

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code : 200)

### **CONTINUING CONNECTED TRANSACTIONS PURCHASES OF FERRY TICKETS**

#### **INTRODUCTION**

Since MCE became a Subsidiary of the Company on 9 May 2016, any transactions entered into between MCE or any of its Subsidiaries and a connected person of the Company will constitute connected transactions or continuing connected transactions.

#### **FERRY TICKET SALES FRAMEWORK AGREEMENT**

On 7 October 2016, MPEL and STCTSML entered into a Ferry Ticket Sales Framework Agreement, relating to purchases from time to time by the MCE Group of Ferry Tickets from STCTSML.

#### **LISTING RULES IMPLICATIONS**

MPEL is a Subsidiary of MCE which in turn is a Subsidiary of the Company. Mr. Ho is a substantial Shareholder, the Chairman and Chief Executive Officer of the Company.

STCTSML is a Subsidiary of Shun Tak Holdings, which is a majority-controlled company of certain family members of Mr. Ho. STCTSML is, therefore, an associate of Mr. Ho and a connected person of the Company.

The transactions contemplated under the Ferry Ticket Sales Framework Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps is/are more than 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the Ferry Ticket Sales Framework Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Since MCE became a Subsidiary of the Company on 9 May 2016, any transactions entered into between MCE or any of its Subsidiaries and a connected person of the Company will constitute connected transactions or continuing connected transactions.

## **FERRY TICKET SALES FRAMEWORK AGREEMENT**

On 7 October 2016, MPEL and STCTSML entered into the Ferry Ticket Sales Framework Agreement, the terms of which are summarized below:

### **Date**

7 October 2016

### **Parties**

- (1) MPEL (for itself and on behalf of the MCE Group)
- (2) STCTSML

### **Term**

7 October 2016 to 31 December 2018 (“**Initial Term**”). The duration of the Ferry Ticket Sales Framework Agreement is renewable for periods of not more than three years (“**Renewal Term**”) by 30 days’ written notice by MPEL prior to expiration of the Initial Term or the Renewal Term (as the case may be), subject to an annual price review.

### **Subject matter**

The MCE Group may, from time to time, purchase Ferry Tickets from STCTSML.

### **Pricing Policy**

The price at which Ferry Tickets may be purchased by any member of the MCE Group from STCTSML shall be calculated as a discount of 5% to the then prevailing retail price (net of departure tax and any fees) at which Ferry Tickets (excluding Ferry Tickets for the route between Hong Kong International Airport and Macau) are offered for sale by the STCTS Group to the general public. Payment for Ferry Tickets purchased under the Ferry Ticket Sales Framework Agreement is required to be settled on a monthly basis.

The Company considers that this pricing policy constitutes normal commercial terms which are no less favourable to the MCE Group than those obtainable from an independent third party, having regard to the quantity and type of Ferry Tickets ordered and other special circumstances. The STCTS Group’s retail prices for Ferry Tickets are publicly available. The retail prices at which Ferry Tickets are offered for sale to the general public by the STCTS Group’s principal competitor, Cotai Water Jet (an independent third party and not a connected person of the Company), are also publicly available. MPEL purchases Ferry Tickets from both STCTSML and Cotai Water Jet.

The consideration for the Ferry Tickets under the Ferry Ticket Sales Framework Agreement was determined after arm's length negotiations between the parties and applying a discount of 5% to the prevailing retail prices (net of departure tax and any fees) at which Ferry Tickets (excluding Ferry Tickets for the route between Hong Kong International Airport and Macau) are offered by the STCTS Group to the general public from time to time, which retail prices are publicly available information. The agreed discount to the retail price reflects the volume of Ferry Tickets expected to be purchased by MPEL under the Ferry Ticket Sales Framework Agreement. MPEL will annually review the STCTS Group's publicly available retail prices for Ferry Tickets and the agreed discount, to ensure that the terms under the Ferry Ticket Sales Framework Agreement remain competitive and on normal commercial terms or better, as far as MPEL and the MCE Group are concerned. The Company considers that pricing by reference to an agreed discount to the publicly available retail prices offered to the general public is a fair and transparent means of ascertaining the price.

## **IMPLEMENTATION AGREEMENTS**

One or more separate implementation agreements may be entered into from time to time in connection with the Ferry Ticket Sales Framework Agreement, to implement the arrangements contemplated by the Ferry Ticket Sales Framework Agreement between STCTSML and individual Subsidiaries of MCE. Those implementation agreements will provide for the sale and purchase of Ferry Tickets at prices determined in accordance with the pricing policy set forth in the Ferry Tickets Sales Framework Agreement, as referred to above, but may also include detailed operational terms relating to the sale and purchase of Ferry Tickets, including the provision by STCTSML of ticket machines installed at the premises of the relevant MCE Subsidiary.

## **ANNUAL CAPS AND BASIS OF DETERMINATION**

The Annual Caps (inclusive of departure tax and after a discount of 5%) for the Continuing Connected Transactions under the Ferry Ticket Sales Framework Agreement (including under any implementation agreements to be entered into from time to time in connection with the Ferry Ticket Sales Framework Agreement) are as follows:

	<b>For the period from 7 October 2016 to 31 December 2016 (HK\$)</b>	<b>For the year from 1 January 2017 to 31 December 2017 (HK\$)</b>	<b>For the year from 1 January 2018 to 31 December 2018 (HK\$)</b>
Annual Caps	8,000,000	41,000,000	45,000,000

The Annual Caps were calculated after taking into account (i) the amount (inclusive of departure tax and after a discount of 5%) paid by MPEL for Ferry Tickets in respect of periods before MCE became a Subsidiary of the Company, being approximately HK\$28,300,000 for the year ended 31 December 2014, approximately HK\$28,700,000 for the year ended 31 December 2015 and approximately HK\$9,000,000 for the period from 1 January 2016 to 8 May 2016; (ii) the amount paid by MPEL for ferry tickets from 9 May 2016 up to 30 September 2016, being approximately HK\$13,500,000 (iii) the estimated number of Ferry Tickets expected to be purchased by the MCE Group during the Initial Term; and (iv) the estimated discounted prices of Ferry Tickets during the Initial Term, having regard to general economic conditions and the inflation rate. An agreement relating to the sale and purchase of Ferry Tickets was previously entered into, on 12 June 2014, between

MPEL and STCTSML, but expired on 31 December 2014. Despite the expiration of such agreement, the parties thereto continue the sale and purchase of Ferry Tickets on substantially the same terms. The terms of the ferry tickets sale purchase agreement entered into and expiring in 2014 were substantively the same as the terms of the Ferry Ticket Sales Framework Agreement.

## **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The MCE Group is principally engaged in the gaming and hospitality business in Asia and its principal operating and developmental activities occur in Macau and the Philippines. As part of the privileges offered to eligible customers, the MCE Group set up ticket terminals in its hotels and gaming areas allowing its eligible customers to directly redeem and print complimentary ferry ticketing services on site. For sea transportation to and from Macau, there are only two operators, namely, TurboJET (which is operated by the STCTS Group) and Cotai Water Jet. Eligible customers may redeem the tickets from either operator based upon their preferences, normally taking into account the scheduling and arriving ports. On top of accommodating customers' preferences and needs, the price payable by the MCE Group for Ferry Tickets pursuant to the Ferry Ticket Sales Framework Agreement and any implementation agreements as referred to above in this announcement will be discounted by 5% from the prevailing retail prices (net of departure tax and any fees) at which Ferry Tickets (excluding Ferry Tickets for the route between Hong Kong International Airport and Macau) are offered to the general public by the STCTS Group. As such, the Company considers that the entering into of the Ferry Ticket Sales Framework Agreement and any related implementation agreements is beneficial to the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Ho) believe that the Continuing Connected Transactions are on normal commercial terms and entered into in the ordinary and usual course of business of the Company and the terms of the Continuing Connected Transactions, including the Annual Caps, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Mr. Ho, being a substantial Shareholder, the Chairman and Chief Executive Officer of the Company and by virtue of his family members' interest in STCTSML as described above in this announcement, is considered to have a material interest in the Continuing Connected Transactions, and accordingly abstained from voting on the Board resolutions considering and approving the Continuing Connected Transactions. Other than Mr. Ho, to the best of the Directors' knowledge and information, no other Director has any material interest in, or otherwise is required to abstain from voting on, the Board resolutions considering and approving the Continuing Connected Transactions.

## **INFORMATION OF THE PARTIES**

### **The Company**

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

## **MPEL**

MPEL is a wholly-owned Subsidiary of MCE.

The principal business of MPEL is provision of management services to the MCE Group.

MCE is principally engaged in businesses in the leisure, gaming and entertainment sectors. MCE has its shares listed by way of American Depositary Receipts on the NASDAQ Global Select Market in the United States.

## **STCTSML**

STCTSML is a wholly-owned Subsidiary of STCTS, which in turn is an indirect non-wholly-owned Subsidiary of Shun Tak Holdings.

The STCTS Group is the Shun Tak Group's shipping arm and is a major operator of passenger ferry services connecting Hong Kong, Macau and other ports in the Pearl River Delta.

Shun Tak Holdings is an investment holding company and its Subsidiaries are engaged in a number of business activities including property development, investment and management, hospitality, transportation and investment.

## **LISTING RULES IMPLICATIONS**

MPEL is a Subsidiary of MCE which in turn is a Subsidiary of the Company. Mr. Ho is a substantial Shareholder, the Chairman and Chief Executive Officer of the Company.

STCTSML is a Subsidiary of Shun Tak Holdings, which is a majority-controlled company of certain family members of Mr. Ho. STCTSML is, therefore, an associate of Mr. Ho and a connected person of the Company.

The transactions contemplated under the Ferry Ticket Sales Framework Agreement therefore constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps is/are more than 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the Ferry Ticket Sales Framework Agreement constitute non-exempt continuing connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, annual review and announcement requirements, but exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Annual Caps”	the maximum aggregate annual values for the Continuing Connected Transactions, details of which are set out in section headed “Annual Caps” in this announcement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Melco International Development Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Ferry Ticket Sales Framework Agreement and any implementation agreements to be entered into to implement the terms of the Ferry Ticket Sales Framework Agreement
“Director(s)”	the director(s) of the Company
“family member(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Ferry Tickets”	ferry tickets to and from Macau for the ferry services operated by the STCTS Group
“Ferry Ticket Sales Framework Agreement”	an agreement dated 7 October 2016 entered into between MPEL and STCTSML relating to the purchase and sale of Ferry Tickets and having the principal terms summarized in this announcement
“Group”	the Company and its Subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	Macau Special Administrative Region of the People’s Republic of China

“MCE”	Melco Crown Entertainment Limited, a Subsidiary of the Company, whose shares are listed by way of American Depositary Receipts on the NASDAQ Global Select Market in the United States
“MCE Group”	MCE and its Subsidiaries (from time to time) (including MPEL)
“MPEL”	MPEL Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned Subsidiary of MCE
“Mr. Ho”	Mr. Ho, Lawrence Yau Lung, the Chairman and Chief Executive Officer of the Company and also a substantial Shareholder holding 810,672,396 shares of the Company, representing approximately 52.41% of the issued shares of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of share in the Company
“Shun Tak Group”	Shun Tak Holdings Limited and its Subsidiaries
“Shun Tak Holdings”	Shun Tak Holdings Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 242)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“STCTS”	Shun Tak-China Travel Shipping Investments Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect non-wholly-owned Subsidiary of Shun Tak Holdings
“STCTS Group”	STCTS and its Subsidiaries (including STCTSML)
“STCTSML”	Shun Tak-China Travel Ship Management Limited, a company incorporated in Hong Kong with limited liability, is a wholly-owned Subsidiary of STCTS and in turn an indirect non-wholly-owned Subsidiary of Shun Tak Holdings
“Subsidiary” or “Subsidiaries”	has the meaning ascribed to it under the Listing Rules, and “Subsidiary” shall be construed accordingly
“%”	per cent.

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

Hong Kong, 7 October 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.*