

---

## IMPORTANT

---

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

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

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.

---



## MELCO INTERNATIONAL DEVELOPMENT LIMITED

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

**PROPOSALS FOR GENERAL MANDATES TO  
REPURCHASE SHARES AND TO ISSUE SHARES  
AND  
APPOINTMENT OF NEW AUDITORS  
AND  
APPROVAL OF REFRESHER OF SCHEME MANDATE LIMIT OF  
SHARE OPTION SCHEME OF THE COMPANY'S SUBSIDIARY**

---

The notice convening an Annual General Meeting of Melco International Development Limited (the "Company") to be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Tuesday, 17th June, 2003 at 3:00 p.m. is contained in the 2002 annual report of the Company. Shareholders are advised to read the notice and to complete and return the form of proxy enclosed with the 2002 annual report of the Company as soon as possible and in any event not less than 48 hours before the time for holding the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting should you so wish.

15th April, 2003

---

## LETTER FROM THE CHAIRMAN

---



### MELCO INTERNATIONAL DEVELOPMENT LIMITED

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

*Directors:*

Dr. Stanley Ho (*Chairman*)  
Sir Roger Lobo\*  
Mr. Robert Kwan\*  
Mr. Ng Ching Wo\*  
Mr. Ho Cheuk Yuet\*\*  
Mr. Lawrence Ho (*Managing Director*)  
Mr. Frank Tsui  
Mr. Peter So

*Registered Office:*

38th Floor, The Centrium  
60 Wyndham Street  
Central  
Hong Kong

15th April, 2003

\* *Independent Non-Executive Directors*

\*\* *Non-Executive Director*

*To the shareholders,*

Dear Sir or Madam,

#### **PROPOSALS FOR GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES**

#### **INTRODUCTION**

Pursuant to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Companies Ordinance, listed companies incorporated in Hong Kong may in certain circumstances, if authorised by their Articles of Association, purchase their own shares.

On 17th June and 11th September, 2002, general mandates were given by the Company to the directors of the Company (the “Directors”) to exercise the powers of the Company to repurchase shares of HK\$1.00 each of the Company (“Shares”) and to issue new Shares. Under the Hong Kong Companies Ordinance and the Listing Rules, these general mandates will lapse at the conclusion of the forthcoming annual general meeting of the Company. Ordinary resolutions will therefore be proposed at the forthcoming annual general meeting of the Company to be held on 17th June, 2003 (the “Annual General Meeting”) for the grant of these general mandates.

---

## LETTER FROM THE CHAIRMAN

---

The purpose of this circular is, among others, to provide you with information regarding the proposed general mandates to repurchase Shares and to issue new Shares.

### GENERAL MANDATE TO REPURCHASE SHARES

The ordinary resolution set out in item 4 of the notice of the Annual General Meeting, if passed, will give the Directors a general and unconditional mandate to exercise the powers of the Company to repurchase Shares at any time until the next annual general meeting of the Company following the passing of the ordinary resolution or such earlier period as stated in the ordinary resolution up to a maximum of 10 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution (the “Repurchase Mandate”).

An explanatory statement as required under the Listing Rules to provide the requisite information regarding the Repurchase Mandate is set out in the appendix to this circular.

### GENERAL MANDATE TO ISSUE SHARES

At the Annual General Meeting, ordinary resolutions set out in item 5 of the notice of the Annual General Meeting will be proposed which, if passed, will give the Directors a general mandate to issue new Shares representing up to (i) 20 per cent. of the aggregate nominal amount of the issued share capital of the Company at the date of passing the resolution and (ii) the nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of such resolution (the “Issue Mandate”).

### APPOINTMENT OF NEW AUDITORS

The ordinary resolution set out in item 3 of the notice of the Annual General Meeting, if passed, will appoint Messrs. PricewaterhouseCoopers as the auditors of the Company, in place of the retiring auditors, Messrs. Ernst & Young, who will hold office until after the forthcoming Annual General Meeting is held. The reason for appointing Messrs. PricewaterhouseCoopers as the Company’s auditors is because they are the auditors of the Company’s recently acquired subsidiary, Value Convergence Holdings Limited (“VC”) (formerly known as iAsia Technology Limited), a company listed on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (details relating to the acquisition are set out in the Company’s announcement dated 12th October, 2002 and the Company’s circular to shareholders dated 16th November, 2002). It would be administratively and financially desirable to have Messrs. PricewaterhouseCoopers acted as the Company’s auditors too. Consequently, an Ordinary Resolution will be proposed at the Company’s Annual General Meeting to appoint PricewaterhouseCoopers as the Company’s auditors in place of the retiring auditors.

---

## **LETTER FROM THE CHAIRMAN**

---

### **APPROVAL OF REFRESHER OF SCHEME MANDATE LIMIT OF THE SHARE OPTION SCHEME OF THE COMPANY'S SUBSIDIARY**

#### **REASONS FOR APPROVAL**

On 9th April, 2003, an Extraordinary General Meeting of VC was held for the purpose of, among others, refreshing the Scheme Mandate Limit (as defined in the Circular of VC to its shareholders dated 13th March, 2003) of VC's Share Option Scheme dated 29th November, 2001 ("VC's Share Option Scheme"). The said refresher was approved by VC's shareholders at the said meeting and is subject to the condition that the shareholders of the Company, being VC's parent company, pass an ordinary resolution approving the said refresher. Consequently, an Ordinary Resolution will be proposed at the Company's Annual General Meeting to approve and confirm the said refresher.

#### **DETAILS OF REFRESHER OF SCHEME MANDATE LIMIT OF VC'S SHARE OPTION SCHEME**

Pursuant to the GEM Listing Rules, the maximum number of VC's shares which may be issued upon exercise of all outstanding share options of VC ("VC's Share Options") granted and yet to be exercised under VC's Share Option Scheme and any other share option schemes of VC, must not exceed 30% of VC's shares in issue from time to time. VC's Share Option Scheme complies with Chapter 23 of GEM Listing Rules.

VC's shares which may be issued upon exercise of all VC's Share Options to be granted under VC's Share Option Scheme and any other share option schemes of VC shall not exceed 10% of VC's shares in issue as at 29th November, 2001 ("VC's Scheme Mandate Limit"), subject to the refresher of VC's Scheme Mandate Limit by VC's shareholders in general meeting from time to time provided that VC's Scheme Mandate Limit as refreshed must not exceed 10% of VC's shares in issue as at the date of the relevant shareholders' approval. Share Options lapsed in accordance with the terms of VC's Share Option Scheme will not be counted for the purpose of calculating VC's Scheme Mandate Limit.

---

## LETTER FROM THE CHAIRMAN

---

As at 13th March, 2003 (being the date of VC's circular issued for the purpose of, among others, obtaining approval of the refresher of VC's Scheme Mandate Limit ("VC's Circular")), the following VC's Share Options were granted, outstanding and lapsed:–

Total Number of underlying shares comprised in the share options granted on the relevant grant date	Grant date	Total Number of underlying shares lapsed during the period between the grant date and 13th March, 2003 <i>(Note 1)</i>	Total Number of underlying shares comprised in the outstanding share options as of 13th March, 2003	Exercise price	Option period
<b>Pre-IPO share option plan</b>					
45,000,000	6th April, 2001	17,170,834	97,402,081 <i>(Note 2)</i>	HK\$0.36 per share	10th October, 2001 to 8th October, 2005
<b>Share option scheme</b>					
49,105,714	9th July, 2001	491,057	48,614,657 <i>(Note 3)</i>	HK\$0.10 per share	9th July, 2002 to 8th July, 2012

*Note 1:* According to the respective terms of the Pre-IPO share option plan and the share option scheme, certain options granted have been lapsed as a result of the failure of the relevant grantees to exercise their relevant options within 3 months after their respective cessations of employment with Value Convergence Holdings Limited or any of its associated companies.

*Note 2:* As a result of the completion of rights issue and bonus issue of Value Convergence Holdings Limited on 5th February, 2003, the number of outstanding options granted under the Pre-IPO share option plan has been adjusted to 97,402,081 (from the original number of 27,829,166) and the exercise price has been adjusted to HK\$0.36 per share (from HK\$0.49 per share). These shares are equivalent to 9,740,208 reorganised shares of VC upon completion of VC's capital reorganisation, details of which are given in VC's Circular ("reorganised shares of VC") granted pursuant to the pre-IPO share option plan of VC adopted on 14th March, 2001 ("VC's Pre-IPO Share Option Plan").

*Note 3:* Pursuant to the terms of the share option scheme, no adjustment is required to be made to the number of outstanding options or the exercise price thereof following the rights issue and bonus issue of Value Convergence Holdings Limited on 5th February, 2003 and the exercise price therefore remains HK\$0.10 per share. These shares are equivalent to 4,861,465 reorganised shares of VC granted pursuant to VC's Share Option Scheme.

None of VC's Share Options granted as detailed above has been exercised. Since 13th March, 2003 and until 10th April, 2003 (being the latest practicable date for ascertaining certain information in this circular ("the Latest Practicable Date")), no further VC's Share Option has been granted or is outstanding and a total of 245,529 VC's Share Options have lapsed.

---

## LETTER FROM THE CHAIRMAN

---

As at 29th November, 2001 (the date when VC's Share Option Scheme was adopted), the total number of VC's issued shares was 491,057,143 shares and VC's Scheme Mandate Limit is 49,105,714 existing shares of VC.

Since VC had granted VC's Share Options entitling holders thereof to subscribe for an aggregate of 49,105,714 existing shares of VC under VC's Share Option Scheme to eligible persons under VC's Share Option Scheme on 9th July, 2002 (out of which an aggregate of 736,586 VC's Share Options has lapsed after the date of grant), VC's Scheme Mandate Limit has already, to a substantial extent, been utilized. VC's board of directors considers that, in order to encourage the relevant eligible persons under VC's Share Option Scheme as incentive or rewards for their potential or past contributions to VC's Group, VC's Scheme Mandate Limit should be refreshed to provide VC with greater flexibility.

Save as disclosed above and assuming no further allotment and issue of shares and repurchase of shares and no further grant of VC's Share Options under VC's Share Option Scheme or any other share option schemes of VC up to the date of VC's Extraordinary General Meeting held on 9th April, 2003 ("VC's EGM"), upon approval of refresher of VC's Scheme Mandate Limit by VC's shareholders in VC's EGM, VC's Scheme Mandate Limit as refreshed will allow VC to grant VC's Share Options entitling holders thereof to subscribe for 238,154,999 existing shares of VC (equivalent to 23,815,499 reorganised shares of VC), being 10% of 2,381,549,999 existing shares of VC in issue as at the date of approval of refresher of VC's Scheme Mandate Limit by VC's shareholders. On the assumption that VC's Scheme Mandate Limit as refreshed has been fully utilized, VC's directors expect that the total number of shares of VC which may be issued upon exercise of all outstanding VC's Share Options granted and yet to be exercised under VC's Share Option Scheme and any other schemes will not exceed 30% of VC's shares in issue (whether before or after VC's capital reorganisation).

### **ANNUAL GENERAL MEETING**

The notice of the Annual General Meeting, which contains the above-mentioned ordinary resolutions, is set out in the 2002 annual report of the Company accompanying this circular.

There is enclosed a form of proxy for use at the Annual General Meeting. You are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person at the Annual General Meeting should you so wish.

---

## LETTER FROM THE CHAIRMAN

---

### RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate and the Issue Mandate, the appointment of new auditors and the approval of refresher of scheme mandate limit of the share option scheme of VC are in the interests of the Company and its shareholders as a whole and accordingly recommend shareholders to vote in favour of the ordinary resolutions to be proposed at the Annual General Meeting to approve these matters.

### RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. 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.

Yours faithfully,  
**Dr. Stanley Ho**  
*Chairman*

---

## **APPENDIX – EXPLANATORY STATEMENT**

---

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide requisite information to you for your consideration of the Repurchase Mandate and also constitutes the memorandum as required under Section 49BA(3) of the Hong Kong Companies Ordinance.

### **1. LISTING RULES**

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange or on any other stock exchange on which the shares of the companies may be listed and recognized by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to certain restrictions, the most important of which are summarized below :

- (a) The shares to be repurchased by a company must be fully-paid up.
- (b) The Company has previously sent to its shareholders an explanatory statement complying with the Listing Rules.
- (c) All on-market repurchase of shares by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of a specific approval in relation to specific transactions or by a general mandate to the directors of the company to make such repurchase and a copy of such resolution together with the necessary documentation, have been delivered to the Stock Exchange in accordance with the Listing Rules.

### **2. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 145,287,134 Shares. Subject to the passing of the ordinary resolution and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 14,528,713 Shares.

### **3. REASON FOR REPURCHASES**

The Directors believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on the Stock Exchange have sometimes been volatile in recent years and if there are occasions in future when depressed market conditions arise, repurchases of Shares may support the share prices and lead to an enhancement of the net asset value of the Company and/or its earnings per Share. It will then be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of Shares repurchased by the Company.



---

## APPENDIX – EXPLANATORY STATEMENT

---

### 4. FUNDING OF REPURCHASES

Repurchase would be funded entirely from the Company's available cash flow or working capital facilities which will be funds legally available for the purpose and in accordance with the Hong Kong Companies Ordinance and the Memorandum and Articles of Association of the Company.

The Hong Kong Companies Ordinance provides that the amount of capital repaid in connection with a share repurchase may only be paid from the distributable profits of the company or from the proceeds of a new issue of shares made for the purpose. The Hong Kong Companies Ordinance further provides that the amount of premium payable on repurchase may only be paid out of the distributable profits of the company. Where the repurchased shares were issued at a premium, any premium payable on repurchase may be paid out of the proceeds of a fresh issue of shares made for the purposes of the share repurchase up to certain limits specified by the Hong Kong Companies Ordinance.

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the year ended 31st December, 2002) in the event that the Repurchase Mandate was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

---

## APPENDIX – EXPLANATORY STATEMENT

---

### 5. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows :-

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2002</b>		
April	1.720	1.360
May	1.760	1.630
June	1.980	1.610
July	1.980	1.560
August	1.850	1.650
September	1.660	1.630
October	1.890	1.640
November	1.880	1.740
December	1.960	1.710
<b>2003</b>		
January	1.830	1.710
February	1.840	1.720
March	1.840	1.710

### 6. GENERAL

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the Hong Kong Companies Ordinance.

If as a result of a share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers (the "Takeover Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeover Code.

As at the Latest Practicable Date, (a) Shun Tak Shipping Company, Limited, Dr. Stanley Ho and his associates were together beneficially interested in 24.93 per cent. of the issued share capital of the Company and (b) Lasting Legend Limited, a company wholly owned by Mr. Lawrence Ho, was beneficially interested in 25.14 per cent. of the issued share capital of the

---

## APPENDIX – EXPLANATORY STATEMENT

---

Company. Based on these shareholdings and in the event that the Directors exercised in full the power to repurchase Shares under the Repurchase Mandate, (a) the shareholdings of Shun Tak Shipping Company, Limited, Dr. Stanley Ho and his associates would be increased to 27.7 per cent. and (b) the shareholding of Lasting Legend Limited would be increased to 27.93 per cent. of the issued share capital of the Company. As Lasting Legend Limited, Shun Tak Shipping Company, Limited, Dr. Stanley Ho and his associates are deemed to be acting in concert under the Rules of the Takeover Code and together they control more than 50% of the outstanding voting rights of the Company, there are no implications under the Takeover Code which would require a mandatory offer to be made by any of the parties referred to in the event that the Repurchase Mandate was exercised in part or in full. The number of shares held by the public would remain in excess of 25% of the issued share capital of the Company on exercise in full of the power to repurchase shares under the Repurchase Mandate.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their associates has any present intention to sell any Shares to the Company under the Repurchase Mandate if such Repurchase Mandate is approved by the shareholders.

No other connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the shareholders.

### **7. SHARE PURCHASE MADE BY THE COMPANY**

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the date of this circular.