinion and negative assurance letter of Kirkland & Ellis LLP, U.S. counsel for the Company, dated the Closing Date or the Option Closing Date, as the case may be, with executed copies for each Underwriter, and in form and substance satisfactory to the Representatives.

(b) You shall have received on the Closing Date or the Option Closing Date, as the case may be, an opinion of Walkers, Cayman Islands counsel for the Company, and an opinion of Walkers, British Virgin Islands counsel for MSC Cotai addressed to the Representatives, and dated the Closing Date or the Option Closing Date, as the case may be, with executed copies for each Underwriter, and in form and substance satisfactory to the Representatives.

(c) You shall have received on the Closing Date or the Option Closing Date, as the case may be, an opinion of Manuela António Lawyers and Notaries, Macau counsel for the Company, addressed to the Representatives, and dated the Closing Date or the Option Closing Date, as the case may be, with executed copies for each Underwriter, and in form and substance satisfactory to the Representatives.

(d) You shall have received from Ernst & Young, independent registered public accountants, letters dated, respectively, the date of the Prospectus, the Closing Date and the Option Closing Date, as the case may be, and addressed to the Representatives (with executed copies for each Representatives) in the forms satisfactory to the Representatives, containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Disclosure Package and the Prospectus, *provided* that the letter delivered on the Closing Date shall use a "cut-off date" not earlier than three business days preceding the date hereof.

(e) You shall have received on the Closing Date or the Option Closing Date, as the case may be, an opinion and negative assurance letter of Davis Polk & Wardwell LLP, U.S. counsel for the Underwriters, dated the Closing Date or the Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives;

(f) You shall have received on the Closing Date or the Option Closing Date, as the case may be an opinion of Henrique Saldanha, Advogados & Notários, Macau counsel for the Underwriters, dated the Closing Date or the Option Closing Date, as the case may be, in form and substance reasonably satisfactory to the Representatives;

(g) You shall have received on and as of the Closing Date or the Option Closing Date, as the case may be, an opinion of White & Case LLP, counsel for the Depositary, with respect to such matters as the Representatives may reasonably request, and such counsel shall have received such documents and information as they may reasonably request to enable them to pass upon such matters.

(h) No Prospectus or amendment or supplement to the Registration Statement or the Prospectus shall have been filed to which you shall have objected in writing.

(i) The Registration Statement and any registration statement required to be filed, prior to the sale of the Offered ADSs, under the Act pursuant to Rule 462(b) shall have been filed and shall have become effective under the Act. The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) under the Act at or before 5:30 P.M., New York City time, on the second full business day after the date of this Agreement (or such earlier time as may be required under the Act).

(j) Prior to and at the time of purchase (i) no stop order with respect to the effectiveness of the Registration Statement shall have been issued under the Act or proceedings initiated under Section 8(d) or 8(e) of the Act; (ii) the Registration Statement and all amendments thereto shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (iii) none of the Pre-Pricing Prospectuses or the Prospectus, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; (iv) no Disclosure Package, and no amendment or supplement thereto, shall include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading; and (v) none of the Permitted Free Writing Prospectuses, if any, shall include an untrue statement of a material fact or, together with the Disclosure Package including the then most recent Pre-Pricing Prospectus, omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(k) The Company shall have furnished to you, on the Closing Date and each Option Closing date, as the case may be, a certificate of its Property President or its Property Chief Financial Officer in the form attached as Exhibit B hereto.

(l) You shall have received the signed Lock-Up Agreements in the form attached as Exhibit A hereto from each of the parties listed in Schedule D attached hereto, and the Lock-Up Agreements shall be in full force and effect at the time of purchase. If any additional persons shall become directors or executive officers of the Company and acquire or are granted ADSs or any other securities of the Company Parties that are substantially similar to the ADSs, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase such securities prior to the end of the Company Lock-up Period (as defined below), the Company shall cause each such person, prior to or contemporaneously with their appointment or election as a director or executive director of the Company, to execute and deliver to the Designated Representative a Lock-up Agreement.

(m) The Company shall have furnished to you such other documents and certificates as to the accuracy and completeness of any statement in the Registration Statement, any Pre-Pricing Prospectus, the Prospectus or any Permitted Free Writing Prospectus as of the time of purchase, as you may reasonably request.

(n) FINRA shall not have raised any objection with respect to the fairness or reasonableness of the underwriting, or other arrangements of the transactions, contemplated hereby.

(o) The Company's Property Chief Financial Officer shall have furnished to you, on the date of the Prospectus, the Closing Date and each Option Closing date, as the case may be, a certificate dated the date of the time of purchase, substantially as set forth in Exhibit C hereto.

(p) At least one business day prior to the applicable time of purchase, all instruction letters required to be delivered to the transfer agent, Registrar and the Depository by the Company to effect closing of the transaction contemplated hereunder, in form and substance satisfactory to the Representatives.

(q) At the Closing Date, the Offered ADSs shall have been approved for listing on the NYSE, subject only to official notice of issuance.

8. *Effective Date of Agreement; Termination.* This Agreement shall become effective when the parties hereto have executed and delivered this Agreement.

The obligations of the several Underwriters hereunder shall be subject to termination in the absolute discretion of the Underwriters, if (1) since the time of execution of this Agreement, there has been any change or any development involving a prospective change in the business, properties, management, financial condition or results of operations of the Company and the Subsidiaries taken as a whole, the effect of which change or development is, in the sole judgment of the Underwriters, so material and adverse as to make it impractical or inadvisable to proceed with the public offering or the delivery of the Offered ADSs on the terms and in the manner contemplated in the Registration Statement, the Disclosure Package and the Prospectus or (2) since the time of execution of this Agreement, there shall have occurred: (A) a suspension or material limitation in trading in securities generally on the NYSE or NASDAQ; (B) a suspension or material limitation in trading in the Company's securities on the NYSE; (C) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred; (D) a general moratorium on commercial banking activities declared by either federal or New York State authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States; (E) an outbreak or escalation of hostilities or acts of terrorism involving the United States or a declaration by the United States of a national emergency or war; or (F) any other calamity or crisis or any change in financial, political or economic conditions in the United States or elsewhere, if the effect of any such event specified in clause (E) or (F), in the sole judgment of the Representatives, makes it impractical or inadvisable to proceed with the public offering or the delivery of the Offered ADSs on the terms and in the manner contemplated in the Registration Statement, the Disclosure Package and the Prospectus.

If the Representatives elect to terminate this Agreement as provided in this Section 7(q), the Company shall be notified promptly in writing.

If the sale to the Underwriters of the Offered ADSs, as contemplated by this Agreement, is not carried out by the Underwriters for any reason permitted under this Agreement, or if such sale is not carried out because the Company shall be unable to comply with any of the terms of this Agreement, the Company shall not be under any obligation or liability under this Agreement (except to the extent provided in Sections 5(v) and 10 hereof), and the Underwriters shall be under no obligation or liability to the Company under this Agreement (except to the extent provided in Section 10 hereof) or to one another hereunder.

9. *Defaulting Underwriters.* If, on the Closing Date or an Option Closing Date, as the case may be, any one or more of the Underwriters shall fail or refuse to purchase Offered ADSs that it has or they have agreed to purchase hereunder on such date, and the aggregate number of Offered ADSs which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one tenth of the aggregate number of the Offered ADSs to be purchased on such date, the other Underwriters shall be obligated severally in the proportions that the number of Firm ADSs set forth opposite their respective names in Schedule A bears to the aggregate number of Firm ADSs set forth opposite the names of all such non defaulting Underwriters, or in such other proportions as you may specify, to purchase the Offered ADSs which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase on such date; *provided* that in no event shall the number of Offered ADSs that any Underwriter has agreed to purchase pursuant to this Agreement be increased pursuant to this Section 9 by an amount in excess of one ninth of such number of Offered ADSs without the written consent of such Underwriter. If, on the Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Firm ADSs and the aggregate number of Firm ADSs with respect to which such default occurs is more than one tenth of the aggregate number of Firm ADSs to be purchased on such date, and arrangements satisfactory to you (excluding any defaulting Underwriter) and the Company for the purchase of such Firm ADSs are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case either you or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Registration Statement, in the Pre-Pricing Prospectus, in the Prospectus or in any other documents or arrangements may be effected. If, on an Option Closing Date, any Underwriter or Underwriters shall fail or refuse to purchase Optional ADSs and the aggregate number of Optional ADSs with respect to which such default occurs is more than one tenth of the aggregate number of Optional ADSs to be purchased on such Option Closing Date, the non-defaulting Underwriters shall have the option to (i) terminate their obligation hereunder to purchase the Optional ADSs to be sold on such Option Closing Date or (ii) purchase not less than the number of Optional ADSs that such non-defaulting Underwriters would have been obligated to purchase in the absence of such default. Any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any default of such Underwriter under this Agreement.

10. *Indemnity and Contribution.*

(a) The Company Parties jointly and severally agree to indemnify, defend and hold harmless (on an after-tax basis) each Underwriter and any “affiliates” (within the meaning of Rule 405 under the Act) of any such Underwriter, their respective partners, directors, officers, employees and members and any person who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, any Underwriter or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company) or the F-6 Registration Statement or arises out of or is based upon any omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in Other Information or arises out of or is based upon any omission or alleged omission to state a material fact in the Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact included in any Prospectus (the term Prospectus for the purpose of this Section 10 being deemed to include the Pre-Pricing Prospectus, the Prospectus and any amendments or supplements to the foregoing), in any Covered Free Writing Prospectus, in any “issuer information” (as defined in Rule 433 under the Act) of the Company, which “issuer information” is required to be, or is, filed with the Commission, or in any Prospectus together with any combination of one or more of the Covered Free Writing Prospectuses, if any, or arises out of or is based upon any omission or alleged omission to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, except, with respect to any such document, insofar as any such loss, damage, expense, liability or claim arises out of or is based upon any untrue statement or alleged untrue statement of a material fact contained in Other Information or arises out of or is based upon any omission or alleged omission to state a material fact in any such document in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading, and will reimburse each “indemnified party” (defined below) for any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending against any loss, damage, expense, liability, claim, action, litigation, investigation or proceeding whatsoever (whether or not such indemnified party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to the above as such fees and expenses are incurred.

(b) Each Underwriter severally and not jointly agrees to indemnify, defend and hold harmless the Company Parties, their respective directors and officers, and any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and the successors and assigns of all of the foregoing persons, from and against any loss, damage, expense, liability or claim (including the reasonable cost of investigation) which, jointly or severally, the Company or any such person may incur under the Act, the Exchange Act, the common law or otherwise, insofar as such loss, damage, expense, liability or claim arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter, furnished in writing by or on behalf of such Underwriter to the Company expressly for use in, the Registration Statement (or in the Registration Statement as amended by any post-effective amendment thereof by the Company), or arises out of or is based upon any omission or alleged omission to state a material fact in such Registration Statement in connection with such information, which material fact was not contained in such information and which material fact was required to be stated in such Registration Statement or was necessary to make such information not misleading or (ii) any untrue statement or alleged untrue statement of a material fact contained in, and in conformity with information concerning such Underwriter furnished in writing by or on behalf of such Underwriter to the Company expressly for use in, any Prospectus or any Permitted Free Writing Prospectus, or arises out of or is based upon any omission or alleged omission to state a material fact in any such document in connection with such information, which material fact was not contained in such information and which material fact was necessary in order to make the statements in such information, in the light of the circumstances under which they were made, not misleading.

(c) If any action, suit or proceeding (including any governmental investigation) (each, a “**Proceeding**”) is brought against a person (an “**indemnified party**”) in respect of which indemnity may be sought against the Company Parties or an Underwriter (as applicable, the “**indemnifying party**”) pursuant to subsection (a) or (b), respectively, of this Section 10, such indemnified party shall promptly notify such indemnifying party in writing of the institution of such Proceeding and such indemnifying party shall assume the defense of such Proceeding, including the retention of counsel reasonably satisfactory to such indemnified party, and pay all legal or other fees and expenses reasonably incurred related to such Proceeding or reasonably incurred in connection with such indemnified party’s enforcement of subsection of (a) or (b), respectively, of this Section 10; *provided, however*, that the omission to so notify such indemnifying party shall not relieve such indemnifying party from any liability that such indemnifying party may have to any indemnified party unless such omission results in the forfeiture by the indemnifying party of substantial rights and defenses. The indemnified party or parties shall have the right to retain its or their own counsel in any such case, but the fees and expenses of such counsel shall be at the expense of such indemnified party or parties unless (i) the retention of such counsel shall have been authorized in writing by the indemnifying party in connection with the defense of such Proceeding, (ii) the indemnifying party shall not have, within a reasonable period of time in light of the circumstances, retained counsel to defend such Proceeding or (iii) the named parties to any such Proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them (in which case such indemnifying party shall not have the right to direct the defense of such Proceeding on behalf of the indemnified party or parties), in any of which events such fees and expenses of counsel reasonably incurred by the indemnified parties shall be borne by such indemnifying party and paid as incurred (it being understood, however, that such indemnifying party shall not be liable for the fees or expenses of more than one separate counsel (in addition to any local counsel) in any one Proceeding or series of related Proceedings in the same jurisdiction representing the indemnified parties who are parties to such Proceeding). The indemnifying party shall not be liable for any settlement of any Proceeding effected without its written consent but, if settled with its written consent, such indemnifying party agrees to indemnify and hold harmless the indemnified party or parties from and against any loss or liability by reason of such settlement. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second sentence of this Section 10(c), then the indemnifying party agrees that it shall be liable for any settlement of any Proceeding effected without its written consent if (i) such settlement is entered into more than 60 business days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall not have fully reimbursed the indemnified party in accordance with such request prior to the date of such settlement and (iii) such indemnified party shall have given the indemnifying party at least 30 days’ prior notice of its intention to settle. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened Proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such Proceeding and does not include an admission of fault or culpability or a failure to act by or on behalf of such indemnified party.

(d) If the indemnification provided for in this Section 10 is unavailable to an indemnified party under subsections (a) and (b) of this Section 10 or insufficient to hold an indemnified party harmless in respect of any losses, damages, expenses, liabilities or claims referred to therein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, damages, expenses, liabilities or claims (i) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Underwriters from the sale of the Offered ADSs, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company Parties and the Underwriters in connection with the statements or omissions which resulted in such losses, damages, expenses, liabilities or claims, as well as any other relevant equitable considerations. The relative benefits received by the Company Parties and the Underwriters shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Offered ADSs (before deducting expenses) received by the Company, and the total underwriting discounts and commissions received by the Underwriters, bear to the aggregate public offering price of the Offered ADSs issued in respect of the ADSs. The relative fault of the Company Parties and the Underwriters shall be determined by reference to, among other things, whether the untrue statement or alleged untrue statement of a material fact or omission or alleged omission relates to information supplied by the Company Parties or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Underwriters' respective obligations to contribute pursuant to this Section 10(d) are several in proportion to the respective number of Shares they have purchased hereunder, and not joint. The amount paid or payable by a party as a result of the losses, damages, expenses, liabilities and claims referred to in this subsection shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with investigating, preparing to defend or defending any Proceeding.

(e) The Company Parties and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 10 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in subsection (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 10(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 10, no Underwriter shall be required to contribute any amount in excess of the amount by which the purchase price at which the Offered ADSs underwritten by such Underwriter and distributed to the public were purchased by such Underwriter pursuant to Section 1 exceeds the amount of any damage which such Underwriter has otherwise been required to pay by reason of such untrue statement or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 10 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity. The Underwriters' obligations to contribute pursuant to this Section 10 are several in proportion to their respective underwriting commitments and not joint.

(f) The indemnity and contribution agreements contained in this Section 10 and the covenants, warranties and representations of the Company Parties contained in this Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of any Underwriter or their respective partners, agents, directors, officers or members or any person (including each partner, officer, director or member of such person) who controls any Underwriter within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, or by or on behalf of the Company, its directors or officers or any person who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, and shall survive any termination of this Agreement or the delivery of the Offered ADSs to be sold pursuant hereto. The Company Parties and each Underwriter agree promptly to notify each other of the commencement of any Proceeding against it and, in the case of the Company Parties, against any of their respective officers or directors in connection with the issuance and sale of the Offered ADSs, or in connection with the Registration Statement, any Pre-Pricing Prospectus, the Prospectus or any Permitted Free Writing Prospectus.

11. *Information Furnished by the Underwriters.* The names of the Underwriters set forth on the cover page and the “Underwriting” section of the Prospectus and the concession and reallowance figures or to stabilization activities appearing in the fifth and twelfth paragraphs in the “Underwriting” section of the Prospectus, constitute the only information furnished by or on behalf of the Underwriters, as such information is referred to in Sections 4 and 10 hereof.

12. *Notices.* Except as otherwise herein provided, all statements, requests, notices and agreements shall be in writing or by telegram or facsimile and, if to the Representatives, shall be sufficient in all respects if delivered or sent to:

Attn: Equity Capital Markets – Syndicate Desk
Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005, United States

Credit Suisse Securities (USA) LLC
11 Madison Avenue
New York, NY 10010, United States

Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf
London E14 4QA England

And if to the Company Parties shall be sufficient in all respects if delivered or sent to:

Attn: Company Secretary
Studio City International Holdings Limited
36 Floor, The Centrium
60 Wyndham Street
Central, Hong Kong

13. Notwithstanding and to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understanding between Morgan Stanley & Co. International plc (“**MSIP**”) and other parties hereto, each of such other parties acknowledges and accepts that a BRRD Liability arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledges, accepts, and agrees to be bound by:

(A). the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of MSIP to the other parties hereto under this agreement, that (without limitation) may include and result in any of the following, or some combination thereof:

(a) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;

(b) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of MSIP or another person, and the issue to or conferral on such other parties hereto of such shares, securities or obligations;

(c) the cancellation of the BRRD Liability;

(d) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period;

(B). the variation of the terms of this Agreement, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

For the purposes of this Section 13:

“**Bail-In Legislation**” means Part I of the UK Banking Act 2009 and any other law or regulation applicable in the UK relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

“**Bail-in Powers**” means the powers under the Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or affiliate of a bank or investment firm, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability.

“**BRRD Liability**” means a liability in respect of which the relevant Bail-in Powers may be exercised.

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any Bail-in Powers in relation to MSIP.

14. *Governing Law; Construction.* This Agreement and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement (“**Claim**”), directly or indirectly, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to the conflicts of law principles thereof. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

15. *Submission to Jurisdiction.* The Company Parties hereby irrevocably designate Cogency Global Inc., as agent upon whom process against the Company Parties may be served. Except as set forth below, no Claim may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have exclusive jurisdiction over the adjudication of such matters, and the Company Parties consent to the personal jurisdiction of such courts. Each Underwriter and the Company Parties (on its behalf and, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) is not an individual, to the extent permitted by applicable law, on behalf of its stockholders and affiliates) each waive all right to trial by jury in any action, proceeding or counterclaim (whether based upon contract, tort or otherwise) in any way arising out of or relating to this Agreement. The Company Parties agree that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Company Parties and may be enforced in any other courts to the jurisdiction of which each of the Company Parties is or may be subject, by suit upon such judgment.

16. *Judgment Currency.* The obligations of Company Parties in respect of any sum due by each of it to any Underwriter under this Agreement shall, notwithstanding any judgment in a currency other than U.S. dollars or any other applicable currency (the “**Judgment Currency**”), not be discharged until the first business day, following receipt by such Underwriter of any sum adjudged to be so due in the Judgment Currency, on which (and only to the extent that) such Underwriter may in accordance with normal banking procedures purchase U.S. dollars or any other applicable currency with the Judgment Currency; if the U.S. dollars or other applicable currency so purchased are less than the sum originally due to such Underwriter hereunder, the Company Parties agree, each as separate obligations and notwithstanding any such judgment, to indemnify such Underwriter against such loss. If the U.S. dollars or other applicable currency so purchased are greater than the sum originally due to such Underwriter hereunder, such Underwriter agrees to pay to the Company Parties, as the case may be, an amount equal to the excess of the U.S. dollars or other applicable currency so purchased over the sum originally due to such Underwriter hereunder.

17. *Parties at Interest.* The Agreement herein set forth has been and is made solely for the benefit of the Underwriters, the Company Parties and to the extent provided in Section 10 hereof the controlling persons, partners, directors, officers, members and affiliates referred to in such Section, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such purchaser, from any of the Underwriters) shall acquire or have any right under or by virtue of this Agreement.

18. *No Fiduciary Relationship.* The Company Parties hereby acknowledge that the Underwriters are acting solely as underwriters in connection with the purchase and sale of the Company's securities. The Company Parties further acknowledge that the Underwriters are acting pursuant to a contractual relationship created solely by this Agreement entered into on an arm's length basis, and in no event do the parties intend that the Underwriters act or be responsible as a fiduciary to the Company Parties, their respective management, shareholders or creditors or any other person in connection with any activity that the Underwriters may undertake or have undertaken in furtherance of the purchase and sale of the Company's securities, either before or after the date hereof. The Underwriters hereby expressly disclaim any fiduciary or similar obligations to the Company, either in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions, and the Company Parties hereby confirm their understanding and agreement to that effect. The Company Parties and the Underwriters agree that they are each responsible for making their own independent judgments with respect to any such transactions and that any opinions or views expressed by the Underwriters to the Company Parties regarding such transactions, including, but not limited to, any opinions or views with respect to the price or market for the Company's securities, do not constitute advice or recommendations to the Company Parties. The Company Parties and the Underwriters agree that the Underwriters are acting as principal and not the agent or fiduciary of the Company Parties, and no Underwriter has assumed, and none of them will assume, any advisory responsibility in favor of the Company with respect to the transactions contemplated hereby or the process leading thereto (irrespective of whether any Underwriter has advised or is currently advising the Company on other matters). The Company Parties hereby waive and release, to the fullest extent permitted by law, any claims that the Company Parties may have against the Underwriters with respect to any breach or alleged breach of any fiduciary, advisory or similar duty to the Company Parties in connection with the transactions contemplated by this Agreement or any matters leading up to such transactions.

19. *Counterparts.* This Agreement may be signed by the parties in one or more counterparts which together shall constitute one and the same agreement among the parties.

20. *Successors and Assigns.* This Agreement shall be binding upon the Underwriters and the Company Parties and their successors and assigns and any successor or assign of any substantial portion of the Company Parties' and any of the Underwriters' respective businesses and/or assets.

If the foregoing correctly sets forth the understanding among the Company Parties and the several Underwriters, please so indicate in the space provided below for that purpose, whereupon this Agreement and your acceptance shall constitute a binding agreement among the Company Parties and the Underwriters, severally.

Agreed and accepted, as of the date first written above,

STUDIO CITY INTERNATIONAL
HOLDINGS LIMITED

By: /s/ WINKLER, Evan Andrew

Name: WINKLER, Evan Andrew

Title: Director

[Signature Page to Underwriting Agreement]

MSC COTAI LIMITED

By: /s/ CHEUNG, Stephanie

Name: CHEUNG, Stephanie

Title: Director

[Signature Page to Underwriting Agreement]

By: DEUTSCHE BANK SECURITIES INC.

By: /s/ Frank Windels

Name: Frank Windels

Title: Managing Director

By: /s/ Mark Schwartz

Name: Mark Schwartz

Title: Managing Director

[Signature Page to Underwriting Agreement]

By: CREDIT SUISSE SECURITIES (USA) LLC

By: /s/ Teddy Swigert

Name: Teddy Swigert

Title: Director

[Signature Page to Underwriting Agreement]

By: MORGAN STANLEY & CO. INTERNATIONAL PLC

By: /s/ Robin Zhao

Name: Robin Zhao

Title: Executive Director

[Signature Page to Underwriting Agreement]

SCHEDULE A

<u>Underwriter</u>	<u>Number of Sponsor Firm ADSs</u>	<u>Number of Public Firm ADSs</u>	<u>Total Number of Firm ADSs</u>
DEUTSCHE BANK SECURITIES INC.	14,163,944	1,773,958	15,937,902
CREDIT SUISSE SECURITIES (USA) LLC	6,387,500	800,000	7,187,500
MORGAN STANLEY & CO. INTERNATIONAL PLC	3,832,500	480,000	4,312,500
BANK OF COMMUNICATIONS CO., LTD. MACAU BRANCH	583,028	73,021	656,049
ICBC (MACAU) CAPITAL LIMITED	583,028	73,021	656,049
Total	25,550,000	3,200,000	28,750,000

Sched. A-1

SCHEDULE B**Permitted Free Writing Prospectuses**

The issuer free writing prospectus filed by the Company with the Commission on October 16, 2018 (File No. 333-227232)

Permitted Exempt Written Communications

None.

Purchase Price

Sponsor Firm ADSs: \$12.5 per ADS

Public Firm ADSs: \$11.625 per ADS

Optional ADSs: \$12.5 per ADS

Pricing Information Provided Orally by Underwriters

Public Offering Price: \$12.5 per ADS

Sched. B-1

SCHEDULE C

SUBSIDIARIES OF THE COMPANY

<u>Name</u>	<u>Place of Incorporation</u>
1. MSC Cotai Limited	BVI
2. Studio City Holdings Limited	BVI
3. Studio City Finance Limited	BVI
4. Studio City Investments Limited	BVI
5. Studio City Company Limited	BVI
6. Studio City Holdings Two Limited	BVI
7. Studio City Holdings Three Limited	BVI
8. Studio City Holdings Four Limited	BVI
9. Studio City Holdings Five Limited	BVI
10. SCP Holdings Limited	BVI
11. SCIP Holdings Limited	BVI
12. SCP One Limited	BVI
13. SCP Two Limited	BVI
14. Studio City (HK) Limited	HK
15. Studio City (HK) Two Limited	HK
16. Studio City (HK) Three Limited	HK
17. Studio City Services Limited	Macau
18. Studio City Ventures Limited	Macau
19. Studio City Entertainment Limited	Macau
20. Studio City Hotels Limited	Macau
21. Studio City Hospitality and Services Limited	Macau
22. Studio City Retail Services Limited	Macau
23. Studio City Developments Limited	Macau

Sched. C-1

SCHEDULE D

List of Locked-Up Parties

Ordinary Shareholders of the Company:

1.	MCE Cotai Investments Limited	Cayman Islands
2.	New Cotai, LLC	USA

Sched. D-1

EXHIBIT A

Form Lock-Up Agreement

Deutsche Bank Securities Inc.
60 Wall Street
New York, NY 10005, United States

Credit Suisse Securities (USA) LLC
11 Madison Avenue
New York, NY 10010, United States

Morgan Stanley & Co. International plc
25 Cabot Square, Canary Wharf
London E14 4QA England

Together with the other Underwriters
Named in Schedule A to the Underwriting Agreement
referred to herein

Ladies and Gentlemen:

This Lock-Up Agreement is being delivered to you in connection with the proposed Underwriting Agreement (the “**Underwriting Agreement**”) to be entered into by Studio City International Holdings Limited, a Cayman Islands corporation (the “**Company**”), MSC Cotai Limited (together with the Company, the “**Company Parties**”) and you and the other underwriters named in Schedule A to the Underwriting Agreement, with respect to the public offering (the “**Public Offering**”) by the Company to the Underwriters of an aggregate of 28,750,000 American Depositary Shares (“**ADSs**”), each representing four Class A ordinary shares, par value US\$.0001 per share, of the Company (each an “**Ordinary Share**”). The 28,750,000 ADSs to be sold by the Company are collectively called the “**Firm ADSs**”. In addition, the Company has granted to the Underwriters an option to purchase up to an additional 4,312,500 ADSs. The additional 4,312,500 ADSs to be sold by the Company pursuant to such option are collectively called the “**Optional ADSs**”. The Firm ADSs and, if and to the extent such option is exercised, the Optional ADSs are collectively called the “**Offered ADSs**.” Unless otherwise defined, capitalized terms used herein shall have the definitions set forth in the Underwriting Agreement.

Ex. A-1

In order to induce you to enter into the Underwriting Agreement, the undersigned agrees that, for a period (the “**Lock-Up Period**”) beginning on the date hereof and ending on, and including, the date that is 180 days after the date of the prospectus relating to the Offering, the undersigned will not, without the prior written consent of Deutsche Bank Securities Inc., the designated representative of the Underwriters (the “**Designated Representative**”), (i) offer, sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of or agree to transfer or dispose of, directly or indirectly, or file (or participate in the filing of) a registration statement with the Commission in respect of, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position within the meaning of Section 16 of the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission promulgated thereunder (the “**Exchange Act**”) with respect to, any ADSs or the underlying shares or any other securities of the Company Parties that are substantially similar to ADSs or the underlying shares, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing (including without limitation, ADSs or such other securities which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Commission) (collectively, the “**Locked-Up Shares**”), (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of ADSs or the underlying shares, any other securities of the Company Parties that are substantially similar to ADS or the underlying shares, or any securities convertible into or exchangeable or exercisable for, or any warrants or other rights to purchase, the foregoing, whether any such transaction is to be settled by delivery of ADS or the underlying shares or such other securities, in cash or otherwise or (iii) publicly announce an intention to effect any transaction specified in clause (i) or (ii). The Underwriters confirm that each holder who holds an equity interest in the Company at the time immediately prior to the listing of the Offered ADSs has entered into a lock-up agreement on terms substantially similar to those contained herein.

The foregoing paragraph shall not apply to (a) the registration of the offer and sale of ADSs or the underlying shares as contemplated by the Underwriting Agreement and the sale of the ADSs or the underlying shares to the Underwriters in the Offering, (b) bona fide gifts, (c) dispositions to any trust or other legal entity for the direct or indirect benefit of the undersigned and/or the immediate family of the undersigned, (d) direct or indirect transfers to another corporation, partnership or other business entity that controls, is controlled by or is under common control with the undersigned or to partners, members or shareholders of the undersigned, (e) transfers by will or intestate succession upon the death of the undersigned, (f) transfers by operation of law or by order of a court of competent jurisdiction pursuant to a qualified domestic order or in connection with a divorce settlement, (g) transfers by surrender or forfeiture of ADSs or the underlying shares or other securities of the Company to the Company to satisfy tax withholding obligations upon exercise or vesting, (h) transactions relating to shares of ADSs or other securities acquired in open market transactions after the completion of the Public Offering, provided that no filing under Section 16(a) of the Exchange Act shall be required or shall be voluntarily made in connection with subsequent sales of ADSs or other securities acquired in such open market transactions, or (i) exchanges of Participation Interest (as defined in the Participation Agreement by and among the Company Parties and New Cotai, LLC (the “**Participation Agreement**”) for Ordinary Shares (and the cancellation of a corresponding number of Class B ordinary shares) pursuant to the Participation Agreement, provided that in the case of any transfer or distribution pursuant to clause (b), (c), (d) or (e), (i) each donee or transferee shall sign and deliver a lock up letter substantially in the form of this Lock-Up Agreement with a lock-up period that terminates no later than the expiration date of the Lock-Up Period and (ii) no filing under Section 16(a) of the Exchange Act, reporting a reduction in beneficial ownership of shares of Offered ADSs, shall be required or shall be voluntarily made during the Lock-Up Period. Also, this Lock-Up Agreement shall not apply to the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of ADSs or Shares, provided that (i) such plan does not provide for the transfer of ADSs or Shares during the Lock-Up Period and (ii) to the extent a public announcement or filing under the Exchange Act, if any, is required of or voluntarily made by or on behalf of the undersigned or the Company regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of ADSs or Shares may be made under such plan during the Lock-Up Period. For purposes of this paragraph, “immediate family” shall mean the undersigned and the spouse, any lineal descendent, father, mother, brother or sister of the undersigned.

The undersigned further agrees that, for the Lock-Up Period, the undersigned will not, without the prior written consent of the Designated Representative, make any demand for, or exercise any right with respect to, the registration of ADS or any securities convertible into or exercisable or exchangeable for Offered ADS, or warrants or other rights to purchase ADS or any such securities that would result in a public filing under the Exchange Act or the Securities Act during the Lock-Up Period.

The undersigned hereby authorizes the Company and its transfer agent, during the Lock-Up Period, to decline the transfer of or to note stop transfer restrictions on the stock register and other records relating to the Offered ADS or other securities subject to this Lock-Up Agreement of which the undersigned is the record holder, and, with respect to the Offered ADS or other securities subject to this Lock-Up Agreement of which the undersigned is the beneficial owner but not the record holder, the undersigned hereby agrees to cause such record holder to authorize the Company and its transfer agent, during the Lock-Up Period, to decline the transfer of or to note stop transfer restrictions on the stock register and other records relating to such shares or other securities, in each case, except in compliance with the foregoing restrictions.

If the undersigned is an officer or director of the Company, (i) the Underwriters agree that, at least five business days before the effective date of any release or waiver of the foregoing restrictions in connection with a transfer of shares of Offered ADSs, the Designated Representative will notify the Company of the impending release or waiver, and (ii) the Company agrees in the Underwriting Agreement to announce the impending release or waiver by press release through a major news service at least two business days before the effective date of the release or waiver. Any release or waiver granted by the Underwriters hereunder to any such officer or director shall only be effective two business days after the publication date of such press release. The provisions of this paragraph will not apply if (a) the release or waiver is effected solely to permit a transfer not for consideration and (b) the transferee has agreed in writing to be bound by the same terms described in this Lock-Up Agreement to the extent and for the duration that such terms remain in effect at the time of the transfer.

The undersigned understands that the Company Parties and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the Public Offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors and assigns.

Whether or not the Public Offering actually occurs depends on a number of factors, including market conditions. Any Public Offering will only be made pursuant to an Underwriting Agreement, the terms of which are subject to negotiation between the Company Parties and the Underwriters.

If the Designated Representative grants any discretionary waiver, release or termination of any of the restrictions (each, a "**Lock-Up Waiver**") applicable to any party subject to a lock-up agreement, other than the Company (each, a "**Lock-Up Party**") then a substantively identical Lock-Up Waiver shall be deemed to apply to the undersigned's Locked-Up Shares on a pro rata basis based on the portion of the Lock-Up Parties' Locked-Up Shares that were granted the Lock-Up Waiver; provided that such pro rata waiver, release or termination shall be in the same manner and on the same terms (including with respect to any conditions or provisos that apply to such waiver or termination) from such restriction.

* * *

Upon the earlier of (i) the Company notifying you in writing that it does not intend to proceed with the Public Offering, (ii) the withdrawal of the registration statement filed with the Commission with respect to the Public Offering, (iii) the termination of the Underwriting Agreement for any reason prior to the Closing Date (as defined in the Underwriting Agreement), and (iv) the occurrence of an IPO Cut-off Date (as defined in the Implementation Agreement, dated as of September 6, 2018, by and among the Company, MCE Cotai Investments Limited, Melco Resorts & Entertainment Limited and New Cotai, LLC), this Lock-Up Agreement shall be terminated and the undersigned shall be released from its obligations hereunder.

Yours very truly,

FORM OF WAIVER OF LOCK-UP

_____, 20__

[Name and Address of
Officer or Director
Requesting Waiver]
Dear Mr./Ms. [Name]:

This letter is being delivered to you in connection with the offering by Studio City International Holdings Limited (the “**Company**”) of ordinary shares \$ par value, of the Company and the lock-up letter dated , 20 (the “**Lock-up Letter**”), executed by you in connection with such offering, and your request for a [waiver] [release] dated , 20 , with respect to Class A ordinary shares (the “**Shares**”).

[•] hereby agrees to [waive] [release] the transfer restrictions set forth in the Lock-up Letter, but only with respect to the Shares, effective , 20 ; provided, however, that such [waiver] [release] is conditioned on the Company announcing the impending [waiver] [release] by press release through a major news service at least two business days before effectiveness of such [waiver] [release]. This letter will serve as notice to the Company of the impending [waiver] [release].

Except as expressly [waived] [released] hereby, the Lock-up Letter shall remain in full force and effect.

Very truly yours,

[•]

Acting severally on behalf of themselves and the several Underwriters named in Schedule I attached hereto

By: _____

Name:

Title:

cc: Company

FORM OF PRESS RELEASE

Studio City International Holdings Limited

[Date]

Studio City International Holdings Limited (the “**Company**”) announced today that Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. International plc, the underwriters in the Company’s public sale of American Depositary Shares representing

Class A ordinary shares is [waiving][releasing] a lock-up restriction with respect to ordinary shares of the Company held by [certain officers or directors] [an officer or director] of the Company. The [waiver][release] will take effect on , 20 , and the shares may be sold on or after such date.

This press release is not an offer for sale of the securities in the United States or in any other jurisdiction where such offer is prohibited, and such securities may not be offered or sold in the United States absent registration or an exemption from registration under the United States Securities Act of 1933, as amended.

Ex. A-6

EXHIBIT B

STUDIO CITY INTERNATIONAL HOLDINGS LIMITED

Officers' Certificate

[•], 2018

The undersigned, [INSERT NAME], [INSERT POSITION] of Studio City International Holdings Limited, a Cayman Islands corporation (the "**Company**"), does hereby certify pursuant to Section 7(k) of that certain Underwriting Agreement dated October 17, 2018 (the "**Underwriting Agreement**") among the Company, MSC Cotai Limited (together with the Company, the "**Company Parties**") and Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. International plc, as the representatives of the several underwriters named therein, that:

1. He has reviewed the Registration Statement, each Preliminary Prospectus, the Prospectus and each Permitted Free Writing Prospectus.
2. The representations and warranties of the Company Parties as set forth in the Underwriting Agreement are true and correct as of the date hereof and as if made on the date hereof.
3. Each of the Company Parties has complied in all material respects with all agreements and satisfied all of the conditions contained in the Underwriting Agreement that are required to be performed or satisfied at or before the date hereof.

Capitalized terms used herein without definition shall have the respective meanings ascribed to them in the Underwriting Agreement.

Ex. B-1

IN WITNESS WHEREOF, the undersigned have hereunto set their hands on this day of _____, 2018.

By: _____
Name:
Title:

Ex. B-2

EXHIBIT C

FORM OF CERTIFICATE OF PROPERTY CHIEF FINANCIAL OFFICER

[•], 2018

I, Timothy Nauss, acting in my capacity as the Property Chief Financial Officer of Studio City International Holdings Limited, a Cayman Islands company (the “**Company**”), not individually, have been asked to deliver this certificate to Deutsche Bank Securities Inc., Credit Suisse Securities (USA) LLC and Morgan Stanley & Co. International plc, as underwriters (the “**Underwriters**”) pursuant to the Underwriting Agreement (the “**Underwriting Agreement**”), dated October 17, 2018, by and among the Company, MSC Cotai Limited and the Underwriters named in the Underwriting Agreement.

I am providing this certificate in connection with the sale by the Company of an aggregate of 28,750,000 American Depositary Shares (“**ADSs**”), each representing four ordinary shares, par value US\$.0001 per share, of the Company (the “**Firm ADSs**”) of the Company pursuant to a registration statement on Form F-1, filed with the United States Securities and Exchange Commission (the “**Registration Statement**”) as described in the preliminary prospectus dated October 9, 2018 contained therein (the “**Preliminary Prospectus**”) and the final prospectus dated October 17, 2018 (the “**Final Prospectus**”).

I or members of my staff under my supervision who are responsible for the Company’s financial accounting and operational matters have carried out procedures as I have deemed appropriate to provide reasonable assurance that the circled data (“**Company Data**”) included in the attached Exhibit A, which are included in the Registration Statement, the Preliminary Prospectus and the Final Prospectus, are consistent with the records of the Company. I am familiar with the processes by which the Company has generated and compiled the Company Data, and, where I deemed appropriate, have consulted with those employees of the Company responsible for generating and compiling the Company Data. Nothing has come to my attention that has caused me to believe that the Company Data were not and are not, at the date of the Prospectus and the Applicable Time (both as defined in the Underwriting Agreement), and, as of the data hereof, are not true or accurate in all material respects consistent with the records of the Company.

This certificate is being furnished to the Underwriters, relating to the public offering of the Firm ADSs, solely to assist it in conducting their investigation of the Company and its subsidiaries in connection with the public offering of the Firm ADSs. This certificate shall not be used, quoted or otherwise referred to without the prior written consent of the Company other than in connection with any matter arising out of such review.

[Remainder of Page Intentionally Left Blank]

Ex. B-1

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the date first written above.

By: /s/ Timothy Nauss

Name: Timothy Nauss

Title: Property Chief Financial Officer

Ex. B-2

STUDIO CITY FINANCE LIMITED

as Issuer

and

THE SUBSIDIARY GUARANTORS AS SPECIFIED HEREIN

US\$600,000,000 7.250% Senior Notes due 2024

PURCHASE AGREEMENT

WHITE & CASE

9/F, Central Tower
28 Queen's Road Central
Hong Kong

PURCHASE AGREEMENT

January 29, 2019

Deutsche Bank AG, Singapore Branch
One Raffles Quay
#17-00 South Tower
Singapore 048583

(as “**Representative**” of the Initial Purchasers)

and

The Initial Purchasers named in Schedule A hereto

Ladies and Gentlemen:

Studio City Finance Limited, a company incorporated with limited liability under the laws of the British Virgin Islands (the “**Issuer**”), confirms its agreement with the Initial Purchasers with respect to the issuance and sale by the Issuer and the purchase by the Initial Purchasers, acting severally and not jointly, of the respective principal amounts set forth in Schedule A hereto of US\$600,000,000 aggregate principal amount of the Issuer’s 7.250% Senior Notes due 2024 (the “**Notes**”), subject to the terms and conditions set forth in this purchase agreement (this “**Agreement**”). The Notes are to be issued pursuant to an indenture (the “**Indenture**”), dated as of the Closing Date (as defined below), between the Issuer, the subsidiaries of the Issuer listed on Schedule B hereto (each, a “**Subsidiary Guarantor**” and collectively, the “**Subsidiary Guarantors**”) and Deutsche Bank Trust Company Americas, as trustee, registrar, paying agent and transfer agent (the “**Trustee**”). The Issuer’s obligations under the Notes, including the due and punctual payment of interest on the Notes, will be jointly, severally and unconditionally guaranteed on a senior basis by each of the Subsidiary Guarantors pursuant to the Indenture.

The Issuer intends to use the net proceeds from the offering of the Notes to repurchase in full the Issuer’s existing US\$425,000,000 aggregate principal amount of 8.50% senior notes due 2020 (the “**2020 Notes**”) and pay fees and costs related to the offering of the Notes and such repurchase. The remaining amount will be used for general corporate purposes including but not limited to financing of working capital and repayment of certain other indebtedness.

As used herein, the term “**Notes**” shall include the guarantees thereof (the “**Subsidiary Guarantees**”) by the Subsidiary Guarantors, unless the context otherwise requires, and this Agreement, the Indenture and the Notes are referred to herein as the “**Operative Documents**.”

The offer of the Notes by the Initial Purchasers is herein called the “**Offering**.” All references to “**U.S. dollars**” or “**US\$**” herein are to United States dollars. In connection with the Offering, the Issuer has made a listing application to, and approval-in-principle has been obtained from, the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing on the SGX-ST of the Notes.

The Issuer understands that the Initial Purchasers propose to make the Offering on the terms and in the manner set forth herein and agrees that the Initial Purchasers may resell, subject to the conditions set forth herein, all or a portion of the Notes to purchasers (“**Subsequent Purchasers**”) at any time after this Agreement has been executed and delivered. The Notes are to be offered and sold through the Initial Purchasers without being registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), in reliance upon exemptions therefrom. Pursuant to the terms of the Notes and the Indenture, investors that acquire Notes may only resell or otherwise transfer such Notes (A) (i) if such Notes are hereafter registered under the Securities Act or (ii) if an exemption from the registration requirements of the Securities Act is available for such resale or transfer (including, without limitation, the exemptions afforded by Rule 144A under the Securities Act (“**Rule 144A**”), or Regulation S under the Securities Act (“**Regulation S**”) and (B) in compliance with transfer restrictions set forth in the Offering Memorandum under the caption “Transfer Restrictions.”

In connection with the sale of the Notes, the Issuer confirms that it has prepared and delivered to each of the Initial Purchasers copies of a preliminary offering memorandum dated January 22, 2019 (the “**Preliminary Offering Memorandum**”) and a pricing supplement, in the form attached hereto as Schedule C (the “**Pricing Supplement**”) and that it will prepare and deliver to each of the Initial Purchasers, dated the date hereof, a final offering memorandum (the “**Final Offering Memorandum**”), each for use by each of the Initial Purchasers in connection with its solicitation of purchases of, or offering of, the Notes. “**Offering Memorandum**” means, with respect to any date or time referred to in this Agreement, the most recent offering memorandum (whether the Preliminary Offering Memorandum or the Final Offering Memorandum, or any amendment or supplement to either such document) which has been prepared and delivered by the Issuer to each of the Initial Purchasers in connection with its solicitation of purchases of, or offering of the Notes.

For purposes of this Agreement:

“**Gaming License**” means a license for operating games of chance and other casino games in Macau, pursuant to a valid subconcession contract;

“**Material Contracts**” means each of (i) the Services and Right to Use Agreement originally dated May 11, 2007 and as amended on June 15, 2012 (the “**Services and Right to Use Agreement**”) between Studio City Entertainment Limited (formerly named MSC Diversões Limitada and New Cotai Entertainment (Macau) Limited) and Melco Resorts (Macau) Limited, previously known as Melco Crown (Macau) Limited, a Macau company (“**Melco Resorts Macau**”); (ii) the Land Concession dated October 9, 2001 between Macau Special Administrative Region and Studio City Developments Limited (formerly known as East Asia- Televisão Por Satelite, Limitada and MSC Desenvolvimentos, Limitada), as amended on July 25, 2012; (iii) the reimbursement agreement dated June 15, 2012, between Melco Resorts Macau and Studio City Entertainment Limited; (iv) the services agreements and arrangements for non-gaming services entered into on December 21, 2015 between Studio City International Holdings Limited and certain of its subsidiaries on one hand and certain subsidiaries of Melco Resorts & Entertainment Limited on the other; and (v) all amendments, variations, modifications and supplements of the documents referred to in (i) through (iv) above; and

“Sanction Target” means any person who is (i) the subject or the target of any sanctions or trade embargos administered or enforced by the U.S. Department of the Treasury’s Office of Foreign Assets Control (**“OFAC”**), the U.S. Department of State, the U.S. Department of Commerce, the United Nations Security Council (**“UNSC”**), the European Union (**“EU”**), Her Majesty’s Treasury (**“HMT”**) or the Monetary Authority of Singapore (**“MAS”**) or any other applicable sanctions regulation (collectively, **“Sanctions”**); (ii) 50% or more owned by or otherwise controlled by or acting on behalf of one or more persons referenced in clause (i) above, or (iii) located, organized or resident in a country or territory that is the subject or the target of Sanctions (including but not limited to, Cuba, Iran, North Korea, Sudan, the Crimea region in the Ukraine and Syria) (each, a **“Sanctioned Country”**).

SECTION 1. Representations and Warranties by the Issuer and the Subsidiary Guarantors.

Each of the Issuer and the Subsidiary Guarantors jointly and severally represents and warrants to each Initial Purchaser as of the date hereof and as of the Closing Date referred to in Section 2(b) hereof, and agrees with each Initial Purchaser, as follows:

(i) **Disclosure Package and Final Offering Memorandum.** As of the Applicable Time (as defined below), neither (x) the Preliminary Offering Memorandum as supplemented by the Pricing Supplement, all considered together (collectively, the **“Disclosure Package”**), nor (y) any individual Supplemental Offering Materials (as defined below), when considered together with the Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. **“Applicable Time”** means the time when sales of the Notes were first made.

“Supplemental Offering Materials” means any “written communication” (within the meaning of the rules and regulations promulgated under the Securities Act by the U.S. Securities and Exchange Commission (the **“Commission”**)), prepared by or on behalf of the Issuer, or used or referred to by the Issuer, that constitutes an offer to sell or a solicitation of an offer to buy the Notes other than the Offering Memorandum or amendments or supplements thereto (including the Pricing Supplement), including, without limitation, any road show material relating to the Notes that constitutes such a written communication.

As of its date of issue and as of the Closing Date, the Final Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided* that the representations, warranties and agreements in this Section 1(i) shall not apply to statements in or omissions from the Disclosure Package or the Final Offering Memorandum or any amendments or supplements thereto made in reliance upon and in conformity with information furnished to the Issuer in writing by an Initial Purchaser expressly for use in the Disclosure Package or the Final Offering Memorandum or any amendments or supplements thereto, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the information described as such in Section 7(b) hereof.

(ii) Existence. Each of the Issuer and its subsidiaries has been duly incorporated and is existing and (where such concept is applicable) in good standing under the laws of the jurisdiction of its incorporation or establishment, with power and authority (corporate and other) to own its properties and conduct its business as described in the Disclosure Package and the Final Offering Memorandum and to enter into, execute and perform its obligations under the Operative Documents to which it is a party, and is duly qualified to do business as a foreign corporation (where such concept is applicable) in good standing in all other jurisdictions in which its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified in such jurisdiction, individually or in the aggregate, would not have a material adverse effect on the condition (financial or other), business, properties, business prospects or results of operations of the Issuer and its subsidiaries taken as a whole (“**Material Adverse Effect**”).

(iii) Subsidiaries. The Issuer does not have any subsidiaries other than the ones listed on Schedule B. All of the issued and outstanding authorized shares of each subsidiary of the Issuer have been duly authorized and validly issued and are fully paid and non-assessable; and except for authorized shares which have been pledged pursuant to prior financings as disclosed in the Disclosure Package and the Final Offering Memorandum, the issued shares of each subsidiary owned by the Issuer, directly or through subsidiaries, are owned free from liens, encumbrances and defects. The statements and the diagrams set forth in the Disclosure Package and Final Offering Memorandum under the section “Summary—Corporate Structure and Certain Financing Arrangements,” insofar as they purport to describe the ownership interests of the Issuer and its subsidiaries are accurate and fair in all material respects.

(iv) Capitalization. The capitalization of the Issuer is as set forth in the Disclosure Package and the Final Offering Memorandum in the column entitled “Actual” under the caption “Capitalization”; all of the issued and outstanding shares of the Issuer have been duly authorized.

(v) Absence of Further Requirements. No consent, approval, or order of, clearance by, or filing or registration with, any person (including any governmental agency or body or any court or any stock exchange) is required to be obtained or made by the Issuer or any of its subsidiaries for the consummation by the Issuer of the transactions contemplated by the Operative Documents, except such as may be required (A) under the blue sky or similar laws of any jurisdiction in connection with the purchase and distribution of the Notes by the Initial Purchasers in the manner contemplated in the Operative Documents, the Disclosure Package and the Final Offering Memorandum and (B) by the SGX-ST in connection with its granting approval-in-principle for the listing and quotation of the Notes when such approval is obtained. No governmental authorization is required to effect payments of principal, premium, if any, and interest on the Notes.

(vi) Title to Property. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, the Issuer and its subsidiaries have good and marketable title to all real property and all other property and assets owned by them as are necessary to conduct their respective businesses in the manner described in the Disclosure Package and the Final Offering Memorandum, in each case free from liens, charges, encumbrances and defects that would materially affect the value thereof or materially interfere with the use made or to be made thereof by them, and the Issuer and its subsidiaries hold any leased real or personal property under valid and enforceable leases with no terms or provisions that would materially interfere with the use made or to be made thereof by them and except for such liens, encumbrances, charges, defects, claims, options or restrictions which, individually or in the aggregate, would not have a Material Adverse Effect.

(vii) Compliance. Neither the Issuer nor any of its subsidiaries is (A) in violation of its respective constitutional documents, (B) in default of the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, license, lease or other agreement or instrument, including, without limitation, each Material Contract, to which the Issuer or any of its subsidiaries is a party or by which it may be bound, or to which any of the properties or assets of the Issuer or any of its subsidiaries may be subject (and no event has occurred which, with the giving of notices or lapse of time or both, would constitute such default), or (C) in violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or such subsidiary or any of its properties, as applicable, except, in the case of (B) and (C) only, any defaults or violations which, individually and in the aggregate, would not have a Material Adverse Effect.

(viii) Absence of Defaults and Conflicts Resulting from Transaction. The execution, delivery and performance of each Operative Document and the consummation of the transactions contemplated herein and therein by each of the Issuer and the Subsidiary Guarantors, the issuance and sale of the Notes and the application of the proceeds from the sale of the Notes by the Issuer, as described in the Disclosure Package and the Final Offering Memorandum under the caption "Use of Proceeds," and compliance by the Issuer and the Subsidiary Guarantors with their respective obligations hereunder and thereunder do not and will not result in (A) a violation of the respective constitutional documents of the Issuer or any of its subsidiaries, (B) a violation of any statute, law, rule, regulation, judgment, order or decree of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Issuer or any of its subsidiaries or any of their properties, or (C) a breach or violation of any of the terms and provisions of, or constitute a default or a Debt Repayment Triggering Event (as defined below) under, or result in the imposition of any lien, charge or encumbrance upon any property or assets of the Issuer or any of its subsidiaries pursuant to, the constitutional documents of the Issuer or any of its subsidiaries, any statute, rule, regulation or order of any governmental agency or body or any court, arbitrator or other authority, domestic or foreign, having jurisdiction over the Issuer or any of its subsidiaries or any of their properties, or any agreement or instrument to which the Issuer or any of its subsidiaries is a party or by which the Issuer or any of its subsidiaries is bound or to which any of the properties of the Issuer or any of its subsidiaries is subject except in the case of (B) and (C) above, where any such breach, violation, contravention, default, Debt Repayment Triggering Event, lien, charge or encumbrance would not, individually or in the aggregate, have a Material Adverse Effect. A "**Debt Repayment Triggering Event**" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture, or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Issuer or any of its subsidiaries, including but not limited to pursuant to the terms of the Senior Secured Credit Facilities (as defined in the Indenture) and the 5.875% Senior Secured Notes due 2019 and 7.250% Senior Secured Notes due 2021 of Studio City Company Limited.

(ix) Material Contracts. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, there are no other contracts that are material to the operation of the Issuer's and its subsidiaries' business as a whole other than the Material Contracts, and each Material Contract to which the Issuer or any of its subsidiaries is a party has been duly authorized, executed and delivered by the Issuer and/or such subsidiary, as applicable, and assuming due authorization, execution and delivery by the other parties thereto, constitutes a legal, valid and binding agreement of such parties, enforceable against the Issuer and such subsidiary, as the case may be, in accordance with its terms, in each case, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(x) Licenses. The Issuer and its subsidiaries possess, and are in compliance with the terms of, all licenses, certificates, authorizations, and franchise permits (collectively, "**Licenses**") issued by appropriate governmental agencies or bodies necessary to the conduct of the business now operated by them, except for such non-compliance that would not, individually or in the aggregate, have a Material Adverse Effect and have not received any notice of proceedings relating to the revocation or modification of any License that, if determined adversely to the Issuer or any of its subsidiaries, would individually or in the aggregate have a Material Adverse Effect. To the best knowledge of the Issuer, the Gaming License of Melco Resorts Macau remains in full force and effect and validly authorizes Melco Resorts Macau to carry on the gaming business as is and is proposed to be conducted pursuant to the Services and Right to Use Agreement and on the terms and conditions, in each case as described in the Disclosure Package and the Final Offering Memorandum, and to the knowledge of the Issuer, no notice of any proceeding or claim or action for the invalidation, revocation, cancellation or imposition of any further condition or requirement of or in connection with the Gaming License has occurred or is pending or threatened.

(xi) Absence of Labor Dispute. Except as would not have a Material Adverse Effect, no labor dispute with the employees of the Issuer or any of its subsidiaries exists or, to the knowledge of the Issuer or any of its subsidiaries, is imminent.

(xii) Possession of Intellectual Property. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, the Issuer and its subsidiaries own, possess or can acquire on reasonable terms, adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "**intellectual property rights**") necessary to conduct the business now operated or employed by them, and if such business is described in the Disclosure Package and the Final Offering Memorandum, as described in the Disclosure Package and the Final Offering Memorandum. Neither the Issuer nor any of its subsidiaries has received any notice or communication of infringement of or conflict with asserted rights of others with respect to any intellectual property rights of others that, if determined adversely to the Issuer or any of its subsidiaries, would, individually or in the aggregate, have a Material Adverse Effect.

(xiii) Offering Memorandum. The statements set forth in the Disclosure Package and the Final Offering Memorandum (i) under the sections headed “Summary,” “Capitalization,” “Description of Notes” and “Description of Other Material Indebtedness” insofar as they purport to constitute a summary of the material terms of the Notes and the material indebtedness of the Issuer and its subsidiaries, respectively, and (ii) under the sections headed “Risk Factors,” “Business,” “Plan of Distribution,” “Summary,” “Regulation,” “Enforcement of Civil Liabilities” and “Taxation,” insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate and fair in all material respects. The Operative Documents will conform in all material respects to the respective statements relating thereto contained in the Offering Memorandum.

(xiv) Environmental Laws. Neither the Issuer nor any of its subsidiaries is in violation of any statute, any rule, regulation, decision or order of any governmental agency or body or any court, domestic or foreign, relating to the use, disposal or release of hazardous or toxic substances or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances or relating to the safety of employees in the workplace (collectively, “**environmental laws**”), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any civil, criminal or administrative action, suit, claim, hearing, notice of violation, investigation or proceeding (“**Proceeding**”) relating to any environmental laws, which violation, contamination, liability or Proceeding would, individually or in the aggregate, have a Material Adverse Effect; and neither the Issuer nor any of its subsidiaries is aware of any pending hearing or investigation which would lead to such a claim.

(xv) Insurance. The Issuer and its subsidiaries maintain, or benefit from, insurance in such amounts and covering such risks as the Issuer and each subsidiary reasonably considers adequate for the conduct of its business, all of which insurance is in full force and effect. There are no material claims by the Issuer or any of its subsidiaries under any such policy or instrument as to which any insurance company is denying liability or defending under a reservation of rights clause. Neither the Issuer nor any of its subsidiaries has a reason to believe that such existing renewable insurance as and when such coverage expires will not be able to be renewed or replacement insurance adequate for the conduct of the business and the value of its properties at a cost that would not have a Material Adverse Effect will not be able to be obtained.

(xvi) Statistical and Market-Related Data. Any third-party statistical and market-related data included in the Disclosure Package or the Final Offering Memorandum are based on or derived from sources that the Issuer believes to be reliable and accurate.

(xvii) Absence of Accounting Issues. The Board of Directors is not reviewing or investigating, and neither the Issuer’s independent auditors nor its internal auditors have recommended that the Board of Directors review or investigate (i) adding to, deleting, changing the application of, or changing the Issuer’s disclosure with respect to, the Issuer’s material accounting policies, other than in connection with any proposed change in U.S. GAAP (as defined below); (ii) any matter which could result in a restatement of the Issuer’s consolidated financial statements for any annual or interim period during the current or prior two fiscal years.

(xviii) Taxes. No taxes, imposts or duties of any nature (including, without limitation, stamp or other issuance or transfer taxes or duties and capital gains, income, withholding or other taxes) are payable by or on behalf of the Initial Purchasers to the governments of the British Virgin Islands, Macau or Hong Kong or, in each case, any political subdivision or taxing authority thereof or therein in connection with (A) the execution and delivery of the Operative Documents, (B) the creation, issue or delivery of the Notes pursuant hereto and the sale thereof and the giving of the Guarantees by the Subsidiary Guarantors, (C) the consummation of the transactions contemplated by this Agreement or (D) except as disclosed in the Disclosure Package and the Final Offering Memorandum under the heading “Taxation,” the resale and delivery of such Notes by the Initial Purchasers in the manner contemplated in the Disclosure Package and the Final Offering Memorandum.

(xix) Filing of Tax Returns. Each of the Issuer and its subsidiaries has filed on a timely basis all necessary tax returns, reports and filings (except in any case in which the failure to file on a timely basis would not have a Material Adverse Effect), and all such returns, reports or filings are true, correct and complete in all material aspects, and are not the subject of any disputes with revenue or other authorities and to the Issuer’s knowledge there are no circumstances giving rise to, or which could give rise to, such disputes. None of the Issuer or its subsidiaries is delinquent in the payment of any taxes due thereunder or has any knowledge of any tax deficiency which might be assessed against any of them, which, if so assessed, would have a Material Adverse Effect.

(xx) Litigation. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, there are no pending actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) against or affecting the Issuer, any of its subsidiaries or any of their respective properties that, if determined adversely to the Issuer or any of its subsidiaries, would, individually or in the aggregate, have a Material Adverse Effect, or would materially or adversely affect the ability of the Issuer and the Subsidiary Guarantors to perform their respective obligations under the Operative Documents, or which are otherwise material in the context of the sale of the Notes by the Issuer; and to the Issuer’s and each of its subsidiaries’ best knowledge, no such actions, suits or proceedings (including any inquiries or investigations by any court or governmental agency or body, domestic or foreign) are threatened or contemplated.

(xxi) Auditor. Ernst & Young (“E&Y”), who audited or reviewed, as applicable, the financial statements of the Issuer included in the Disclosure Package and the Final Offering Memorandum, is the independent public accountant of the Issuer.

(xxii) Financial Statements. The consolidated financial statements of the Issuer and its consolidated subsidiaries, together with the applicable related notes, included in the Disclosure Package and the Final Offering Memorandum present fairly, in all material respects, the consolidated financial position of the Issuer and its consolidated subsidiaries at the dates indicated and their consolidated statement of operations, stockholders’ equity and cash flows for the periods specified. Such consolidated financial statements of the Issuer and its consolidated subsidiaries have been prepared in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”) and, except as disclosed therein, applied on a consistent basis throughout the periods involved. The selected financial data and the summary financial information included in the Disclosure Package and the Final Offering Memorandum present fairly in all material respects the information shown therein. Such data has been, except as disclosed therein, compiled on a basis consistent with that of the audited financial statements included in the Disclosure Package and the Final Offering Memorandum and the other financial information included in the Disclosure Package and the Final Offering Memorandum has been derived from the accounting records of the Issuer and its subsidiaries and presents fairly, in all material respects, the information shown thereby.

(xxiii) No Material Adverse Change in Business. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, since September 30, 2018, neither the Issuer nor any of its subsidiaries has (i) incurred, assumed or acquired any material liability (including contingent liability) or other material obligation except for any obligation incurred in the ordinary course of its business including renovation, construction or development of properties owned or leased by the Issuer or its Subsidiaries, (ii) received notice of any cancellation, termination or revocation of the Material Contracts or of any Debt Repayment Triggering Event, (iii) acquired or disposed of or agreed to acquire or dispose of any business or any other asset material to the Issuer and its subsidiaries taken as a whole, (iv) entered into a letter of intent or memorandum of understanding (or announced an intention to do so) relating to any matter identified in clauses (i) through (iii) above, or (v) sustained any material loss or interference with its business from strike, fire, explosion or other calamity, whether or not covered by insurance, or from any court or governmental action, order or decree, and since the respective dates as of which information is given in the Disclosure Package and the Final Offering Memorandum, there has been no change, or any development or event, that would have a Material Adverse Effect. Except as disclosed in or contemplated by the Disclosure Package and the Final Offering Memorandum, since September 30, 2018, there has been no dividend or distribution of any kind declared, paid or made by the Issuer on any class of its authorized shares and there has been no material adverse change in the authorized shares, short-term indebtedness, long-term indebtedness, net current assets or net assets of the Issuer and its subsidiaries.

(xxiv) Management’s Discussion and Analysis of Financial Condition and Results of Operations. The section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates” in the Disclosure Package and the Final Offering Memorandum accurately and fully describes, in all material respects, (A) accounting policies which the Issuer believes are the most important in the portrayal of the consolidated financial condition and results of operations of the Issuer and its consolidated subsidiaries and which require management’s most difficult, subjective or complex judgments (“**critical accounting policies**”); (B) judgments and uncertainties affecting the application of critical accounting policies; and (C) explanation of the likelihood that materially different amounts would be reported under different conditions or using different assumptions.

(xxv) No Prohibition on Subsidiaries from Paying Dividends or Making Other Distributions. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, no subsidiary of the Issuer is currently prohibited, directly or indirectly, (i) from paying any dividends to the Issuer, (ii) from making any other distribution on such subsidiary’s authorized shares, (iii) from repaying to the Issuer any loans or advances to such subsidiary from the Issuer or (iv) from transferring any of such subsidiary’s property or assets to the Issuer or any other subsidiary of the Issuer; *provided* that in the case of clause (iv) only, it is acknowledged that the transfer of casinos and/or gaming areas will be subject to compliance with the Gaming License and related requirements under Macau Law.

(xxvi) Investment Company Act. None of the Issuer or the Subsidiary Guarantors is required to register, and after giving effect to the offering and sale of the Notes and the application of the proceeds thereof as described in the Disclosure Package and the Final Offering Memorandum, would be required to register, as an investment company under the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

(xxvii) No Undisclosed Relationships. No relationship, direct or indirect, exists between or among the Issuer or any of its subsidiaries, on the one hand, and the directors, officers, shareholders, customers, suppliers or other affiliates of the Issuer or any of its subsidiaries, on the other hand, that is required to be described in the Disclosure Package and the Final Offering Memorandum that is not so described.

(xxviii) Stabilization Activities. None of the Issuer, its subsidiaries, their respective Affiliates (as defined below) or any person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation or warranty is made), has taken, directly or indirectly, any action for the purpose of stabilizing or manipulating the price of any security to facilitate the sale or resale of the Notes in violation of any applicable law.

(xxix) Choice of Law. The agreement of each of the Issuer and the Subsidiary Guarantors to the choice of law provisions set forth in Section 19 hereof will be recognized by the courts of the British Virgin Islands, Macau and Hong Kong and are legal, valid and binding; each of the Issuer and the Subsidiary Guarantors can sue and be sued in its own name under the laws of the British Virgin Islands, Macau and Hong Kong; the irrevocable submission by the Issuer and the Subsidiary Guarantors to the jurisdiction of the federal and state courts in the Borough of Manhattan in The City of New York and the appointment of Law Debenture Corporate Services Inc., 801 2nd Avenue, Suite 403, New York, New York 10017, as their authorized agent for the purpose described in Section 19 hereof is legal, valid and binding; service of process effected in the manner set forth in Section 19 hereof will be effective to confer valid personal jurisdiction over the Issuer and the Subsidiary Guarantors; and, except as disclosed in the Disclosure Package and the Final Offering Memorandum, a judgment obtained in the federal and state courts in the Borough of Manhattan in The City of New York arising out of or in relation to the obligations of the Issuer and the Subsidiary Guarantors under this Agreement would be enforceable against the Issuer and the Subsidiary Guarantors in the courts of the British Virgin Islands, Macau and Hong Kong, in each case, without further review of the merits.

(xxx) Compliance with Anti-bribery Laws. None of the Issuer, any of its subsidiaries or any of their respective directors or officers, nor to the knowledge of the Issuer, any agent, employee or other person acting on behalf of and at the direction of the Issuer or any of its subsidiaries has used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expense relating to political activity or made any direct or indirect unlawful payment to any government official or employee from corporate funds. None of the Issuer, its subsidiaries and any of their respective officers, directors, supervisors or managers, and to the knowledge of the Issuer, their respective affiliates, agents or employees, has violated any applicable anti-bribery law, rule or regulation of any locality, including but not limited to any law, rule, or regulation promulgated to implement the United States Foreign Corrupt Practices Act or any other applicable law, rule or regulation of similar purpose and scope, or any amendment thereto (collectively, the “**Anti-Bribery Laws**”). The Issuer and its subsidiaries have instituted and maintain policies and procedures designed to (a) ensure continued compliance with the Anti-Bribery Laws and (b) detect the violations of the Anti-Bribery Laws.

(xxxix) Compliance with Money Laundering Laws. Each of the Issuer, its subsidiaries and their respective officers, directors, supervisors, managers, and to the knowledge of the Issuer, each of their respective affiliates, agents or employees or other person acting on behalf, at the direction or in the interest of the Issuer or its subsidiaries, has not violated, and the Issuer and its subsidiaries operate and will continue to operate their businesses in compliance with, any applicable anti-money laundering laws, including but not limited to, applicable federal, state, international, foreign or other applicable laws, regulations or government guidance regarding anti-money laundering, including, without limitation, Title 18 U.S. Code sections 1956 and 1957, the U.S. Patriot Act, the U.S. Bank Secrecy Act, and international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force on Money Laundering, of which the United States is a member and with which designation the United States representative to the group or organization continues to concur, all as amended and as applicable, and any executive order, directive, or regulation pursuant to the authority of any of the foregoing, or any applicable orders or licenses issued thereunder.

(xxxix) Sanctions. None of the Issuer, its subsidiaries and their respective officers, directors, supervisors, managers, nor to the knowledge of the Issuer, any affiliate, agent, or employee or other person acting on behalf or at the direction of the Issuer or its subsidiaries is a person that is a Sanction Target or domiciled or registered in or operating from a Sanctioned Country. Neither the Issuer nor any of its subsidiaries has or intends to have any business operations or other dealings (a) in any Sanctioned Country, including the Crimean region in Ukraine, Cuba, Iran, Sudan, North Korea and Syria, (b) with any Specially Designated National (“SDN”) on OFAC’s SDN list or, to its knowledge, any person that at the time of the business operations or other dealings is or was the subject of Sanctions, or (c) involving commodities or services of a Sanctioned Country origin or shipped to, through, or from a Sanctioned Country, or on Sanctioned Country owned or registered vessels or aircraft, or finance or subsidize any of the foregoing in an amount exceeding 5% of the total assets or revenues of the Issuer and its subsidiaries on a consolidated basis. The Issuer and its subsidiaries have instituted and maintain policies and procedures designed to prevent sanctions violations (by the Issuer and its subsidiaries and by persons associated with the Issuer and its subsidiaries). Neither the Issuer nor any of its subsidiaries knows or has reason to believe that any of them are or may become subject of sanctions-related investigations or juridical proceedings. Each of Deutsche Bank AG, Singapore Branch and the Issuer acknowledges, agrees and confirms that the representation, warranty and covenant contained in this Section 1(xxxx) is only sought, given or repeated, as appropriate, to the extent that to do so would be permissible pursuant to Council Regulation (EC) No. 2271/96 of 22 November 1996 or any applicable anti-boycott laws or regulations.

(xxxx) Forward-Looking Statements. Each “forward-looking statement” (within the meaning of Section 27A of the Act and Section 21E of the U.S. Securities Exchange Act of 1934 Act, as amended (the “**Exchange Act**”)) included in the Disclosure Package or the Final Offering Memorandum has been made or reaffirmed by the Issuer with a reasonable basis, in good faith and based on reasonable assumptions.

(xxxxi) Authorization of this Agreement. This Agreement has been duly and validly authorized, executed and delivered by the Issuer and each of the Subsidiary Guarantors.

(xxxv) Authorization of the Notes. The Notes have been duly authorized and, at the Closing Date, will have been duly executed by the Issuer and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the Purchase Price (as defined below) as provided in this Agreement, will constitute legal, valid and binding obligations of the Issuer, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law), and will be in the form contemplated by, and entitled to the benefits of, the Indenture.

(xxxvi) Authorization of the Indenture and the Subsidiary Guarantees. Each of the Indenture and the Subsidiary Guarantees has been duly authorized by the Issuer and the Subsidiary Guarantors, and, when executed and delivered by the Issuer and the Subsidiary Guarantors (assuming the due authorization, execution and delivery by the Trustee), will constitute a legal, valid and binding agreement of each of the Issuer and the Subsidiary Guarantors, enforceable against each of them in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether considered in a proceeding in equity or at law).

(xxxvii) No Qualification under Trust Indenture Act. No qualification of the Indenture under the Trust Indenture Act of 1939, as amended, and the rules and regulations of the Commission thereunder (the "TIA") is required in connection with the offer and sale of the Notes by the Issuer to the Initial Purchasers hereunder or the resales thereof by the Initial Purchasers in the manner contemplated hereby.

(xxxviii) Payments without Withholding. Except as disclosed in the Disclosure Package and the Final Offering Memorandum, all payments on the Notes will be made by the Issuer and the Subsidiary Guarantors without withholding or deduction for or on account of any and all taxes, duties or other charges or whatsoever nature (including, without limitation, income taxes) imposed by the British Virgin Islands, Macau or Hong Kong, or, in each case, any political subdivision or taxing authority thereof or therein.

(xxxix) Sovereign Immunity. None of the Issuer or any of its subsidiaries or any of their respective properties has any sovereign immunity from jurisdiction or suit of any court or from set-off or from any legal process or remedy (whether through service, notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) under the laws of Macau.

(xl) Solvency. Immediately after the Closing Time, the Issuer individually, and the Issuer and its subsidiaries on a consolidated basis (the "Group"), will be Solvent. As used herein, the term "Solvent" means, with respect to the Issuer and the Group, on a particular date, that on such date (excluding intercompany liabilities) (1) the fair market value of the assets of the entity is greater than the total amount of liabilities (including contingent liabilities) of such entity, (2) the present fair saleable value of the assets of such entity is greater than the sum of its stated liabilities and identified contingent liabilities, (3) such entity is able to realize upon its assets and pay its debts and other liabilities, including contingent obligations, as they mature, (4) such entity does not have unreasonably small capital, and (5) such entity is not unable to or has not been deemed to be unable to pay its debts as they fall due. No proceedings have been commenced by the Issuer or its subsidiaries for, nor has the Issuer or any of its subsidiaries passed any resolutions or presented petitions for purposes of, and no judgment has been rendered for, the liquidation, bankruptcy, winding-up, administration or analogous event of the Issuer or any of its subsidiaries, except with respect to any subsidiary of the Issuer, for any such resolutions in respect of a voluntary reorganization.

(xli) Undisclosed Liabilities. There are (i) no liabilities of the Issuer or any of its subsidiaries of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, and (ii) no existing situations or set of circumstances that would reasonably be expected to result in such a liability, other than (x) liabilities set forth in the Disclosure Package and the Final Offering Memorandum, or (y) other undisclosed liabilities which would not, individually or in the aggregate, have a Material Adverse Effect.

(xlii) Accounting Controls. The Issuer and its consolidated subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with U.S. GAAP and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(xliii) Similar Offerings. None of the Issuer or the Subsidiary Guarantors, or any of its or their respective affiliates, as such term is defined in Rule 501(b) under the Securities Act (each, an "**Affiliate**"), or any other person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation, warranty or agreement is made), has, directly or indirectly, solicited any offer to buy, sold or offered to sell or otherwise negotiated in respect of, or will solicit any offer to buy, sell or offer to sell or otherwise negotiate in respect of, in the United States or to any U.S. person (as defined in Regulation S), any security which is or would be integrated with the sale of the Notes in a manner that would require the Notes to be registered under the Securities Act.

(xliv) Rule 144A Eligibility. The Notes are eligible for resale pursuant to Rule 144A and will not be, at the Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the Exchange Act, or quoted in a U.S. automated interdealer quotation system. Each of the Disclosure Package and the Final Offering Memorandum, as of its date, contain all the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

(xlv) No General Solicitation. None of the Issuer, its subsidiaries, their Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation, warranty or agreement is made) has engaged or will engage, in connection with the Offering, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the Securities Act.

(xlvi) Public Announcements Relating to Stabilization Actions. Each of the Issuer and the Subsidiary Guarantors represents, warrants and agrees that in relation to any Notes for which Deutsche Bank AG, Singapore Branch is named as a Stabilizing Coordinator (the “**Stabilizing Coordinator**”), each of the Issuer and its subsidiaries will not issue, without the prior consent of the Stabilizing Coordinator, any press release or other public announcement referring to the proposed issue of Notes unless the announcement adequately discloses the fact that stabilizing action may take place in relation to the Notes and the Issuer authorizes the Initial Purchasers to make adequate public disclosure of the information required by Article 6 of the Commission Delegated Regulation 2016/1052 instead of the Issuer or such subsidiaries.

(xlvi) No Registration Required. Subject to compliance by the Initial Purchasers with the representations, warranties and procedures set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Notes to the Initial Purchasers and to each Subsequent Purchaser in the manner contemplated by this Agreement and the Offering Memorandum to register the Notes under the Securities Act.

(xlviii) No Directed Selling Efforts. With respect to those Notes sold in reliance on Regulation S, (A) none of the Issuer, its subsidiaries, their respective Affiliates or any person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation, warranty or agreement is made) has engaged or will engage in any directed selling efforts within the meaning of Regulation S and (B) each of the Issuer, its subsidiaries and their respective Affiliates and any person acting on its or their behalf (other than the Initial Purchasers, as to whom no representation, warranty or agreement is made) has complied with and will comply with the offering restrictions requirements of Regulation S.

(xlix) Foreign Private Issuer. The Issuer is a “foreign private issuer” as defined in Rule 405 under the Securities Act.

SECTION 2. Sale and Delivery to Initial Purchasers; Closing.

(a) Notes. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Issuer agrees to sell to each Initial Purchaser, severally and not jointly, and each Initial Purchaser, severally and not jointly, agrees to purchase from the Issuer, at the purchase price of 99.00% (consisting of the issue price for the Notes, being 100.00% of the principal amount thereof, net the commission thereon, being 1.00% of the principal amount of the Notes (the “**Fees**”)) of the principal amount thereof (the “**Purchase Price**”), the principal amounts of the Notes set forth in Schedule A opposite the name of such Initial Purchaser, plus any additional principal amount of the Notes which such Initial Purchaser may become obligated to purchase pursuant to the provisions of Section 10 hereof (any such additional principal amount purchased, a “**Default Purchase**”).

The Fees shall be allocated among the Initial Purchasers as set forth in the following sentence, it being understood and agreed that for purposes of this paragraph only, Industrial and Commercial Bank of China (Asia) Limited and ICBC (Macau) Capital Limited (together, “**ICBC**”) shall be treated as one entity. Subject to any adjustment to account for any Default Purchase, (i) Deutsche Bank AG, Singapore Branch and Australia and New Zealand Banking Group Limited, shall be entitled to 70.0% and 20.0% of the aggregate amount of the Fees, respectively, and (ii) Bank of Communications Co., Ltd. Macau Branch, BOCI Asia Limited, ICBC and Mizuho Securities Asia Limited shall be entitled to 2.5%, 2.5%, 2.5% (to be divided equally between Industrial and Commercial Bank of China (Asia) Limited and ICBC (Macau) Capital Limited) and 2.5% of the aggregate amount of the Fees, respectively.

(b) *Payment of Purchase Price.* Payment of the Purchase Price for the Notes shall be made by the Initial Purchasers in U.S. dollars in immediately available funds by wire transfer to the account of the Issuer notified to Deutsche Bank AG, Singapore Branch, acting as settlement lead manager, at least three business days before 9:30 A.M. New York City time on February 11, 2019 (the “**Closing Date**”), or at least three business days before such other date, not later than seven calendar days after the foregoing date, as shall be agreed upon by the Representative and the Issuer (such time and date of payment being herein called the “**Closing Time**”).

Payment shall be made to the Issuer against delivery to the Initial Purchasers for the respective accounts of the Initial Purchasers or the accounts of the persons procured by the Initial Purchasers to purchase the Notes. Each Initial Purchaser shall accept delivery of, receipt for, and make payment of the Purchase Price for, the Notes which it has agreed to purchase, or procure the purchase of. Each of the Initial Purchasers may (but shall not be obligated to) make payment of the Purchase Price for the Notes to be purchased by any persons procured by such Initial Purchaser whose funds have not been received by the Closing Time.

(c) *Delivery.* The Issuer will deliver to the Initial Purchasers, against payment of the Purchase Price thereof pursuant to Section 2(b) above, the Notes to be purchased by the Initial Purchasers hereunder and to be offered and sold by the Initial Purchasers in reliance on Regulation S in the form of one or more global notes (the “**Regulation S Global Notes**”) registered in the name of Cede & Co., as nominee of The Depository Trust Company (“**DTC**”), and deposited with the Trustee as custodian for DTC for the respective accounts of the DTC participants for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). The Issuer will deliver to the Initial Purchasers against payment of the Purchase Price thereof the Notes to be purchased by the Initial Purchasers hereunder and to be offered and sold by the Initial Purchasers in reliance on Rule 144A in the form of one or more global notes (the “**Rule 144A Global Notes**”) deposited with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The Regulation S Global Notes and the Rule 144A Global Notes shall be assigned separate CUSIP numbers. The Regulation S Global Notes and the Rule 144A Global Notes shall include the legend regarding restrictions on transfer set forth under “Transfer Restrictions” in the Offering Memorandum. Interests in the Regulation S Global Notes and the Rule 144A Global Notes will be held only in book-entry form through DTC except in the limited circumstances described in the Indenture when they may be exchanged for definitive certificated Notes.

(d) *Stabilization.* Deutsche Bank AG, Singapore Branch, as Stabilizing Coordinator (or any person duly appointed as acting for the Stabilizing Coordinator) may, to the extent permitted by applicable laws and regulations, over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail, but in doing so the Stabilizing Coordinator shall act as principal and not as agent of the Issuer.

SECTION 3. Covenants of the Issuer and the Subsidiary Guarantors. Each of the Issuer and the Subsidiary Guarantors, jointly and severally, covenants with each Initial Purchaser as follows:

(a) *Disclosure Package and Offering Memorandum.* During the period from the date hereof to that indicated in Section 3(b)(ii) below, the Issuer, as promptly as practicable, will furnish to each Initial Purchaser, without charge, such number of copies of the Disclosure Package and the Final Offering Memorandum and any amendments and supplements thereto as such Initial Purchaser may reasonably request.

(b) *Notice and Effect of Material Events.* The Issuer will promptly notify each Initial Purchaser, and confirm such notice in writing, of (i) any filing made by the Issuer of information relating to the Offering with any securities exchange or any other regulatory body in any applicable jurisdiction, and (ii) at any time prior to the earlier of (A) two months after the Closing Date and (B) the completion of the resale of the Notes by the Initial Purchasers (which the Initial Purchasers shall provide prompt notice thereof to the Issuer), any material changes in or affecting the condition, financial or otherwise, or the earnings, business affairs or business prospects of the Issuer and its subsidiaries considered as one enterprise which (x) make any statement in the Disclosure Package, any Offering Memorandum or any Supplemental Offering Material false or misleading or (y) are not disclosed in the Disclosure Package or Offering Memorandum. During such time as described in clause (ii) of the preceding sentence, if any event shall occur or condition exist as a result of which it is necessary to amend or supplement the Offering Memorandum in order that the Offering Memorandum not include any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances under which they were made and then existing, or if in the reasonable opinion of the Initial Purchasers or counsel for the Initial Purchasers it is otherwise necessary to amend or supplement the Offering Memorandum to comply with law, the Issuer will, upon receiving reasonable request from the Representative, amend or supplement the Offering Memorandum by promptly preparing and furnishing, at its own expense, to each Initial Purchaser an amendment or amendments of, or a supplement or supplements to, the Offering Memorandum (in form and substance satisfactory in the reasonable opinion of counsel for the Initial Purchasers) so that, as so amended or supplemented, the Offering Memorandum will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made and existing at the time it is furnished to the Initial Purchasers, not misleading or so that the Offering Memorandum, as amended or supplemented, will comply with law.

(c) *Amendments and Supplements to the Offering Memorandum; Preparation of Pricing Supplement; Supplemental Offering Materials.* The Issuer will promptly submit for review and approval to each Initial Purchaser any proposed amendment or supplement to the Disclosure Package and Offering Memorandum, such approval not to be unreasonably withheld or delayed. Neither the approval of the Initial Purchasers, nor the Initial Purchasers' delivery of any such amendment or supplement, shall constitute a waiver of any of the conditions set forth in Section 5 hereof. The Issuer represents that it has not made, and agrees that unless it obtains the prior consent of the Representative it will not make, any offer relating to the Notes by means of any Supplemental Offering Materials other than the road show presentation dated January 2019 relating to the Notes.

(d) *Qualification of Notes for Offer and Sale.* The Issuer and the Subsidiary Guarantors will use their commercially reasonable best efforts, in cooperation with the Initial Purchasers and counsel for the Initial Purchasers, to qualify the Notes for offering and sale under the applicable securities laws of such states and other jurisdictions as the Initial Purchasers may designate and will maintain such qualifications in effect as long as required for the sale of the Notes; *provided, however*, that neither the Issuer nor any Subsidiary Guarantor shall be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities or take any other action in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. The Issuer will advise the Initial Purchasers promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Notes for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Issuer shall use its commercially reasonable best efforts to obtain the withdrawal thereof as soon as practicable.

(e) *DTC.* The Issuer and the Subsidiary Guarantors will cooperate with the Initial Purchasers and use their best efforts to permit the Notes to be eligible for clearance and settlement through the facilities of DTC and will assist the Initial Purchasers in obtaining the approval of DTC for “book-entry” transfer of the Notes in global form.

(f) *Euroclear and Clearstream.* The Issuer and the Subsidiary Guarantors will cooperate with the Initial Purchasers and use their best efforts to permit the Notes to be eligible for clearance and settlement through the facilities of Euroclear and Clearstream and will assist the Initial Purchasers in obtaining the approval of Euroclear and Clearstream for “book-entry” transfer of the Notes in global form.

(g) *Use of Proceeds.* The Issuer will apply the net proceeds received by it from the sale of the Notes in the manner specified in the Disclosure Package and the Final Offering Memorandum under “Use of Proceeds” and will not directly or indirectly use, lend, contribute or otherwise make available to any subsidiary, joint venture partner or other person or entity, such net proceeds (i) to fund or facilitate any activities of or business with persons that, at the time of such funding or facilitation, is a Sanction Target, (ii) to fund or facilitate any activities of or business in any Sanctioned Country, or (iii) in any other manner that will result in a violation by any person (including any person participating in the transaction, whether as initial purchaser, advisor, investor or otherwise) of any Sanctions. The proceeds from the sale of the Notes will not be used, directly or indirectly, for any purpose in violation of the Anti-Bribery Laws or anti-money laundering laws.

(h) *Restriction on Sale of Securities.* For a period of 90 days from the date of this Agreement, each of the Issuer and the Subsidiary Guarantors agrees not to, directly or indirectly, sell, offer to sell, contract to sell, grant any option to purchase, issue any instrument convertible into or exchangeable for, or otherwise transfer or dispose of (or enter into any transaction or device which is designed to, or could be expected to, result in the disposition in the future of), any debt securities of the Issuer or any of the Subsidiary Guarantors with terms substantially similar (including having equal rank) to the Notes (other than the Notes), except with the prior consent of the Representative.

(i) *Listing on Securities Exchange.* The Issuer will use commercially reasonable efforts to have the Notes listed or admitted to trading on the SGX-ST.

(j) *Stabilization and Manipulation*. In connection with the issuance and sale of the Notes, until the Initial Purchasers have notified the Issuer of the completion of the placement and resales of the Notes by the Initial Purchasers (which notice the Initial Purchasers shall provide promptly after such completion), none of the Issuer, any Subsidiary Guarantor or any of their respective Affiliates has taken or will take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Notes to facilitate the sale or resale of the Notes.

SECTION 4. Payment of Expenses.

The Issuer and the Subsidiary Guarantors agree to reimburse the Initial Purchasers upon request for all fees, stamp duty (if any), expenses and other costs reasonably and properly incurred in connection with the Offering, including, without limitation, telecommunications, postage, document production and other pre-agreed out-of-pocket expenses; *provided* that except as otherwise provided for in Section 13 hereof, the fees and expenses of the Initial Purchasers' legal advisors shall not be reimbursed by the Issuer.

The Issuer must pay for its own fees, expenses and other costs incurred in connection with the Offering (or reimburse any Initial Purchaser to the extent that such Initial Purchaser incurs such costs on the Issuer's behalf) including, without limitation, (i) its own legal, accounting and auditors' fees and expenses, (ii) the fees and expenses (including legal fees) of the Trustee, rating agencies, the paying agent(s), the listing agent and all other agents involved in the Offering, (iii) all listing fees and other listing costs payable to the relevant stock exchange and/or any other relevant competent authority in connection with the listing, (iv) the cost of roadshows and any other presentations to investors prepared in connection with the Offering, printing and distribution of the Offering Memorandum and any other marketing materials for the Notes other than the Initial Purchasers' travel expenses (and each Initial Purchaser shall be responsible for its own travel expenses), (v) the cost of printing, authenticating and distributing any Notes in definitive form, and (vi) the cost of publishing any notices.

Unless set out otherwise in this Agreement, all payments under this Agreement must be made: (i) on the due date in accordance with the payment instructions of the Initial Purchasers or within 30 days of the invoice (as the case may be), (ii) together with any applicable VAT, sales and any similar taxes which will be invoiced to or otherwise payable by the Issuer, and (iii) in full without set-off, condition, restriction, counterclaim, deduction or withholding, unless required by law. If any deduction or withholding is required by any applicable law in connection with any such payment, the Issuer will increase the amount paid so that the full amount of such payment is received by the Initial Purchasers as if no such deduction or withholding had been made.

SECTION 5. Conditions of Initial Purchasers' Obligations.

The obligations of the several Initial Purchasers to purchase and pay for, or procure the purchase of and payment for, the Notes hereunder are subject to the accuracy of the representations and warranties of the Issuer and the Subsidiary Guarantors contained in Section 1 hereof, as of the date hereof and as of the Closing Date, or in certificates of any officer or director of the Issuer and the Subsidiary Guarantors, delivered pursuant to the provisions hereof, to the performance by the Issuer and the Subsidiary Guarantors of its covenants and other obligations hereunder, and to the following further conditions (any of which may be waived by the Representative):

(a) *Opinion of U.S. Counsel for the Issuer and the Subsidiary Guarantors.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received (x) the opinion¹ and (y) the tax opinion and (z) the 10b-5 disclosure letter, dated as of the Closing Date, of Ashurst LLP, special U.S. counsel for the Issuer and the Subsidiary Guarantors, in each case substantially in the form as attached hereto as Exhibits A-1, A-2 and A-3, respectively.

(b) *Opinion of British Virgin Islands Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received the opinion, dated as of the Closing Date, of Harney Westwood & Riegels, special British Virgin Islands counsel for the Issuer and the Subsidiary Guarantors incorporated under the laws of the British Virgin Islands, substantially in the form as attached hereto as Exhibit B.

(c) *Opinion of Macau Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received the opinion, dated as of the Closing Date, of Manuela António Lawyer and Notaries, special Macau counsel for the Issuer and the Subsidiary Guarantors incorporated under the laws of Macau, substantially in the form as attached hereto as Exhibit C.

(d) *Opinion of Hong Kong Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received the opinion, dated as of the Closing Date, of Ashurst Hong Kong, special Hong Kong counsel for the Issuer and the Subsidiary Guarantors incorporated under the laws of Hong Kong, substantially in the form as attached hereto as Exhibit D.

(e) *Opinion of English Counsel for the Issuer.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received the opinion, dated as of the Closing Date, of Ashurst LLP, special English counsel for the Issuer, substantially in the form as attached hereto as Exhibit E2.

(f) *Opinion of U.S. Counsel for the Initial Purchasers.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received (x) the opinion and (y) the 10b-5 disclosure letter, dated as of the Closing Date, of White & Case, U.S. counsel for the Initial Purchasers, in the form and substance satisfactory to the Representative.

(g) *Opinion of British Virgin Islands Counsel for the Initial Purchasers.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received the opinion, dated as of the Closing Date, of Maples and Calder (Hong Kong) LLP, British Virgin Islands counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

(h) *Opinion of Macau Counsel for the Initial Purchasers.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received the opinion, dated as of the Closing Date, of Henrique Saldanha, Advogados e Notários, special Macau counsel for the Initial Purchasers, in form and substance satisfactory to the Representative.

¹ Note to Ashurst: Please include a no-contravention opinion with respect to the existing Studio City Company notes.

² Note to Ashurst: Please include a no-contravention opinion with respect to the Senior Secured Credit Facilities.

(i) *Compliance Certificate of the Issuer and the Subsidiary Guarantors.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received a certificate signed by an executive officer or director of the Issuer and the Subsidiary Guarantors, dated as of the Closing Date, to the effect that (i) since the respective dates as of which information is given in the Disclosure Package and the Final Offering Memorandum, except as disclosed in or contemplated by the Disclosure Package and the Final Offering Memorandum, there shall have been no event or development, and no information shall have become known, that, individually or in the aggregate, has a Material Adverse Effect, (ii) the representations and warranties of the Issuer and the Subsidiary Guarantors in Section 1 hereof are true and correct in all material respects with the same force and effect as though expressly made at and as of the Closing Time, and (iii) the Issuer and the Subsidiary Guarantors have complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied hereunder at or prior to the Closing Time.

(j) *Comfort Letter of the Accountants.* At the time of the execution of this Agreement, the Representative on behalf of the Initial Purchasers, shall have received from E&Y a letter dated the date hereof, in form and substance satisfactory to the Representative, containing statements and information of the type ordinarily included in accountants' "comfort letters" to the Initial Purchasers, delivered according to Statement of Auditing Standards No. 72 (or any successor bulletins), with respect to the financial statements and certain financial information contained in the Disclosure Package.

(k) *Bring-down Comfort Letter.* At the Closing Time, the Representative on behalf of the Initial Purchasers, shall have received from E&Y a letter, dated as of the Closing Date, to the effect that E&Y reaffirms the statements made in its letter furnished pursuant to subsection (h) of this Section 5, except that (i) it shall cover the financial statements and certain financial information contained in the Final Offering Memorandum and (ii) the specified date referred to shall be a date not more than three business days prior to the Closing Time.

(l) *Approval of Listing.* At the Closing Time, the Notes shall have been approved in principle for listing on the SGX-ST, subject only to official notice of issuance.

(m) *No Material Adverse Change or Ratings Agency Change.* For the period from and after the date of this Agreement and prior to the Closing Date:

(i) in the judgment of the Initial Purchasers, there shall not have occurred any event or development, and no information shall have become known, that, individually or in the aggregate, would have a Material Adverse Effect ("**Material Adverse Change**"); and

(ii) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any securities of the Issuer or any of its subsidiaries by any "nationally recognized statistical rating organization" as such term is defined in Section 3(a)(62) of the Exchange Act.

(n) *DTC.* At the Closing Time, the Notes shall be eligible for clearance and settlement through DTC.

(o) *Operative Documents*. Executed copies of the Operative Documents in form and substance reasonably satisfactory to the Representative shall have been delivered to the Representative on behalf of the Initial Purchasers.

(p) *CFO Certificates*. On each of the date hereof and the Closing Date, the Representative on behalf of the Initial Purchasers, shall have received a certificate of the Issuer, dated the date hereof and the Closing Date, respectively, substantially in the form as attached hereto as Exhibit F hereto.

(q) *Additional Documents*. On or before the Closing Time, the Representative on behalf of the Initial Purchasers, or counsel for the Initial Purchasers shall have received such information, documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Notes as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained.

(r) *Termination of Agreement*. If any condition specified in this Section 5 shall not have been fulfilled in all material respects when and as required to be fulfilled, this Agreement may be terminated by the Representative on behalf of the Initial Purchasers, by notice to the Issuer at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 hereof and except that Sections 7 and 8 hereof shall survive any such termination and remain in full force and effect.

The documents required to be delivered by this Section 5 will be delivered at the offices of White & Case, counsel for the Initial Purchasers, at 9th Floor, Central Tower, 28 Queen's Road, Central, Hong Kong.

SECTION 6. Offers and Sales of the Notes.

(a) *Offer and Sale Procedures*. Each of the Initial Purchasers hereby, severally and not jointly, establishes and agrees to observe the following procedures in connection with the offer and sale of the Notes:

(i) Offers and Sales only to Qualified Institutional Buyers in the United States or to Non-U.S. Persons. Initial offers and sales of the Notes shall only be made (A) by the U.S. registered broker-dealer affiliates of such Initial Purchaser to persons whom such Initial Purchaser reasonably believes to be qualified institutional buyers, as defined in Rule 144A ("QIBs") in accordance with Rule 144A or (B) to non-U.S. persons (as defined in Regulation S) outside the United States in reliance upon Regulation S.

(ii) Each of the Initial Purchasers hereby, severally and not jointly, represents and agrees that:

- (1) it, or the U.S. registered broker-dealer affiliates of such Initial Purchaser making sales pursuant to Rule 144A, is a QIB; and
- (2) if it is not a QIB, then it represents and agrees with the Issuer and the other Initial Purchaser that it shall offer and sell the Notes only outside the United States in offshore transactions to persons who are not U.S. persons (as defined in Rule 902 under the Securities Act).

(iii) No Directed Selling Efforts. Neither such Initial Purchaser nor its Affiliates nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts within the meaning of Regulation S and such Initial Purchaser, its Affiliates and any person acting on its or their behalf has complied and will comply with the offering restrictions of Regulation S.

(iv) No General Solicitation. No general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) has been or will be used in connection with the offering or sale of the Notes.

(v) Purchases by Non-Bank Fiduciaries. In the case of a non-bank Subsequent Purchaser of a Note acting as a fiduciary for one or more third parties, each third party shall, in the judgment of the Initial Purchasers, be a QIB or a non-U.S. person outside the United States.

(vi) Restrictions on Transfer. The selling and transfer restrictions and the other provisions set forth in the Offering Memorandum under the headings “Plan of Distribution” and “Transfer Restrictions” including, without limitation, the legend required thereby, shall apply to the Notes except as otherwise agreed by the Issuer and the Initial Purchasers.

(b) Restriction on Repurchases. Each of the Issuer and the Subsidiary Guarantors covenants with each Initial Purchaser that, until the expiration of one year after the later of the date of the original issuance of the Notes and the last date on which the Issuer or any of its Affiliates were the owner of Notes, neither the Issuer nor any of its subsidiaries will, and will cause persons acting on its or their behalf (other than the Initial Purchasers, as to whom no covenant is made), not to, resell any such Notes which are “restricted securities” (as such term is defined under Rule 144(a)(3) under the Securities Act), whether as beneficial owner or otherwise (except an agent acting as a securities broker on behalf of and for the account of customers in the ordinary course of business in unsolicited broker’s transactions).

(c) Resale Pursuant to Rule 903 of Regulation S or Rule 144A. Each Initial Purchaser understands that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements of the Securities Act. Each of the Initial Purchasers, severally and not jointly, represents and agrees, that, except as permitted by Section 6(a) above, it has not offered and sold Notes and will not offer and sell Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the date upon which the Offering commences and the Closing Time, except in accordance with Rule 903 of Regulation S, Rule 144A or another applicable exemption from the registration requirements of the Securities Act. Accordingly, none of such Initial Purchaser, its Affiliates or any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to Notes sold hereunder pursuant to Regulation S, and such Initial Purchaser, its Affiliates and any person acting on its or their behalf have complied and will comply with the offering restrictions of Regulation S. Each of the Initial Purchasers, severally and not jointly, agrees that, at or prior to confirmation of a sale of Notes pursuant to Regulation S, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the restricted period a confirmation or notice to substantially the following effect:

“This Note has not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or with any securities regulatory authority of any jurisdiction and may not be reoffered, resold, pledged or otherwise transferred within the United States or to a U.S. person (as defined in Regulation S under the Securities Act) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the date upon which the offering commences and the closing date, except in accordance with Rule 903 of Regulation S, Rule 144A or another applicable exemption from registration under the Securities Act. The Issuer of this Note has agreed that this legend shall be deemed to have been removed on the 41st day following the later of the commencement of the offering of the Notes and the final delivery date with respect thereof.”

SECTION 7. Indemnification.

(a) *Indemnification of Initial Purchasers.* Each of the Issuer and the Subsidiary Guarantors will, jointly and severally, indemnify and hold harmless each Initial Purchaser, its partners, members, directors, officers, employees, agents, affiliates and each person, if any, who controls such Initial Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each, an “**Indemnified Party**”), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Party may become subject, under the Securities Act, the Exchange Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Disclosure Package as of any time, the Final Offering Memorandum (or any amendment or supplement thereto) or any Supplemental Offering Materials, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each Indemnified Party for any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating, defending against or appearing as a third party witness in connection with any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Indemnified Party is a party thereto), whether threatened or commenced, and in connection with the enforcement of this provision with respect to any of the above as such expenses are incurred; *provided, however*, that neither the Issuer nor any of the Subsidiary Guarantors shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any of such documents in reliance upon and in conformity with written information furnished to the Issuer by any Initial Purchaser specifically for use therein, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the information described as such in subsection (b) below.

(b) *Indemnification of Issuer and the Subsidiary Guarantors.* Each Initial Purchaser will, severally and not jointly, indemnify and hold harmless the Issuer, the Subsidiary Guarantors and each person, if any, who controls the Issuer and the Subsidiary Guarantors within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (each, an “**Initial Purchaser Indemnified Party**”), against any losses, claims, damages or liabilities to which such Initial Purchaser Indemnified Party may become subject, under the Securities Act, the Exchange Act, other federal or state statutory law or regulation or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in any part of the Disclosure Package as of any time, the Final Offering Memorandum (or any amendment or supplement thereto) or in any Supplemental Offering Materials or arise out of or are based upon the omission or the alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Issuer by such Initial Purchaser specifically for use therein, and will reimburse any legal or other expenses reasonably incurred by such Initial Purchaser Indemnified Party in connection with investigating or defending against any such loss, claim, damage, liability, action, litigation, investigation or proceeding whatsoever (whether or not such Initial Purchaser Indemnified Party is a party thereto), whether threatened or commenced, based upon any such untrue statement or omission, or any such alleged untrue statement or omission as such expenses are incurred, it being understood and agreed that the only such information furnished by any Initial Purchaser consists of the following information in the Offering Memorandum furnished on behalf of each Initial Purchaser: its name as set forth in the first sentence of the first paragraph under the section “Plan of Distribution—Price Stabilization and Short Positions” in the Disclosure Package and the Final Offering Memorandum.

(c) *Actions against Parties; Notification.* Promptly after receipt by an indemnified party under this Section 7 of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under subsection (a) or (b) above hereafter, notify the indemnifying party of the commencement thereof; but the failure to notify the indemnifying party shall not relieve it from any liability that it may have under subsection (a) or (b) above except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided further* that the failure to notify the indemnifying party shall not relieve it from any liability that it may have to an indemnified party otherwise than under subsection (a) or (b) above. In case any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party under this Section 7, as the case may be, for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party unless such settlement (i) includes an unconditional release of such indemnified party from all liability on any claims that are the subject matter of such action and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act by or on behalf of an indemnified party.

(d) *Control Persons*. The obligations of the Issuer and the Subsidiary Guarantors under this Section 7 shall be in addition to any liability which the Issuer and the Subsidiary Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Initial Purchaser, within the meaning of the Securities Act; and the obligations of the Initial Purchasers under this Section 7 shall be in addition to any liability which the respective Initial Purchaser may otherwise have and shall extend, upon the same terms and conditions, to each director of the Issuer and the Subsidiary Guarantors and to each person, if any, who controls the Issuer and the Subsidiary Guarantors within the meaning of the Securities Act.

SECTION 8. Contribution.

If the indemnification provided for in Section 7 is unavailable or insufficient to hold harmless an indemnified party under Section 7 (a) or (b) above, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of the losses, claims, damages or liabilities referred to in Section 7 (a) or (b) above (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuer on the one hand and the Initial Purchasers on the other from the Offering or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuer and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities as well as any other relevant equitable considerations. The relative benefits received by the Issuer and the Subsidiary Guarantors on the one hand and the Initial Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering (before deducting expenses) received by the Issuer and the Subsidiary Guarantors bear to the total underwriting discounts and commissions received by the Initial Purchasers. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuer or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. The amount paid by an indemnified party as a result of the losses, claims, damages or liabilities referred to in the first sentence of this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any action or claim which is the subject of this Section 8. Notwithstanding the provisions of this Section 8, no Initial Purchaser shall be required to make contributions hereunder that in the aggregate exceed the total discounts, commissions and other compensation received by such Initial Purchaser under this Agreement, less the aggregate amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of the untrue or alleged untrue statements or the omissions or alleged omissions to state a material fact. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations in this Section 8 to contribute are several in proportion to their respective underwriting obligations and not joint. The Issuer, the Subsidiary Guarantors and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 8.

SECTION 9. Agreement among Initial Purchasers.

The execution of this Agreement on behalf of all parties hereto will constitute the acceptance by each Initial Purchaser of the International Capital Market Association Standard Form Agreement Among Managers Version 1 (“AAM”). The Initial Purchasers further agree that references in the AAM to the “**Lead Manager**”, the “**Joint Bookrunners**” and the “**Managers**” shall mean the Initial Purchasers, references in the AAM and this Agreement to the “**Settlement Lead Manager**” shall mean Deutsche Bank AG, Singapore Branch (or persons acting on its behalf) and references in the AAM to the “**Stabilisation Coordinator**” shall mean Deutsche Bank AG, Singapore Branch (or persons acting on its behalf). The Initial Purchasers agree as between themselves to amend the AAM as follows:

- (a) Clause 5(2), and the two paragraphs immediately following Clause 5(3), shall be deemed to be deleted in their entirety;
- (b) *Clause 6* shall be deemed to be deleted in its entirety and replaced by the following:

“6. **STABILIZATION**

- (1) Each Initial Purchaser agrees that the Stabilization Coordinator may, after consultation with and agreement by the Initial Purchasers, either directly or together with the Stabilization Managers appointed by it, effect Stabilization Transactions. All such Stabilization Transactions shall be made in accordance with applicable laws and any profits and losses incurred in effecting Stabilization Transactions shall be aggregated and:
 - (a) in the case of a net profit, credited to the account of each Initial Purchaser in proportion to its respective Commitment; and
 - (b) in the case of a net loss, apportioned among the Initial Purchasers as follows:
 - (i) first, among the Initial Purchasers *pro rata* to their respective Commitments in an amount up to and including the amount of the fees payable to that Initial Purchasers in connection with the issue of the Notes; and
 - (ii) secondly, among the Initial Purchasers that are responsible for actively running the order book for the transaction, *pro rata* to their respective Commitments.

- (2) Upon the aforementioned consultation by the Stabilization Coordinator with the Initial Purchasers, any Stabilization Transactions may be effected on or after the date on which adequate public disclosure of the terms of the offer of Notes is made and, if begun, may be ended at any time, but in no case later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.
- (3) For the avoidance of doubt, the Initial Purchasers may agree to overallocate in arranging subscriptions, sales and purchases of the Notes and to reallocate such positions among themselves in proportion to each Initial Purchaser's Purchase Percentage, and the Initial Purchasers may subsequently make purchases and sales of the Notes, in addition to their respective Purchase Percentage, in the open market or otherwise, on such terms as each Initial Purchaser may deem advisable. All such purchases, sales and overallocations shall be made in accordance with applicable laws and regulations. Each Initial Purchaser shall be responsible for managing its individual long or short position arising from such aforementioned reallocation (the "**Individual Position**") and may cover any short position, sell any long position and/or engage in hedging activity in respect of its Individual Position. Each Initial Purchaser shall be liable for any loss, or entitled to any profit, arising from the management of its own Individual Position and, for the avoidance of doubt, no Initial Purchaser shall be liable for any loss, or entitled to any profit, arising from the management of the Individual Position of any other Initial Purchaser. "**Purchase Percentage**" with respect to each series of Notes means the principal amount of such series of Notes subscribed by the relevant Initial Purchaser as a percentage of the aggregate principal amount of such series of Notes issued.

(c) Clause 7(2) shall be deemed to be deleted in its entirety and replaced with the following:

- (2) The Initial Purchasers agree that all fees and expenses that are the joint responsibility of the Initial Purchasers and payable by the Initial Purchasers, and any out-of-pocket expenses that are the joint responsibility of the Initial Purchasers and reimbursable but not reimbursed by the Issuer, shall be aggregated and allocated among the Initial Purchasers *pro rata* to their respective Commitments and each Initial Purchaser authorizes the Settlement Lead Manager to charge or credit each Initial Purchaser's account for its proportional share of such fees and expenses.; "

(d) Clause 8 shall be deemed to be deleted in its entirety;

(e) The definition of "Commitments" shall be deleted in its entirety and replaced with the following:

"**Commitments**" means, for the purposes of Clauses 3, 6, 7 and 10, the fee allocation proportion paid to each of the Initial Purchasers under this Agreement and any related fee letters, and for the purposes of all other clauses of this Agreement, the amounts severally underwritten by the Initial Purchasers as set out in the Purchase Agreement."; and

(f) Deutsche Bank AG, Singapore Branch shall act as representative of each of them for administrative purposes (in such capacity, the “**Representative**”). Where there are any inconsistencies between this Agreement and the AAM, the terms of this Agreement shall prevail.

SECTION 10. Default of Initial Purchasers.

If any Initial Purchaser or Initial Purchasers default in their obligations to purchase Notes hereunder at the Closing Time and the principal amount of Notes that such defaulting Initial Purchaser or Initial Purchasers agreed but failed to purchase does not exceed 10% of the aggregate principal amount of Notes that the Initial Purchasers are obligated to purchase at such Closing Time, the Representative may make arrangements satisfactory to the Issuer for the purchase of such Notes by other persons, including any of the Initial Purchasers, but if no such arrangements are made by such Closing Time, the non-defaulting Initial Purchasers shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Notes that such defaulting Initial Purchasers agreed but failed to purchase at such Closing Time. If any Initial Purchaser or Initial Purchasers so default and the principal amount of Notes with respect to which such default or defaults occur exceeds 10% of the aggregate principal amount of Notes that the Initial Purchasers are obligated to purchase at such Closing Time and arrangements satisfactory to the Representative and the Issuer for the purchase of such Notes by other persons are not made within 36 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Initial Purchaser or the Issuer, except as provided in Section 12 hereof. As used in this Agreement, the term “**Initial Purchaser**” includes any person substituted for an Initial Purchaser under this Section 10. Nothing herein will relieve a defaulting Initial Purchaser from liability for its default.

SECTION 11. Representations, Warranties and Agreements to Survive Delivery.

All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Issuer and the Subsidiary Guarantors submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Initial Purchaser or controlling person, or by or on behalf of the Issuer or any of the Subsidiary Guarantors, and shall survive delivery of the Notes to the Initial Purchasers.

SECTION 12. Termination of Agreement.

(a) *Termination; General.* Prior to the Closing Time, this Agreement may be terminated by the Initial Purchasers by notice given to the Issuer if at any time: (i) trading in securities generally on the New York Stock Exchange, NASDAQ, the Hong Kong Stock Exchange, the London Stock Exchange or the SGX-ST shall have been suspended or materially limited, or minimum or maximum prices shall have been generally established on any of such stock exchanges by the Commission or the SGX-ST, or maximum ranges for prices shall have been required by any of said exchanges or by such system or by order of the Commission or any other governmental authority in the United States or otherwise or a material disruption has occurred in commercial banking or securities, settlement or clearance services with respect to DTC in the United States or with respect to Euroclear and Clearstream in Europe; (ii) a general banking moratorium shall have been declared by any of federal, New York, British Virgin Islands, Macau, Hong Kong, Singapore or European authorities; (iii) there shall have occurred any outbreak or escalation of national or international hostilities or any crisis or calamity, or any change in the United States or international financial markets, or any substantial change or development involving a prospective substantial change in United States' or international political, financial or economic conditions or currency exchange rates or exchange controls, in each case the effect of which is such as to make it, in the judgment of the Initial Purchasers, impracticable or inadvisable to market the Notes in the manner and on the terms described in the Offering Memorandum or to enforce contracts for the sale of the Notes; (iv) in the judgment of the Initial Purchasers there shall have occurred any Material Adverse Change; or (v) the Issuer and its subsidiaries shall have sustained a loss by strike, fire, flood, earthquake, accident or other calamity of such character as in the judgment of the Initial Purchasers may interfere materially with the conduct of the business and operations of the Issuer and its subsidiaries taken as a whole regardless of whether or not such loss shall have been insured; provided that in the case of (iv) or (v), any such change or loss shall have occurred from and after the date of this Agreement and prior to the Closing Date.

(b) *Liabilities.* If this Agreement is terminated pursuant to this Section 12, such termination shall be without liability of any party to any other party; *provided that* Sections 7 and 8 hereof shall survive such termination and remain in full force and effect.

SECTION 13. Reimbursement of Initial Purchasers' Expenses.

If the sale to the Initial Purchasers of the Notes on the Closing Date pursuant to this Agreement is not consummated because of any refusal, inability or failure on the part of the Issuer or any of the Subsidiary Guarantors to perform any agreement herein or to comply with any provision hereof (provided that the occurrence of any event under Section 12 or failure to satisfy any condition under Section 5 shall not be deemed as any refusal, inability or failure on the part of the Issuer), the Issuer agrees to reimburse the Initial Purchasers (or such Initial Purchasers as have terminated this Agreement with respect to themselves), severally, upon demand for all reasonable expenses as set forth in Section 4 hereof and the legal fees and expenses incurred by the Initial Purchasers.

SECTION 14. Notices.

All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given upon receipt if mailed, delivered or transmitted by telefax at the address set forth below:

(a) if to the Initial Purchasers:

c/o the Representative
Deutsche Bank AG, Singapore Branch
One Raffles Quay
#17-00 South Tower
Singapore 048583

Telephone: +65 6423 5342
Attention: Global Risk Syndicate
Facsimile: +65 6883 1769

(b) if to the Issuer and the Subsidiary Guarantors:

Studio City Finance Limited
Jayla Place, Wickhams Cay I
Road Town, Tortola
British Virgin Islands

with a copy to:

Studio City International Holdings Limited
36/F, The Centrium
60 Wyndham Street
Central, Hong Kong

Telephone: 852 2598 3600
Attention: Company Secretary
Facsimile: 853 8867 0632

SECTION 15. Parties.

This Agreement shall inure to the benefit of and be binding upon the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors and the controlling persons and officers and directors referred to in Sections 7 and 8 hereof and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Initial Purchasers, the Issuer, the Subsidiary Guarantors and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Notes from any Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.

SECTION 16. Counterparts.

This Agreement may be signed in two or more counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

SECTION 17. Absence of Fiduciary Relationship. Each of the Issuer and the Subsidiary Guarantors acknowledges and agrees that:

(a) *No Other Relationship.* The Initial Purchasers have been retained solely to act as the initial purchasers of the Notes and that no fiduciary, advisory or agency relationship between the Issuer, the Subsidiary Guarantors and the Initial Purchasers has been created in respect of any of the transactions contemplated by this Agreement, the Disclosure Package or the Final Offering Memorandum, irrespective of whether the Initial Purchasers have advised or are advising the Issuer, the Subsidiary Guarantors on other matters;

(b) *Arms' Length Negotiations.* The price of the Notes set forth in this Agreement was established by the Issuer and the Subsidiary Guarantors following discussions and arms-length negotiations with the Initial Purchasers and each of the Issuer and the Subsidiary Guarantors is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) *Absence of Obligation to Disclose.* Each of the Issuer and the Subsidiary Guarantors has been advised that the Initial Purchasers and their respective affiliates are engaged in a broad range of transactions which may involve interests that differ from or conflict with those of the Issuer and the Subsidiary Guarantors and that the Initial Purchasers have no obligation to disclose such interests and transactions to the Issuer and the Subsidiary Guarantors by virtue of any fiduciary, advisory or agency relationship; and

(d) *Waiver.* Each of the Issuer and the Subsidiary Guarantors waives, to the fullest extent permitted by law, any claims it may have against the Initial Purchasers for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that the Initial Purchasers shall have no liability (whether direct or indirect) to the Issuer and the Subsidiary Guarantors in respect of such a fiduciary duty claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Issuer and the Subsidiary Guarantors, including shareholders, employees or creditors of the Issuer and the Subsidiary Guarantors.

SECTION 18. Waiver of Immunity.

To the extent that the Issuer and any of the Subsidiary Guarantors have or hereafter may acquire any immunity (sovereign or otherwise) from any legal action, suit or proceeding, from jurisdiction of any court or from set-off or any legal process (whether service or notice, attachment in aid or otherwise) with respect to themselves or any of their respective properties, each of the Issuer and the Subsidiary Guarantors hereby irrevocably waives and agrees not to plead or claim such immunity in respect of their respective obligations under this Agreement.

SECTION 19. Applicable Law.

This Agreement shall be governed by and construed in accordance with the laws of the state of New York.

Each of the Issuer and the Subsidiary Guarantors hereby submits to the non-exclusive jurisdiction of the federal and state courts in the Borough of Manhattan in The City of New York in any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby. Each of the Issuer and the Subsidiary Guarantors irrevocably and unconditionally waives any objection to the laying of venue of any suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in federal and state courts in the Borough of Manhattan in The City of New York and irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such suit or proceeding in any such court has been brought in an inconvenient forum. Each of the Issuer and the Subsidiary Guarantors irrevocably appoints Law Debenture Corporate Services Inc., 801 2nd Avenue, Suite 403, New York, New York 10017, as its authorized agent in the Borough of Manhattan in The City of New York upon which process may be served in any such suit or proceeding, and agrees that service of process upon such agent, and written notice of said service to the Issuer or any of the Subsidiary Guarantors by the person serving the same to the address provided in Section 14, shall be deemed in every respect effective service of process upon the Issuer and such Subsidiary Guarantor in any such suit or proceeding. Each of the Issuer and the Subsidiary Guarantors further agrees to take any and all action as may be necessary to maintain such designation and appointment of such agent in full force and effect for a period of five years from the date of this Agreement.

The obligations of the Issuer and each of the Subsidiary Guarantors pursuant to this Agreement in respect of any sum due to any Initial Purchaser shall, notwithstanding any judgment in a currency other than U.S. dollars, not be discharged until the first business day, following receipt by such Initial Purchaser of any sum adjudged to be so due in such other currency, on which (and only to the extent that) such Initial Purchaser may in accordance with normal banking procedures purchase U.S. dollars with such other currency; if the U.S. dollars so purchased are less than the sum originally due to such Initial Purchaser hereunder, each of the Issuer and the Subsidiary Guarantors, jointly and severally, as a separate obligation and notwithstanding any such judgment, to indemnify such Initial Purchaser against such loss. If the U.S. dollars so purchased are greater than the sum originally due to such Initial Purchaser hereunder, such Initial Purchaser agrees to pay to the Issuer and the Subsidiary Guarantors an amount equal to the excess of the dollars so purchased over the sum originally due to such Initial Purchaser hereunder.

SECTION 20. Waiver of Jury Trial. Each party hereto hereby waives its rights to a jury trial of any claim or cause of action based upon or arising out of this Agreement or the subject matter hereof. The scope of this waiver is intended to be all-encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including, without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. This Section 20 has been fully discussed by each of the parties hereto and these provisions shall not be subject to any exceptions. Each party hereto hereby further warrants and represents that such party has reviewed this waiver with its legal counsel, and that such party knowingly and voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable, meaning that it may not be modified either orally or in writing, and this waiver shall apply to any subsequent amendments, supplements or modifications to (or assignments of) this Agreement. In the event of litigation, this Agreement may be filed as a written consent to a trial (without a jury) by the court.

SECTION 21. Effect of Headings.

The section headings herein are for convenience only and shall not affect the construction hereof.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Issuer a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between each of the Initial Purchasers and the Issuer and each of the Subsidiary Guarantors in accordance with its terms.

Very truly yours,

[Signature Pages to Follow]

Issuer

STUDIO CITY FINANCE LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY INVESTMENTS LIMITED

By: /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY COMPANY LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY HOLDINGS TWO LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

[SIGNATURE PAGE – PURCHASE AGREEMENT]

Subsidiary Guarantor

STUDIO CITY HOLDINGS THREE LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY HOLDINGS FOUR LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY ENTERTAINMENT LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY SERVICES LIMITED

By /s/ Evan A. Winkler

Name: Evan A. Winkler

Title: Authorized Signatory

[SIGNATURE PAGE – PURCHASE AGREEMENT]

Subsidiary Guarantor

STUDIO CITY HOTELS LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY HOSPITALITY AND SERVICES
LIMITED

By: /s/ Evan A. Winkler

Name: Evan A. Winkler

Title: Authorized Signatory

Subsidiary Guarantor

SCP HOLDINGS LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

SCIP HOLDINGS LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

[SIGNATURE PAGE – PURCHASE AGREEMENT]

Subsidiary Guarantor

SCP ONE LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

SCP TWO LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY DEVELOPMENTS LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

Subsidiary Guarantor

STUDIO CITY RETAIL SERVICES LIMITED

By /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Authorized Signatory

[SIGNATURE PAGE – PURCHASE AGREEMENT]

Subsidiary Guarantor

STUDIO CITY (HK) TWO LIMITED

A handwritten signature in black ink, consisting of several loops and strokes, positioned above a horizontal line.

By _____
Name:
Title:

[SIGNATURE PAGE – PURCHASE AGREEMENT]

The foregoing Agreement is hereby confirmed and accepted as of the date first above written:

DEUTSCHE BANK AG, SINGAPORE BRANCH

By /s/ Richard Gibb

Name: Richard Gibb

Title: Managing Director

By /s/ Haitham Ghattas

Name: Haitham Ghattas

Title: Managing Director

[SIGNATURE PAGE – PURCHASE AGREEMENT]

By /s/ Louis Lim

Name: Louis Lim

Title: Director, DCM Execution

[SIGNATURE PAGE – PURCHASE AGREEMENT]

By /s/ Leng San

Name: Leng San

Title: Vice President

[SIGNATURE PAGE – PURCHASE AGREEMENT]

BOCI ASIA LIMITED

By /s/ Samson K.M. Lee
Name: Samson K.M. Lee
Title: Managing Director,
Head of Financial Products Division

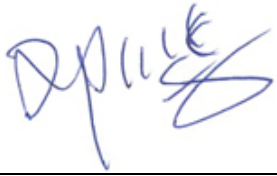
[SIGNATURE PAGE – PURCHASE AGREEMENT]

By /s/ Chen Ling
Name: Chen Ling
Title: Managing Director & Debt Capital Markets Head
Global Capital Financing Department

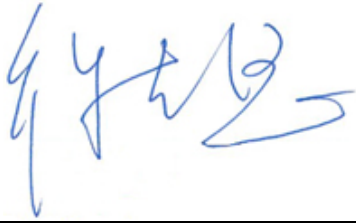
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By _____
Name:
Title: Deputy head of CR2

[SIGNATURE PAGE – PURCHASE AGREEMENT]



By _____
Name: □□□
Title: director



By _____
Name: □□□
Title: Chairman

[SIGNATURE PAGE – PURCHASE AGREEMENT]

By /s/ Andrew Loong
Name: Andrew Loong
Title: Executive Director

[SIGNATURE PAGE – PURCHASE AGREEMENT]

SCHEDULE A

<u>Name of Initial Purchaser</u>	<u>Principal Amount of Notes (US\$)</u>
Deutsche Bank AG, Singapore Branch	420,000,000.00
Australia and New Zealand Banking Group Limited	120,000,000.00
Bank of Communications Co., Ltd. Macau Branch	15,000,000.00
BOCI Asia Limited	15,000,000.00
Industrial and Commercial Bank of China (Asia) Limited	7,500,000.00
ICBC (Macau) Capital Limited	7,500,000.00
Mizuho Securities Asia Limited	15,000,000.00
Total	<u>600,000,000.00</u>

SCHEDULE B

SUBSIDIARIES OF THE ISSUER

Studio City Investments Limited
Studio City Company Limited
Studio City Holdings Two Limited
Studio City Holdings Three Limited
Studio City Holdings Four Limited
Studio City Entertainment Limited
Studio City Services Limited
Studio City Hotels Limited
SCP Holdings Limited
Studio City Hospitality and Services Limited
SCP Holdings Limited
SCP One Limited
SCP Two Limited
Studio City Developments Limited
Studio City Retail Services Limited
Studio City (HK) Two Limited

**SCHEDULE C
PRICING SUPPLEMENT**

PRICING SUPPLEMENT

STRICTLY CONFIDENTIAL

US\$600,000,000 7.250% Senior Notes due 2024

Studio City Finance Limited

January 29, 2019

**Pricing Supplement dated January 29, 2019 to the
Preliminary Offering Memorandum dated January 22, 2019**

This Pricing Supplement is qualified in its entirety by reference to the Preliminary Offering Memorandum. Capitalized terms used but not defined in this Pricing Supplement have the meanings ascribed to them in the Preliminary Offering Memorandum. The information in this Pricing Supplement supplements the Preliminary Offering Memorandum and supersedes the information in the Preliminary Offering Memorandum to the extent inconsistent with the information in the Preliminary Offering Memorandum.

The US\$600,000,000 7.250% Senior Notes due 2024 (the “**Notes**”) have not been registered under the Securities Act of 1933, as amended (the “**Securities Act**”) and are being offered only (1) to “qualified institutional buyers” as defined in Rule 144A under the Securities Act and (2) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

Distribution of this Pricing Supplement to any persons other than the person receiving this electronic transmission, its agents and any persons retained to advise the person receiving this electronic transmission, is unauthorized. Any photocopying, disclosure or alteration of the contents of this Pricing Supplement or any portion thereof by electronic mail or any other means to any person other than the person receiving this electronic transmission is prohibited. By accepting delivery of this Pricing Supplement, the recipient agrees to the foregoing.

Issuer: Studio City Finance Limited (the “**Company**”)

Guarantors: Studio City Investments Limited, Studio City Company Limited, Studio City Holdings Two Limited, Studio City Holdings Three Limited, Studio City Holdings Four Limited, Studio City Entertainment Limited, Studio City Services Limited, Studio City Hotels Limited, SCP Holdings Limited, SCIP Holdings Limited, Studio City Hospitality and Services Limited, SCP One Limited, SCP Two Limited, Studio City Developments Limited, Studio City Retail Services Limited and Studio City (HK) Two Limited

Security Description:	7.250% Senior Notes due 2024
Distribution:	144A and Regulation S
Notes:	
Aggregate Principal Amount:	US\$600,000,000
Currency:	U.S. Dollars
Maturity Date:	February 11, 2024
Interest Payment Dates:	February 11 and August 11, beginning on August 11, 2019
Trade Date:	January 29, 2019
Issue Date:	February 11, 2019
	Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to a trade expressly agree otherwise.
Coupon:	7.250%
Issue Price:	100.000%
Yield to Maturity:	7.250%
Optional Redemption Provisions:	
Optional Redemption:	
<i>Optional Redemption Prices:</i>	On or after February 11, 2021: 103.625%
	On or after February 11, 2022: 101.813%
	February 11, 2023 and thereafter: 100.000%
<i>Make-Whole Call:</i>	Prior to February 11, 2021
<i>Redemption with proceeds from certain equity offerings:</i>	Prior to February 11, 2021, up to 35% may be redeemed at 107.250%
Gaming Redemption:	The Notes may be redeemed if the gaming authority of any jurisdiction in which the Issuer or any of its affiliates (including Melco Resorts Macau) conducts or proposes to conduct gaming requires that persons who are holders or beneficial owners of Notes be licensed, qualified or found suitable under applicable gaming laws and such holders or beneficial owners, as the case may be, fail to apply or become licensed or qualified within the required time period or are found unsuitable
Offer to Repurchase Provisions:	
<i>Change of Control Triggering Event</i>	101%

Special Put Option Triggering Event

Upon the occurrence of (1) any event after which the Gaming License or other permits or authorizations as are necessary for the operation of the casino at Studio City in substantially the same manner and scope as operations are conducted at the Issue Date cease to be in full force and effect, for a period of ten consecutive days or more, and such event has a material adverse effect on the financial condition, business, properties, or results of operations of the Issuer and its Subsidiaries, taken as a whole; or (2) the termination, rescission, revocation or modification of any Gaming License which has had a material adverse effect on the financial condition, business, properties, or results of operations of the Issuer and its Subsidiaries, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the government of Macau in connection with the granting or renewal of any Gaming License; provided that such renewal, tender or other process results in the granting or renewal of the relevant Gaming License

Security Codes:

	Rule 144A Notes	Regulation S Notes
CUSIP No.:	86389Q AB8	G85381 AB0
ISIN:	US86389QAB86	USG85381AB09
Common Code:	191599381	191599578

Denominations:

US\$200,000 minimum; US\$1,000 increments

Expected Issue Ratings*:

B+ / B2 (S&P / Moody's)

Sole Global Coordinator and Left Lead Bookrunner:

Deutsche Bank AG, Singapore Branch

Joint Bookrunner:

Australia and New Zealand Banking Group Limited

Co-managers:

Bank of Communications Co., Ltd. Macau Branch, BOCI Asia Limited, Industrial and Commercial Bank of China (Asia) Limited, ICBC (Macau) Capital Limited and Mizuho Securities Asia Limited

Listing:

Approval-in-principle has been obtained from the Singapore Exchange Securities Trading Limited ("SGX-ST") for the listing and quotation of the Notes on the Official List of the SGX-ST

Trustee, Paying Agent, Registrar and Transfer Agent:

Deutsche Bank Trust Company Americas

In addition to reflecting the information set forth above, the Preliminary Offering Memorandum is hereby supplemented, amended and modified as follows (page references are to page numbers in the Preliminary Offering Memorandum), which reflect certain recent developments and other updated information. Any conforming amendments or modifications within the Preliminary Offering Memorandum as a result of the following amendments or modifications have not been repeated in this Pricing Supplement:

The section “Use of Proceeds” on page 48 of the Preliminary Offering Memorandum is amended by this Pricing Supplement by being replaced in its entirety with the following:

We estimate that the net proceeds from this offering will be approximately US\$590.5 million after deducting the Initial Purchasers’ discounts and commissions and estimated offering expenses payable by us. We intend to use the proceeds from this Offering to fund the cash consideration under the Tender Offer, redeem in full the remaining outstanding 2012 Notes after the consummation of the Tender Offer and pay fees and costs related to this offering and the Tender Offer. The remaining amount will be used for general corporate purposes including but not limited to financing of working capital and repayment of certain other indebtedness.

The table in the section “Capitalization” on page 49 of the Preliminary Offering Memorandum is amended by this Pricing Supplement by being replaced in its entirety with the following:

The following table sets out the cash and cash equivalents, restricted cash, indebtedness and capitalization of Studio City Finance Limited as of September 30, 2018 on an actual basis and as adjusted to give effect to the following:

- the issuance of US\$600 million aggregate principal amount of the Notes;
- the IPO Proceeds Equity Contribution;
- the 2012 Notes Partial Optional Redemption;
- the Tender Offer (assuming all of the outstanding 2012 Notes are tendered pursuant to the Tender Offer); and
- the payment of estimated fees and costs related to this Offering and the Tender Offer;

This table should be read in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Use of Proceeds” and our consolidated financial statements prepared in accordance with U.S. GAAP, the related notes and other financial information contained elsewhere in this offering memorandum.

	<u>As of September 30, 2018</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	(In thousands of US\$)	
Cash and cash equivalents ⁽¹⁾	318,554	506,848
Bank deposit with original maturity over three months	20,000	20,000
Restricted cash ⁽²⁾	<u>50,908</u>	<u>49,307</u>
Indebtedness:		
2012 Notes ⁽¹⁾⁽³⁾	819,259	—
2016 Credit Facility	129	129
2016 5.875% Notes ⁽³⁾	347,147	347,147
2016 7.250% Notes ⁽¹⁾⁽³⁾	838,620	838,620
Notes offered hereby ⁽¹⁾⁽⁴⁾	—	600,000
Total indebtedness	<u>2,005,155</u>	<u>1,785,896</u>
Shareholder’s equity:		
Share capital	—	—
Additional paid-in capital ⁽¹⁾	1,460,083	1,882,764
Accumulated other comprehensive losses	(65)	(65)
Accumulated losses ⁽⁵⁾⁽⁶⁾	<u>(740,036)</u>	<u>(756,765)</u>
Total Studio City Finance Limited shareholder’s equity	<u>719,982</u>	<u>1,125,934</u>
Total capitalization	<u>2,725,137</u>	<u>2,911,830</u>

- (1) The proceeds from the issuance of the Notes from this Offering to fund (i) the Tender Offer (assuming all of the outstanding 2012 Notes in an aggregate principal amount of US\$425.0 million (after the 2012 Notes Partial Optional Redemption) are tendered pursuant to the Tender Offer); and (ii) the payment of estimated fees and costs related to this Offering and the Tender Offer.
- (2) The restricted cash as of September 30, 2018 represented cash balances maintained for debt servicing or as collateral associated with borrowings under the 2012 Notes, the 2016 Notes and/or the 2016 Credit Facilities. Upon the completion of the Tender Offer and the redemption in full of all of the outstanding 2012 Notes, US\$23.4 million of the above restricted cash related to the 2012 Notes will be released and recorded as cash and cash equivalents. Further, a portion of the IPO Proceeds Equity Contribution amounting to US\$21.8 million is restricted for payment of certain project costs and will be recorded as restricted cash.
- (3) As of September 30, 2018, the outstanding principal amounts under 2012 Notes, 2016 5.875% Notes and 2016 7.250% Notes were US\$825.0 million, US\$350.0 million and US\$850.0 million, respectively. The amounts presented in the above table were net of unamortized deferring financing costs. On December 31, 2018, the Issuer redeemed US\$400.0 million out of the US\$825.0 million outstanding aggregate principal amount of 2012 Notes. See “Recent Developments—Partial Optional Redemption of 2012 Notes.”
- (4) Reflects the gross amount to be received by the Issuer from this offering.
- (5) Assumes the unamortized deferred financing costs of the 2012 Notes of US\$5.7 million are written off and recognized as expenses in the consolidated statements of operations upon the 2012 Notes Partial Optional Redemption and the redemption in full of all of the outstanding 2012 Notes.
- (6) Assumes the estimated fees and expenses related to this Offering and the Tender Offer, which may be capitalized as deferred financing costs under U.S. GAAP, are instead recognized as expenses in the consolidated statements of operations.

The Company has prepared the Preliminary Offering Memorandum to which this communication relates. Before you invest, you should read the Preliminary Offering Memorandum and the contents of this pricing supplement for more complete information about the Issuer and this offering. You should already have a copy of the Preliminary Offering Memorandum, but the Initial Purchasers will arrange to send you another copy, if you request it.

THE INFORMATION CONTAINED HEREIN DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY NOTES BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH AN OFFERING OR SOLICITATION. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS, OR ANY OTHER JURISDICTION IN THE UNITED STATES.

Singapore Securities and Futures Act Product Classification: Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the “SFA”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital Markets Products) Regulations 2018 (the “SF (CMP) Regulations”) that the Notes are “prescribed capital markets products” (as defined in the SF (CMP) Regulations) and “Excluded Investment Products” (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Studio City International Holdings Limited
List of Significant Subsidiaries
As of December 31, 2018

1. MSC Cotai Limited, incorporated in the British Virgin Islands
2. SCP Holdings Limited, incorporated in the British Virgin Islands
3. SCP One Limited, incorporated in the British Virgin Islands
4. SCP Two Limited, incorporated in the British Virgin Islands
5. Studio City Company Limited, incorporated in the British Virgin Islands
6. Studio City Developments Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
7. Studio City Entertainment Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
8. Studio City Finance Limited, incorporated in the British Virgin Islands
9. Studio City Holdings Four Limited, incorporated in the British Virgin Islands
10. Studio City Holdings Limited, incorporated in the British Virgin Islands
11. Studio City Holdings Three Limited, incorporated in the British Virgin Islands
12. Studio City Holdings Two Limited, incorporated in the British Virgin Islands
13. Studio City Hospitality and Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
14. Studio City Hotels Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
15. Studio City Investments Limited, incorporated in the British Virgin Islands
16. Studio City Retail Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
17. Studio City Services Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China
18. Studio City Ventures Limited, incorporated in the Macau Special Administrative Region of the People's Republic of China

Certification by the Property President

I, Geoffrey Philip Andres, certify that:

1. I have reviewed this annual report on Form 20-F of Studio City International Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 29, 2019

By: /s/ Geoffrey Philip Andres

Name: Geoffrey Philip Andres

Title: Property President

Certification by the Property Chief Financial Officer

I, Timothy Green Nauss, certify that:

1. I have reviewed this annual report on Form 20-F of Studio City International Holdings Limited;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: March 29, 2019

By: /s/ Timothy Green Nauss

Name: Timothy Green Nauss

Title: Property Chief Financial Officer

**Certification by the Property President
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Studio City International Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Geoffry Philip Andres, Property President of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2019

By: /s/ Geoffry Philip Andres

Name: Geoffry Philip Andres

Title: Property President

**Certification by the Property Chief Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Annual Report of Studio City International Holdings Limited (the "Company") on Form 20-F for the year ended December 31, 2018 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Timothy Green Nauss, Property Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 29, 2019

By: /s/ Timothy Green Nauss

Name: Timothy Green Nauss

Title: Property Chief Financial Officer