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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Melco International Development Limited, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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*Melco International Development Ltd*

*(Incorporated in Hong Kong with limited liability)*

## **ADOPTION OF SHARE OPTION SCHEME**

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A notice convening an extraordinary general meeting of Melco International Development Limited to be held at 11:00 a.m. on Friday, 8th March, 2002 at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong is set out on pages 14 to 15 of this circular.

Whether or not you intend to attend the extraordinary general meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the share registrar of Melco International Development Limited, Standard Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting. Completion and return of the proxy form will not preclude you from attending and voting in person at the meeting should you so wish.

Hong Kong, 18th February, 2002

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## DEFINITIONS

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

“Adoption Date”	the date of adoption of the Share Option Scheme by the shareholders of the Company
“Auditors”	the auditors for the time being of the Group
“Board”	the board of directors of the Company or a duly authorised committee thereof
“business day”	a day, other than a Saturday or a Sunday, on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for the business of dealing in securities
“Company”	Melco International Development Limited, a company incorporated in Hong Kong under the Companies Ordinance and the shares of which are listed on the Stock Exchange
“Date of Grant”	in respect of an Option, the business day on which the Board resolves to make an Offer of that Option to a Participant under the Share Option Scheme
“Directors”	the directors of the Company
“EGM Notice”	the notice convening the extraordinary general meeting of the Company convened to consider the Share Option Scheme, as set out on pages 14 to 15 of this circular
“Grantee”	any Participant who accepts an offer in accordance with the terms of the Share Option Scheme and, where the context so permits, any person who is entitled to an Option in consequence of the death of the original Grantee, or the legal personal representative of such person
“Group”	the Company and its subsidiaries at the relevant time and a “member of the Group” means any of the foregoing
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	15th February, 2002, the latest practicable date for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the offer of any Option made in accordance with the terms of the Share Option Scheme

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## DEFINITIONS

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“Option(s)”	right(s) to subscribe for Share(s) pursuant to the terms of the Share Option Scheme
“Option Period”	a period to be determined by the Board in its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised, such period to expire not later than 10 years after the date of the grant of the Option
“Ordinary Resolution”	the proposed ordinary resolution set out in the EGM Notice
“Participant(s)”	any executive or non-executive director(s) of any member(s) of the Group (or person(s) proposed to be appointed as such provided that the Offer to such proposed appointee(s) shall be conditional upon the proposed appointment taking effect), any executive(s) and employee(s) of and consultant(s), professional and other adviser(s) to any member(s) of the Group (or person(s) proposed to be appointed as such provided that the Offer to such proposed appointee(s) shall be conditional upon the proposed appointment taking effect) as absolutely determined by the Board
“Scheme Limit”	the meaning given to that term in paragraph 7 of the Appendix
“Scheme Mandate Limit”	the meaning given to that term in paragraph 7 of the Appendix
“Share(s)”	share(s) of HK\$1.00 each in the capital of the Company, or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time
“Share Option Scheme”	the share option scheme to be adopted by the Company pursuant to the Ordinary Resolution
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	the meaning assigned to that expression in the Companies Ordinance of Hong Kong, Chapter 32 of the Laws of Hong Kong
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in the Share Option Scheme
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

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## **RESPONSIBILITY**

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This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. Save for Mr. Roque Choi, (who was unable to participate in the preparation of this circular due to ill health), the Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

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## LETTER FROM THE BOARD

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*Melco International Development Ltd*

*(Incorporated in Hong Kong with limited liability)*

*Executive Directors*

Dr. Stanley Ho (Chairman)  
Mr. Ho Yau Lung, Lawrence  
Mr. Ho Cheuk Yuet  
Madam Lucina Laam King Ying  
Mr. Peter So  
Mr. Frank Tsui

*Registered Office:*

28th Floor  
The Centrium  
60 Wyndham Street  
Central  
Hong Kong

*Non-Executive Director*

Madam Winnie Ho Yuen Ki

*Independent Non-Executive Directors*

Mr. Robert Kwan  
Sir Roger Lobo  
Mr. Roque Choi

18th February, 2002

*To the Shareholders*

Dear Sir or Madam,

### **ADOPTION OF SHARE OPTION SCHEME**

#### **INTRODUCTION**

In view of the recent amendments to the Listing Rules in respect of share option schemes, and having regard to the fact that the Company's previous scheme adopted on 22nd October, 1990 has expired without having been replaced, the Directors propose that the Company adopts the Share Option Scheme.

#### **ADOPTION OF THE SHARE OPTION SCHEME**

The Stock Exchange announced certain amendments to Chapter 17 (share option schemes) of the Listing Rules on 23rd August, 2001, which came into effect on 1st September, 2001. The share option scheme adopted by the Company on 22nd October, 1990 expired and ceased to be effective on 21st October, 2000. The options granted under that scheme, which entitled their holders to subscribe for a total of 11,250,000 Shares, have lapsed without being exercised and no options remain outstanding under that scheme. The Directors propose that the Company now adopt the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the Appendix to this circular.

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## LETTER FROM THE BOARD

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The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

The rules of the Share Option Scheme provide that the Company may specify a minimum holding period before Options can be exercised. The Company may further specify performance targets which must be achieved before Options can be exercised. The basis for determination of the Subscription Price is also specified precisely in the rules of the Share Option Scheme. The Directors consider that the aforesaid criteria and rules will serve to preserve and enhance the value of the Company and its Shares.

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the Share Option Scheme as if they had been granted on the Latest Practicable Date, as a number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the subscription price, exercise period, any lock up period, any performance targets set and other relevant variables. The subscription price payable for the Shares to be issued on exercise of Options depends on the price of the Shares as quoted on the Stock Exchange, which in turns depends on when Options are granted under the Share Option Scheme. It is also difficult to ascertain with accuracy the subscription price of the Shares given the volatility the Share price may experience during the 10 year-life span of the Share Option Scheme. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would be misleading to Shareholders. However, shareholders should note that, in compliance with the Listing Rules, estimated valuations of options granted during any financial period will be provided based on the Black-Scholes option pricing model, binomial model or a comparable generally accepted methodology as at the end of the relevant financial period for the interim and final results of the Company.

### **SCHEME MANDATE LIMIT AND SCHEME LIMIT**

The limit on the number of Shares which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company must not exceed 30% of the Shares in issue (being the Scheme Limit), as the same may be varied from time to time. The Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and other share option schemes of the Company shall not exceed 10% of the Shares in issue on the Adoption Date (being the Scheme Mandate Limit), subject to renewal of the Scheme Mandate Limit from time to time as referred to in the Appendix. There are no outstanding options under any other share option scheme as at the Latest Practicable Date, and on the basis of the 121,087,134 Shares in issue as the Latest Practicable Date, the Scheme Mandate Limit as at the Latest Practicable Date and the Scheme Limit as at the Latest Practicable Date are 12,108,713 Shares and 36,326,140 Shares, respectively.

### **APPLICATION TO THE STOCK EXCHANGE**

Application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of and permission to deal in the Shares which may be issued pursuant to the exercise of the options under the Share Option Scheme.

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## LETTER FROM THE BOARD

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### EXTRAORDINARY GENERAL MEETING

Set out on pages 14 and 15 of this circular is the EGM Notice convening an extraordinary general meeting of the Company for the purpose of considering and, if thought fit, passing the Ordinary Resolution.

The Company will publish a paid announcement on the business day following the extraordinary general meeting stating the outcome of the meeting.

### RECOMMENDATIONS

The Directors believe that the adoption of the Share Option Scheme by the Company is in the interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the Ordinary Resolution at the extraordinary general meeting.

### FURTHER INFORMATION

Your attention is drawn to the summary of the principal terms of the Share Option Scheme set out in the Appendix to this circular.

### DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of Richards Butler at 20th Floor, Alexandra House, 16-20 Chater Road, Hong Kong up to and including 8th March, 2002:-

- the memorandum and articles of association of the Company; and
- the Share Option Scheme.

Yours faithfully,  
for and on behalf of  
**MELCO INTERNATIONAL DEVELOPMENT LIMITED**  
**Dr. Stanley Ho**  
*Chairman*



The following is a summary of the principal terms of the Share Option Scheme:-

1. The purpose of the Share Option Scheme is to provide Participants with the opportunity to acquire proprietary interests in the Company and to encourage Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.
2. The Share Option Scheme is to be administered by the Board, and the decisions of the Board shall be final and binding on all parties. The Board shall have the power to delegate its powers to the managing director of the Company or any committee established by the Board from time to time to grant Options to Participants and to determine the Subscription Price and other terms (if any) of such grant including, but without limitation, the minimum periods for which an Option must be held and the minimum performance targets (if any) which must be reached before an Option can be exercised in whole or in part.
3. The Participants of the Share Option Scheme include any executive or non-executive directors of the Group (or person(s) proposed to be appointed as such provided that the Offer to such proposed appointee(s) shall be conditional upon the proposed appointment taking effect), any executives and employees of and consultants, professional and other advisers to the Group (or person(s) proposed to be appointed as such provided that the Offer to such proposed appointee(s) shall be conditional upon the proposed appointment taking effect) as absolutely determined by the Board.
4. The Board is entitled at any time within ten years after the Adoption Date to make an offer to any Participant in its absolute discretion to take up an Option, pursuant to which such Participant may subscribe for such number of Shares as the Board may determine at the Subscription Price.
5. Each grant of Options to any director, chief executive or substantial shareholder of the Company shall be approved by the independent non-executive directors of the Company (excluding any independent non-executive director who is the proposed grantee of the Options). Where any grant of Options to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
  - (a) representing in aggregate over 0.1% of the Shares in issue; and
  - (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options must be approved (voting by way of poll) by the Shareholders. All connected persons (as defined in the Listing Rules) of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders for the relevant resolution.

6. The Share Option Scheme prohibits the making of any offer or the granting of any Option at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law.
7. The overall limit on the number of Shares which may be issued upon exercise of all outstanding options to be granted and yet to be exercised under the Share Option Scheme and other share option schemes of the Company must not exceed 30% of the Shares in issue from time to time (“Scheme Limit”). No options will be granted under the Share Option Scheme at any time if such grant will result in the Scheme Limit being exceeded. In determining the Scheme Limit, the following Shares are to be excluded:
  - (a) Shares issued pursuant to the Share Option Scheme and any other share option schemes; and
  - (b) any pro rata entitlements to subscribe for further Shares pursuant to the issue of Shares mentioned in (a) above.

The Shares which may be issued upon exercise of all Options to be granted under the Share Option Scheme and all other share option schemes of the Company shall not exceed 10% of the Shares in issue on the Adoption Date (the “Scheme Mandate Limit”), subject to renewal of the Scheme Mandate Limit as referred to below. Options lapsed in accordance with the terms of the Share Option Scheme shall not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may renew the Scheme Mandate Limit at any time subject to prior Shareholders’ approval. However, the Scheme Mandate Limit as renewed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the Share Option Scheme, and other share option schemes (including those outstanding, lapsed in accordance with the schemes or exercised) will not be counted for the purpose of calculating the limit as renewed. A circular with relevant information as required under the Listing Rules must be sent to Shareholders in connection with the meeting at which their approval will be sought.

The Company may seek separate Shareholders’ approval in general meeting for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such approval is sought. A circular with relevant information as required under the Listing Rules must be sent to Shareholders containing, amongst others, a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, and how these Options serve such purpose.

The maximum number of Shares referred to in this paragraph 7 and in paragraph 8 below shall be adjusted, in such manner as the Auditors shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with paragraph 22 below whether by way of capitalisation of profits or reserves, rights issue, consolidation, reclassification, reconstruction, subdivision or reduction of the share capital of the Company or otherwise howsoever.

8. The total number of Shares issued and to be issued upon exercise of the Options granted to any Grantee (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue (the “Individual Limit”). Any further grant of Options in excess of the Individual Limit must be subject to Shareholders’ approval with such Grantee and his associates (as such term is defined in the Listing Rules) abstaining from voting. A circular with relevant information as required under the Listing Rules must be sent to the Shareholders disclosing, amongst others, the identity of the Grantee and the number and terms of the Options granted and proposed to be granted. The number and terms of Options to be granted to such Grantee must be fixed before Shareholders’ approval is sought and the date of the Board meeting for proposing such further grant should be taken as the Date of Grant for the purpose of calculating the Subscription Price.
9. The option period (the “Option Period”) of the Share Option Scheme is the period during which an Option can be exercised, such period to be notified by the Board to each Grantee at the time of making an Offer, and in any event such period of time shall not expire later than ten years from the Date of Grant.
10. On and subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within ten years after the Adoption Date to make an Offer to any Participant, as the Board may in its absolute discretion select, to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine, at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may include (i) minimum periods (if any) for which an Option must be held; and/or (ii) minimum performance targets (if any) that must be reached before the Option can be exercised in whole or in part; and/or (iii) such other terms as may be imposed at the discretion of the Board either on a case-by-case basis or generally. A Date of Grant shall be a business day.
11. An Offer shall be deemed to have been accepted and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the Offer duly signed by the Grantee with the number of Shares in respect of which the Offer is accepted clearly stated therein, together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company. Such remittance shall not be refundable in any circumstances.
12. The Subscription Price shall be such price determined by the Board in its absolute discretion and notified to the Participant in the Offer and shall be no less than the higher of:
  - (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant;
  - (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the 5 business days immediately preceding the Date of Grant; and

- (c) the nominal value of a Share on the Date of Grant.
13. The Shares to be allotted and issued upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions of the Company, or any rights arising on a liquidation of the Company, or any rights as to transfer, in respect of the Shares to be issued upon the exercise of the Option.
  14. Subject to the provisions of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date. After the expiry of the ten-year period, no further Options shall be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the end of the ten-year period.
  15. In the event a Grantee of any Option, if an employee, ceases to be an employee of the Group for any reason other than on his/her death or the termination of his/her employment on one or more of the grounds specified in paragraph 21(f), the Option shall lapse on the date of cessation of such employment and not be exercisable unless the Board otherwise determines in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment shall be the last actual working day on which the Grantee was physically at work with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not.
  16. In the event the Grantee of any Option, if an employee of the Group, dies before exercising the Option in full and none of the events which would be a ground for termination of his or her employment under paragraph 21(f) then exists, the personal representative(s) of the Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option up to the entitlement of such Grantee as at the date of death.
  17. If a general offer by way of takeover (other than by way of scheme of arrangement pursuant to paragraph 18 below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option either to its full extent or to the extent notified by the Company at any time within such period as shall be notified by the Company.
  18. If a general offer by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company.

19. In the event a notice is given by the Company to its shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee of an Option and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option either to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
20. In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 18 above, between the Company and its members or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it gives notice of the meeting to its members or creditors to consider such a scheme, compromise or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the Option either to its full extent or to the extent notified by the Company in accordance with the Share Option Scheme, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.
21. Subject to the provisions of the Share Option Scheme, an Option shall lapse automatically (to the extent not already exercised) on the earliest of:
  - (a) the expiry of the Option Period;
  - (b) the expiry of the periods for exercising the Option as referred to in paragraph 15, 16, 17 and 20;
  - (c) subject to the scheme of arrangement (referred to in paragraph 18) becoming effective, the expiry of the period for exercising the Option as referred to in paragraph 18;
  - (d) subject to paragraph 19, the date of the commencement of the winding-up of the Company;
  - (e) the date on which the Grantee commits a breach of paragraph 26;
  - (f) the date on which the Grantee, if an employee, ceases to be an employee of the Group by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily; and

(g) subject to paragraph 15, the date the Grantee, if an employee, ceases to be an employee of the Group by any other reason.

22. In the event of any alteration in the capital structure of the Company whilst any option remains exercisable (whether such alteration arises by way of capitalisation of profits or reserves, rights issue, consolidation, sub-division, or reduction of the share capital of the company, other than any alteration in the capital structure of the company as a result of an issue of shares as consideration in a transaction to which the company is a party) such corresponding alterations (if any) shall be made to:

(a) the number or nominal amount of Shares subject to the Options so far as unexercised; and/or

(b) the Subscription Price; and/or

(c) the method of exercise of Options,

or any combination thereof, as the Auditors shall, at the request of the Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided that any such adjustments give a Grantee the same proportion of the equity capital of the Company as that to which that Grantee was previously entitled, but so that no such adjustments shall be made to the extent that a Share would be issued at less than its nominal value. The capacity of the Auditors acting in accordance with the provisions described in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the Auditors shall be borne by the Company.

23. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Grantee under a share option scheme with available unissued options (excluding the cancelled options) provided such new Options fall within the limits prescribed by paragraph 7 and otherwise comply with the terms of the Share Option Scheme.

24. The Shares issued on exercise of the Options will on issue be identical to the then existing issued Shares of the Company.

25. The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further Options will be offered or granted but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the Share Option Scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

26. An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee without incurring any liability on the part of the Company.
27. Those specific provisions of the Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules, cannot be altered to the advantage of the Participants and no changes to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration of the terms of the Share Option Scheme shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme. The Share Option Scheme so altered must comply with Chapter 17 of the Listing Rules.
28. The Board shall be entitled at its discretion to cancel any Option, either in whole or in part, which has been validly exercised by a Grantee, by giving notice in writing to the Grantee stating that such Option is thereby cancelled and the Grantee shall be entitled to receive a refund of the Subscription Price paid on exercise of such Option together with a payment in cash to compensate him for such cancellation, such refund and payment to be made within 14 business days of the Company giving notice of such cancellation and such payment shall be calculated by reference to the following formula:

$$(A \times B) - C$$

where

- A is the number of Shares that would have been issued on exercise of the Option (the “Applicable Shares”);
- B is the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date the Company receives notice of exercise of the Option; and
- C is the aggregate Subscription Price for the Applicable Shares,

provided that (i) if the same shall result in a negative figure there shall be no entitlement to any such payment and (ii) if the Subscription Price shall not be the same for all the Applicable Shares, separate calculations shall be made in respect of each portion of the Applicable Shares for which the Subscription Price shall be the same, as if such rights of cancellation had been exercised separately in respect of each such portion of Applicable Shares.

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# NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Melco International Development Ltd*

*(Incorporated in Hong Kong with limited liability)*

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “Meeting”) of Melco International Development Limited (the “Company”) will be held at 11:00 a.m. on Friday, 8th March, 2002 at 28th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution, as an ordinary resolution of the Company:-

### ORDINARY RESOLUTION

“**THAT** the share option scheme of the Company, the terms of which are contained in the document produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification, be and is hereby approved and adopted as the new share option scheme of the Company and the directors of the Company be and are authorised to grant options to subscribe for shares thereunder and to allot and issue shares pursuant to the exercise of any options which may be granted under the share option scheme and to do all such things and take all such actions as the directors of the Company may consider to be necessary or desirable in connection with the foregoing.”

By order of the Board  
**Dr. Stanley Ho**  
*Chairman*

Hong Kong, 18th February, 2002

#### Notes:

1. Every member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. On a poll votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint more than one proxy to attend the Meeting.
2. Where there are joint registered holders of any Shares, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such Shares as if he were solely entitled thereto, but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first in the register of members in respect of such Shares shall alone be entitled to vote in respect thereof.
3. A form of proxy for use at the Meeting is enclosed with this notice.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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4. The form of proxy and power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power of attorney must be delivered to the Company's share registrar, Standard Registrars Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or adjourned meeting or poll (as the case may be) at which the person named in such instrument proposes to vote, and in default the proxy shall not be treated as valid. Delivery of an instrument appointing a proxy shall not preclude members from attending and voting in person at the Meeting or at any adjourned meeting or poll (as the case may be) concerned should they so wish. In such event, the instrument appointing a proxy shall be deemed to be revoked.