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Melco International Development Limited

(Incorporated in Hong Kong with limited liability)

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

(Stock Code : 200)

FURTHER INFORMATION IN RELATION TO MAJOR AND CONNECTED TRANSACTION RELATING TO PURCHASE OF ADDITIONAL INTEREST AND ASSUMPTION OF MAJORITY OWNERSHIP IN MELCO CROWN ENTERTAINMENT LIMITED

STOCK LOANS

INTRODUCTION

Reference is made to the Company's announcement dated 14 December 2016 in relation to the purchase by Melco Sub of 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 "**14 December Announcement**"). Unless defined herein or the context otherwise requires, capitalised terms and expressions used in this announcement have the respective meanings given to them in the 14 December Announcement.

In the section headed "Further Information" of the 14 December Announcement, it was disclosed that Crown was exploring potential options to monetise part of its residual shareholding in Melco Crown Entertainment, and that Melco Sub may agree to enter into a stock lending transaction in connection with the monetisation.

MONETISATION BY CROWN

In relation to the monetisation by Crown of part of its residual shareholding in Melco Crown Entertainment, the Company has been informed that:

- (a) Crown Sub has agreed to sell 40,925,499 ordinary shares in Melco Crown Entertainment, representing approximately 2.8% of the issued share capital of Melco Crown Entertainment, to several underwriters, who will resell those ordinary shares in the form of 13,641,833 American depositary shares of Melco Crown Entertainment ("**ADSS**"), in a public offering (the "**Crown Public Offering**"); and

- (b) Crown Sub has entered into cash-settled swap transactions relating to a fixed number of ADSs with affiliates of each of the underwriters (the “**Dealers**” and such transactions, the “**Swap Transactions**”).

STOCK LOANS

As contemplated by the 14 December Announcement, in order to facilitate the Swap Transactions, on 15 December 2016, Melco Sub entered into three stock loan agreements (the “**Stock Loan Agreements**”), respectively, with Deutsche Bank AG, London Branch, UBS AG London Branch and Morgan Stanley & Co. International Plc (the “**Borrowers**”, and each a “**Borrower**”), being the Dealers and/or their respective affiliates.

Under the Stock Loan Agreements, Melco Sub agreed to lend an aggregate of 27,331,933 ADSs, representing approximately 5.56% of the issued share capital of Melco Crown Entertainment, to the Borrowers for a period of up to seven months, to facilitate the Swap Transactions (the “**Stock Loans**”). The Dealers will sell, or cause their affiliates to sell, the borrowed ADSs through the underwriters in the same underwritten offering (the “**Swap Underwritten Offering**”).

Summary of Principal Terms of the Stock Loans

The Stock Loans require the return of an equivalent number of ADSs to Melco Sub at the end of the seven months loan period. In the meantime, Melco Sub will continue to receive all distributions in respect of an equivalent number of ADSs and will have the right to exercise voting rights in respect of an equivalent number of ADSs held by Crown Sub. Accordingly, performance of the Stock Loan Agreements will not affect the Company’s economic interest in, or voting rights in respect of, Melco Crown Entertainment. Performance of the Stock Loan Agreements will not result in a decrease or increase of Melco Sub’s effective and beneficial shareholding in Melco Crown Entertainment. The Stock Loans will not affect the Company’s ability to consolidate Melco Crown Entertainment, which will remain a Subsidiary of the Company.

Melco Sub will receive from each Borrower a loan fee (the “**Loan Fee**”) in the amount of 0.1% per annum on the product of (a) the number of ADSs loaned to the Borrower and (b) the purchase price per borrowed ADS specified in the underwriting agreement entered into in respect of the Crown Public Offering. The Loan Fee is payable by the Borrowers to Melco Sub at the end of the loan period. The Loan Fee amount was determined on the basis of arm’s length negotiation, in the context of agreeing the overall terms of the Transaction described in the 14 December Announcement. Melco Sub intends to use the Loan Fee received from the Borrowers for general corporate purposes.

Apart from the Loan Fee, no gain or loss is expected to accrue to the Company as a result of performance of the Stock Loan Agreements.

Melco Sub may not terminate any Stock Loan prior to the expiry of the loan period unless due to a default by a Borrower. A Borrower may terminate its Stock Loan, and return an equivalent number of borrowed ADSs, prior to the expiry of the loan period by notice to Melco Sub.

Closing of the Crown Public Offering and Swap Underwritten Offering is expected to occur on or about 20 December 2016, subject to customary closing conditions.

The terms of the Stock Loans were agreed, in the context of the overall terms of the Transaction and the Stock Loans, on the basis of arm's length negotiation. The Directors consider the terms of the Stock Loans are fair and reasonable and in the interests of Shareholders as a whole, in the context of the Transaction.

EFFECT ON SHAREHOLDING IN MELCO CROWN ENTERTAINMENT

Assuming Closing of the Transaction and performance of the Stock Loan Agreements following the return of the borrowed ADSs by the Borrowers, Melco Sub's shareholding in Melco Crown Entertainment will be approximately 51.3%.

LISTING RULES IMPLICATIONS

Under Rule 14.24 of the Listing Rules, in the case of a transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the disposal and the acquisition. The Stock Loans are entered into in respect of, and to facilitate, the purchase of the Sale Shares described in the 14 December Announcement (the "**Share Purchase**"). The Share Purchase is a larger transaction than the Stock Loans. Accordingly, the disclosure and approval requirements for the Share Purchase would determine the classification of the Share Purchase and the Stock Loans.

As disclosed in the 14 December Announcement, the Company has made an application to the Stock Exchange to use 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). If the Stock Exchange accepts the Company's application to use the alternative revenue ratio calculation proposed by the Company, the transaction comprising the Share Purchase and the Stock Loans would be classified as a major transaction for the Company under Chapter 14 of the Listing Rules. If the Stock Exchange does not accept the Company's application 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. Information in relation to the Stock Loans applicable to a transaction classified as a major transaction under the Listing Rules will be included in the shareholders' circular to be despatched to Shareholders as described in the 14 December Announcement. The making of the Stock Loans has been approved by way of written approval from the Closely Allied Group of Shareholders as described in the 14 December Announcement.

To the extent (if any) that the Stock Loans constitute a connected transaction of the Company, they are exempt from the circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules, for the reasons given in the 14 December Announcement (i.e. Crown Sub is a connected person of the Company at the subsidiary level, the Board has approved the Stock Loans and the independent non-executive Directors have confirmed that the terms of the Stock Loans 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, in the context of the Transaction).

OTHER INFORMATION

The Stock Loans were required in order to enable Melco Sub to purchase the Sale Shares on the terms described in the 14 December Announcement. The Share Purchase, facilitated by the Stock Loans, 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, and enables the Group to effectively capture the growth opportunities in Macau, Asia and from around the globe.

Information in relation to the Company, Melco Sub and Melco Crown Entertainment is set out in the section headed "Information of the Parties" of the 14 December Announcement (on pages 6 and 7 of the 14 December Announcement) and remains accurate as at the date of this announcement.

The Borrowers are financial institutions principally engaged in the business of investment banking. To the best of the directors' knowledge, information and belief having made all reasonable enquiry, the Borrowers and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

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

Hong Kong, 15 December 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.