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**Melco International Development Limited**

*(Incorporated in Hong Kong with limited liability)*

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

(Stock Code : 200)

**LEGALLY BINDING MEMORANDUM OF UNDERSTANDING RELATING TO  
THE MANAGEMENT OF CASINO(S) IN SPAIN – BCN DREAM**

This announcement is made by Melco International Development Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

On 25 April 2014, the Company and Veremonte España, S.L., a company organized under the laws of Spain (“**Veremonte**”), entered into a legally binding memorandum of understanding (“**MOU**”) pursuant to which the Company and Veremonte agreed to conduct good faith negotiations to conclude a casino management agreement (the “**Management Agreement**”) relating to the operation by the Company of one or more of the casino(s) to be developed as part of the “BCN Dream” gaming, mixed tourism and integrated resort project to be developed by Veremonte near Barcelona, Spain. In addition to casinos, the BCN Dream project is expected to include more than 10,000 hotel rooms, an exhibition and congress center, theater, shopping centers, offices and up to 5,000 residential units.

The BCN Dream project will be part of the larger “BCN World” development project, which is currently being developed by Veremonte within the Leisure and Tourism Center of Vilaseca and Salou, Spain, adjacent to the Port Aventura theme park. “BCN World” is expected to include hotels, convention centres, leisure centres and sustainable cities for innovation. It is intended that the BCN World project will create a world-class entertainment destination in Europe offering the world’s best hospitality brands combined with entertainment, sports, shopping and dining venues.

The MOU provides that the Management Agreement will contain the following key commercial terms:

**Term** 10 years and 10 years automatic extension upon the Company exercising the Call Option (defined below) and subscribing no less than 10% of the equity of Phase I of the BCN Dream project. Phase I is expected to include one or more hotels with approximately 1,800 rooms, business, meeting and conference space, and a casino of up to 35,000 sqm.

<b>Base fee</b>	3% of gross gaming revenue (“GGR”) per year, subject to reduced rates of 2.75% and 2.5% of GGR applicable in respect of GGR exceeding certain agreed thresholds and a minimum agreed base fee per year.
<b>Incentive fee</b>	5% of gaming EBITDA (i.e. earnings before interest, taxes, depreciation and amortization), rising to increased rates of 7.5% and 10% of EBITDA exceeding certain agreed thresholds.
<b>Call Option</b>	<p>Veremonte will grant the Company an option to purchase up to 20% of the equity in the development company (the “<b>Development Company</b>”) of Phase I of the BCN Dream project (the “<b>Call Option</b>”) at an exercise price to be calculated by reference to 20% of the net asset value of the Development Company. The Call Option would be exercisable at the discretion of the Company at any time within 18 months from the signing of the Management Agreement or 6 months after the commencement of the casino operation at the BCN Dream project, whichever is later provided that:-</p> <p>(a) the Company shall not be entitled to exercise the Call Option if, before such exercise, the Company and/or its affiliate(s) already own 50% or more equity stake of the Development Company; and</p> <p>(b) if, before the exercise of the Call Option, the Company and/or its affiliate(s) own less than 50% of the equity stake of the Development Company, the Company shall be entitled to exercise the Call Option to the extent that the Company and/or its affiliate(s) will, after the exercise of the Call Option, own no more than 50% of the equity stake of the Development Company.</p>
<b>Exclusivity</b>	From the date of the MOU until the execution of the Management Agreement, Veremonte and the developer of Phase I of the BCN Dream project shall not discuss, negotiate or enter into any understanding or agreement with any person or entity other than the Company relating to the management, operation or branding of Phase I of the BCN Dream project.
<b>Term</b>	<p>From the date of the MOU until expiry of a period of eighteen (18) months from passing of the relevant laws of Catalonia, Spain which will grant six (6) casino licenses to the BCN Dream (including the casino license for the casino operations and gaming activities to be conducted in Phase I of the BCN Dream project). Such term of the MOU could be extended by the parties.</p> <p>The MOU shall be deemed to be automatically terminated immediately after expiry of the term of the MOU without further effect if the Management Agreement has not been executed and the parties have not extended the term of the MOU.</p>

Although the MOU is legally binding, it does not purport to contain all the terms of the proposed transaction. The MOU contemplates the entry into of a definitive Management Agreement. The Company will make further announcements in relation to the matters described in this announcement and the Company's involvement in the BCN Dream project as and when necessary in compliance with the Listing Rules.

By Order of the Board  
**Melco International Development Limited**  
**Tsang Yuen Wai, Samuel**  
*Company Secretary*

Hong Kong, 25 April 2014

*As at the date of this announcement, the board of directors of the Company comprises three Executive Directors, namely Mr. Ho, Lawrence Yau Lung (Chairman and Chief Executive Officer), 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 Sir Roger Lobo, Mr. Sham Sui Leung, Daniel and Dr. Tyen Kan Hee, Anthony.*