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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code : 200)

MAJOR AND CONNECTED TRANSACTION PURCHASE OF ADDITIONAL INTEREST AND ASSUMPTION OF MAJORITY OWNERSHIP IN MELCO CROWN ENTERTAINMENT LIMITED

PURCHASE OF ADDITIONAL INTEREST AND ASSUMPTION OF MAJORITY OWNERSHIP IN MELCO CROWN ENTERTAINMENT

The Company is pleased to announce that, on 14 December 2016 (after trading hours), Melco Sub, a wholly-owned subsidiary of the Company, and Crown Sub, a wholly-owned subsidiary of Crown, entered into a stock purchase agreement pursuant to which Melco Sub agreed to purchase 198,000,000 ordinary shares in Melco Crown Entertainment, representing approximately 13.4% of the issued share capital of Melco Crown Entertainment, from Crown Sub.

The aggregate purchase price for the Sale Shares is US\$1,188,000,000 (equivalent to approximately HK\$9,207,000,000) (which may, depending on when Closing occurs, be subject to adjustment in accordance with the provisions of the Stock Purchase Agreement), less the aggregate amount of any special dividends paid in respect of the Sale Shares on or after the date of the Stock Purchase Agreement and prior to Closing. The purchase price is payable by Melco Sub to Crown Sub in full, in cash, on Closing.

On Closing under the Stock Purchase Agreement, Melco Sub's shareholding in Melco Crown Entertainment will increase from approximately 37.9% to approximately 51.3%.

In connection with the Transaction, the Shareholders' Deed relating to Melco Crown Entertainment will be amended. With effect from payment of the deposit referred to below, the number of directors of Melco Crown Entertainment nominated by Melco Sub shall increase from three (3) to four (4) and the number of directors of Melco Crown Entertainment nominated by Crown Sub shall decrease from two (2) to one (1). The number of independent non-executive directors of Melco Crown Entertainment will remain at four (4). Mr. James Packer will resign from his position as Deputy Chairman and non-executive director of Melco Crown Entertainment.

DIRECTORS' VIEWS

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

Melco Crown Entertainment became a Subsidiary of the Company on 9 May 2016, following which the financial results of Melco Crown Entertainment are now consolidated in the financial statements of the Company.

The Company has made an application to the Stock Exchange requesting that the Stock Exchange exercise its discretion under Rule 14.20 of the Listing Rules to disregard the revenue ratio calculation for the Transaction based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015, on the basis that it produces an anomalous result following the Consolidated Event, and substitute an alternative revenue ratio calculation using the unaudited interim financial results of the Company in respect of the six months ended 30 June 2016 (which consolidate the results of Melco Crown Entertainment for that period following the Consolidation Event).

As at the date of this announcement, the Exchange's decision in respect of the Company's application is pending. If the Exchange accepts the Company's application to use the alternative revenue ratio calculation proposed by the Company, one or more of the applicable percentage ratios in respect of the Transaction is more than 25% but all the applicable percentage ratios would be less than 100%, and the Transaction would be a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Transaction would be subject to Shareholders' approval.

The Company has received written Shareholders' approval in respect of the Transaction from a closely allied group of Shareholders which together hold more than 50% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, if the Exchange accepts the Company's application to use the alternative revenue ratio calculation, no Shareholders' meeting would be convened by the Company to approve the Transaction. It is anticipated that a circular containing further information relating to the Transaction and other information required by the Listing Rules will be despatched to the Shareholders (for information purposes only) as soon as practicable, which is expected to be on or before 20 January 2017 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

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

The Transaction is on normal commercial terms or better (as far as the Company is concerned). The Board has approved the Transaction and the independent non-executive Directors have confirmed that the terms of the Transaction are fair and reasonable and that the Transaction is on normal commercial terms (or better, as far as the Company is

concerned) and in the interests of the Company and its Shareholders as a whole. Therefore, the Transaction is exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.101 of the Listing Rules (but is still subject to the announcement requirements applicable to a major and connected transaction and the Shareholders' approval requirement applicable to a major transaction).

If the Stock Exchange does not accept the Company's application to use the alternative revenue ratio calculation described above, the Company would make a further announcement in this regard and comply with all applicable disclosure and approval requirements under the Listing Rules.

PURCHASE OF ADDITIONAL INTEREST AND ASSUMPTION OF MAJORITY OWNERSHIP IN MELCO CROWN ENTERTAINMENT

The Company is pleased to announce that, on 14 December 2016 (after trading hours), Melco Sub and Crown Sub entered into a stock purchase agreement, pursuant to which Melco Sub agreed to purchase 198,000,000 ordinary shares in Melco Crown Entertainment, representing approximately 13.4% of the issued share capital of Melco Crown Entertainment, from Crown Sub. On Closing under the Stock Purchase Agreement, Melco Sub's shareholding in Melco Crown Entertainment will increase from approximately 37.9% to approximately 51.3%.

STOCK PURCHASE AGREEMENT

The principal terms of the Stock Purchase Agreement are summarized below:

Date

14 December 2016

Parties

- (1) Melco Sub as purchaser
- (2) Crown Sub as seller

Subject Matter

Melco Sub has agreed to purchase 198,000,000 ordinary shares in Melco Crown Entertainment, representing approximately 13.4% of the issued share capital of Melco Crown Entertainment, from Crown Sub.

Purchase Price

The aggregate purchase price for the Sale Shares is US\$1,188,000,000 (equivalent to approximately HK\$9,207,000,000) (the "**Base Purchase Amount**"), less the aggregate amount of any special dividends paid in respect of the Sale Shares on or after the date of the Stock Purchase Agreement and prior to Closing.

Crown Sub is entitled to retain any ordinary quarterly dividends in respect of the Sale Shares which are declared, or have a record date for payment, during the period from 15 February 2017 until Closing.

The Base Purchase Amount is subject to the following adjustments:

- (a) If Closing occurs on or after 1 March 2017 and on or before 30 April 2017, an amount calculated at a rate of 0.5% of the Base Purchase Amount per month, accruing on a daily basis, in respect of the period from 1 March 2017 to the day immediately before Closing, will be added to the Base Purchase Amount.
- (b) If Closing occurs on or after 1 May 2017 and on or before 30 June 2017, the amount calculated in accordance with (a) above will be added to the Base Purchase Amount in respect of the period from 1 March 2017 to 30 April 2017, and an additional amount calculated at a rate of 1.0% of the Base Purchase Amount per month, accruing on a daily basis, shall be added to the Base Purchase Amount, in respect of the period from 1 May 2017 to the day immediately before Closing.

The adjustments to the Base Purchase Amount described above will not apply if Closing is delayed due to a breach of the Stock Purchase Agreement by Crown Sub.

The purchase price is payable by Melco Sub to Crown Sub in full, in cash, on Closing.

The purchase price for the Sale Shares was determined based on arm's length negotiations between Melco Sub and Crown Sub after taking into account, among other things, (i) the historical earnings of Melco Crown Entertainment, and (ii) the prospective strategic value and potential growth of Melco Crown Entertainment given the improving market presence of its business in Macau and Asia.

The Group intends to finance the acquisition by bank borrowings.

Conditions to Closing

Closing is subject to the consent of the Macau Government for the consummation of the Transaction having been obtained, Melco Sub having received sufficient financing to pay the purchase price for the Sale Shares, and other customary conditions such as the representations and warranties given by each of Crown Sub and Melco Sub in the Stock Purchase Agreement being true and correct and all relevant government approvals having been obtained.

Closing is also conditional on Shareholders' approval of the Transaction, which the Company has obtained by way of written approval by a closely allied group of Shareholders which together hold more than 50% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Please refer to the section headed "Listing Rules Implications" below in this announcement for details.

Closing

The Stock Purchase Agreement provides that Closing shall be held on the fifth (5) Business Day immediately following the first day on which the conditions to Closing are satisfied (or waived in accordance with the Stock Purchase Agreement), or any other date agreed in writing by Melco Sub and Crown Sub.

On Closing under the Stock Purchase Agreement, Melco Sub's shareholding in Melco Crown Entertainment would increase from approximately 37.9% to approximately 51.3%.

Termination

The Stock Purchase Agreement may be terminated at any time prior to Closing only:

- (a) by the mutual written consent of Crown Sub and Melco Sub; or
- (b) by either party by written notice to the other party due to a breach of the Stock Purchase Agreement by the other party which is incapable of being cured by the Longstop Date or, if capable of being cured, has not been cured within 10 days of the breaching party's receipt of the written notice.

Unless otherwise agreed by Melco Sub and Crown Sub, the Stock Purchase Agreement shall terminate at 11:59 p.m., Hong Kong time, on the Longstop Date if the conditions to Closing have not been satisfied or waived prior to that time.

Deposit

Under the Stock Purchase Agreement, Melco Sub will pay a deposit to Crown Sub, in the amount of US\$100,000,000 (equivalent to approximately HK\$775,000,000), which represents part payment of the purchase price for the Sale Shares, promptly following signing of the Stock Purchase Agreement. The Deposit is only refundable if Melco Sub terminates the Stock Purchase Agreement prior to Closing due to a breach by Crown Sub.

AMENDMENTS TO SHAREHOLDERS' DEED

In connection with the Transaction, the Shareholders' Deed relating to Melco Crown Entertainment will be amended. With effect from payment of the Deposit, the number of directors of Melco Crown Entertainment nominated by Melco Sub shall increase from three (3) to four (4) and the number of directors of Melco Crown Entertainment nominated by Crown Sub shall decrease from two (2) to one (1). The number of independent non-executive directors of Melco Crown Entertainment will remain at four (4). Mr. James Packer will resign from his position as Deputy Chairman and non-executive director of Melco Crown Entertainment.

In addition, certain obligations that previously applied between the Company and Crown will end, including restrictions on disposals of Melco Crown Entertainment shares by the Company and Crown and exclusivity obligations regarding gaming operations in Macau.

The Shareholders' Deed as amended also provides that Melco Crown Entertainment's right to use "Crown" in its corporate name will terminate six months after Closing.

FURTHER INFORMATION

Crown has reported that it is also exploring potential options to monetise part of its residual shareholding in Melco Crown Entertainment. In connection with that, Melco Sub may agree to lend a small proportion of its Melco Crown Entertainment shares in a stock lending transaction. If any such transaction is entered into, the Company will make such further announcements in this regard as may be required under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Following the Consolidation Event, the Company, being the current single largest shareholder, will be taking the majority stake in Melco Crown Entertainment after the purchase of the Sale Shares. The purchase of the Sale Shares will not only further strengthen the Company's equity position in Melco Crown Entertainment, but also demonstrate the Group's confidence in the long term business outlook in Macau. In addition, taking a majority stake in Melco Crown Entertainment will enable the Group to effectively capture the growth opportunities in Macau, Asia and from around the globe.

The Directors (including the independent non-executive Directors) consider that the terms of the Transaction are fair and reasonable, and that the Transaction is on normal commercial terms or better (as far as the Company is concerned), in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

To the best of the Directors' knowledge and information, no Director has any material interest in, or otherwise is required to abstain from voting on, the Board resolutions considering and approving the Transaction.

INFORMATION OF THE PARTIES

The Company

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

Melco Sub

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

Crown

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

Crown Sub

Crown Sub is a wholly-owned Subsidiary of Crown. It is an investment holding company which holds Crown's interest in Melco Crown Entertainment.

Melco Crown Entertainment

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

As at the date of this announcement, Melco Crown Entertainment is owned as to approximately 37.9% by Melco Sub, as to approximately 27.4% by Crown Sub, and as to approximately 34.7% by public shareholders.

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

For the financial year ended 31 December 2014, Melco Crown Entertainment's audited profits before taxation were approximately US\$530,422,000 (equivalent to approximately HK\$4,110,770,500) and Melco Crown Entertainment's audited profits after taxation were approximately US\$527,386,000 (equivalent to approximately HK\$4,087,241,500).

As at 31 December 2015, Melco Crown Entertainment's audited net asset value was approximately US\$4,931,859,000 (equivalent to approximately HK\$38,221,907,250).

The original acquisition cost of the Sale Shares to Crown Sub was US\$207,900,000 (equivalent to approximately HK\$1,611,225,000).

LISTING RULES IMPLICATIONS

Melco Crown Entertainment became a Subsidiary of the Company on 9 May 2016, following which the financial results of Melco Crown Entertainment are now consolidated in the financial statements of the Company.

The Company has made an application to the Stock Exchange requesting that the Stock Exchange exercise its discretion under Rule 14.20 of the Listing Rules to disregard the revenue ratio calculation for the Transaction based on the audited consolidated financial statements of the Company for the financial year ended 31 December 2015, on the basis that it produces an anomalous result following the Consolidated Event, and substitute an alternative revenue ratio calculation using the unaudited interim financial results of the Company in respect of the six months ended 30 June 2016 (which consolidate the results of Melco Crown Entertainment for that period, following the Consolidation Event).

As at the date of this announcement, the Exchange's decision in respect of the Company's application is pending. If the Exchange accepts the Company's application to use the alternative revenue ratio calculation proposed by the Company, one or more of the applicable percentage ratios in respect of the Transaction is more than 25% but all the applicable percentage ratios would be less than 100%, and the Transaction would be a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Transaction would be subject to Shareholders' approval.

So far as the Company is aware, having made all reasonable enquiries, no Shareholder has a material interest in, and would be required to abstain from voting on the resolution to approve, the Transaction, if the Company were to convene a general meeting to approve the Transaction.

As at the date of this announcement, the following Shareholders (the “**Closely Allied Group of Shareholders**”) hold an aggregate of 803,378,396 shares in the Company, representing approximately 51.94% of the issued shares of the Company:

- (a) Mr. Ho, Lawrence Yau Lung (“**Mr. Ho**”) holds 30,769,132 shares in the Company, representing approximately 1.99% of the issued shares of the Company;
- (b) Better Joy Overseas Ltd. holds 294,527,606 shares in the Company, representing approximately 19.04% of the issued shares of the Company;
- (c) Lasting Legend Ltd. holds 119,303,024 shares in the Company, representing approximately 7.71% of the issued shares of the Company;
- (d) Mighty Dragon Developments Limited holds 50,830,447 shares in the Company, representing approximately 3.29% of the issued shares of the Company;
- (e) Maple Peak Investments Inc. holds 1,566,000 shares in the Company, representing approximately 0.10% of the issued shares of the Company; and
- (f) Great Respect Limited holds 306,382,187 shares in the Company, representing approximately 19.81% of the issued shares of the Company.

All of the companies referred to in paragraphs (b) to (e) above are owned by persons and/or trusts associated with Mr. Ho. By virtue of the Securities and Futures Ordinance (Cap. 571) (the “**SFO**”), Mr. Ho is deemed to be interested in the shares held by those companies. Great Respect Limited is a company controlled by a discretionary family trust, the beneficiaries of which include Mr. Ho and his immediate family members. Mr. Ho is taken to have interests in the shares held by Great Respect Limited by virtue of him being one of the beneficiaries of the discretionary family trust for the purpose of the SFO.

The Company has received written Shareholders’ approval in respect of the Transaction from the Closely Allied Group of Shareholders which together hold more than 50% of the issued shares of the Company, in accordance with Rule 14.44 of the Listing Rules. Accordingly, if the Stock Exchange accepts the Company’s application to use the alternative revenue ratio calculation, no Shareholders’ meeting would be convened by the Company to approve the Transaction. It is anticipated that a circular containing further information relating to the Transaction and other information required by the Listing Rules will be despatched to the Shareholders (for information purposes only) as soon as practicable, which is expected to be on or before 20 January 2017 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

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

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

If the Stock Exchange does not accept the Company's application to use the alternative revenue ratio calculation described above, the Company would make a further announcement in this regard and comply with all applicable disclosure and approval requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Business Day”	a day on which banks are open for business in Hong Kong and New York, but excluding a Saturday, Sunday or public holiday
“Closing”	closing of the sale and purchase of the Sale Shares under the Stock Purchase Agreement
“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
“Consolidation Event”	the consolidation of the financial results of Melco Crown Entertainment in the financial statements of the Company, as a result of the share repurchase, certain amendments to the shareholders' deed and memorandum and articles of association of Melco Crown Entertainment and the re-designation of certain directors, as described in the Company's announcement dated 4 May 2016
“Crown”	Crown Resorts Limited, a company incorporated in Victoria, Australia with limited liability and the shares of which are listed on the Australian Securities Exchange

“Crown Sub”	Crown Asia Investments Pty. Ltd., a company incorporated in Australia with limited liability and a wholly-owned Subsidiary of Crown
“Deposit”	the deposit in the amount of US\$100,000,000 (equivalent to approximately HK\$775,000,000), which represents part payment of the purchase price for the Sale Shares, payable by Melco Sub to Crown Sub upon the execution of the Stock Purchase Agreement, pursuant to the terms of the Stock Purchase Agreement
“Director(s)”	the director(s) of the Company
“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
“Longstop Date”	30 June 2017
“Melco Crown Entertainment”	Melco Crown Entertainment Limited, a Subsidiary of the Company, whose shares are listed by way of American depositary shares on the NASDAQ Global Select Market in the United States
“Melco Sub”	Melco Leisure and Entertainment Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned Subsidiary of the Company
“Sale Shares”	198,000,000 ordinary shares in Melco Crown Entertainment, to be purchased by Melco Sub from Crown Sub under the Stock Purchase Agreement
“Shareholder(s)”	holder(s) of shares in the Company
“Shareholders’ Deed”	the amended and restated shareholders’ deed relating to Melco Crown Entertainment dated 12 December 2007 entered into between the Company, Melco Sub, Crown, Crown Sub and Melco Crown Entertainment (as amended by a supplemental shareholders’ deed dated 4 May 2016)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Stock Purchase Agreement”	the stock purchase agreement dated 14 December 2016 entered into between Melco Sub and Crown Sub in relation to the sale and purchase of the Sale Shares

“Subsidiary”	has the meaning ascribed to it under the Listing Rules, and “Subsidiaries” shall be construed accordingly
“Transaction”	the transaction contemplated by the Stock Purchase Agreement, as described in this announcement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 14 December 2016

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

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