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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code : 200)

ANNOUNCEMENT

FURTHER INFORMATION IN RELATION TO THE ACCOUNTING IMPLICATIONS OF THE CONSOLIDATION OF MELCO CROWN ENTERTAINMENT LIMITED AND CLARIFICATION OF APPLICATION OF PREVIOUSLY ANNOUNCED DIVIDEND POLICY

This announcement is made by Melco International Development Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Accounting Implications of the MCE Consolidation

Reference is made to the Company’s announcement dated 4 May 2016 in relation to the consolidation of the financial results of Melco Crown Entertainment Limited (“**MCE**”) into the financial statements of the Group (“**MCE Consolidation**”).

This announcement sets forth additional information in relation to the accounting implications of the MCE Consolidation, following that information having become available during the preparation of the Company’s unaudited interim financial statements (“**Interim Results**”) in respect of the six months ended 30 June 2016 (the “**Reporting Period**”).

The MCE Consolidation is expected to result in a one-off non-cash and non-recurring accounting gain of approximately HK\$10 billion (the “**Special Gain**”) being recognized in the Company’s Consolidated Statements of Profit or Loss and Other Comprehensive Income in the Interim Results. This would represent an increase of approximately 9,000% as compared to the profit for the corresponding period in 2015. The Special Gain is primarily due to the excess of the fair value over cost of MCE attributable to the Group’s 34.3% equity interest, which is required to be recognized in the Interim Results as a result of consolidating MCE. As a result of recognizing the Special Gain, there will be a corresponding increase in the net assets of the Group for the Reporting Period.

Shareholders of the Company (the “**Shareholders**”) and potential investors should note that the Special Gain is non-cash in nature and thus, will not have a direct impact on the cash flow of the Group.

Other consequential changes in accounting treatments resulting from the MCE Consolidation will be set out in the 2016 interim report of the Company, which is expected to be despatched to Shareholders in or about late September 2016.

The unaudited financial results of MCE in respect of the Reporting Period were previously announced by the Company on 4 August 2016.

The information contained in this announcement is based on the Company’s preliminary assessment of the unaudited consolidated management accounts of the Group, which have not been reviewed or audited by the auditor of the Company. The Interim Results are expected to be published around late August 2016.

Clarification of Application of Previously Announced Dividend Policy

Reference is made to an announcement of the Company dated 28 March 2014 in relation to the adoption of a dividend policy to provide Shareholders with regular dividends (the “**Dividend Policy**”). As set forth in that announcement, pursuant to the Dividend Policy the Company intends to provide Shareholders with semi-annual dividends in an aggregate amount per year of approximately 20% of the Company’s annual consolidated net income attributable to Shareholders, subject to the Company’s capacity to pay from accumulated and future earnings, liquidity position and future commitments at the time of declaration of dividend.

As the Special Gain is non-cash in nature and does not enhance the cash or liquidity position of the Company per se, the Company wishes to clarify that the Special Gain will not be taken into account in computing any dividend to be declared, but the Dividend Policy remains unchanged.

As the Company is still in the process of finalizing the financial results of the Group for the Reporting Period, whether or not any dividend will be declared will be subject to the financial results as well as consideration by the board of directors of the Company (the “**Board**”) at a meeting of the Board to be convened to approve the release of the Interim Results. The date of that Board meeting will be separately announced.

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

Hong Kong, 17 August 2016

As at the date of this announcement, the Board comprises four Executive Directors, namely, Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), Mr. Evan Andrew Winkler (Managing Director), Mr. Tsui Che Yin, Frank and Mr. Chung Yuk Man, Clarence; one Non-Executive Director, namely, Mr. Ng Ching Wo; and three Independent Non-Executive Directors, namely, Mr. Chow Kwong Fai, Edward, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.