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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 licensed securities dealer 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, licensed securities dealer or other agent through whom the sale was effected for transmission to the purchaser.

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Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

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

website: <http://www.melco.hk.cn>

(Stock Code: 200)

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

Financial adviser to Melco International Development Limited



VC CAPITAL LIMITED

滙盈融資有限公司

(A wholly-owned subsidiary of Value Convergence Holdings Limited)

Independent financial adviser to the Independent Board Committee

VINC  城高
Grand Vinco Capital Limited

A letter from the Independent Board Committee is set out on page 8 of this circular and a letter from the independent financial adviser to the Independent Board Committee is set out on pages 9 to 14 of this circular.

A notice convening an EGM of Melco International Development Limited to be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong on Friday, 15th October, 2004 at 11:00 a.m. is contained in this circular. Shareholders are advised to read the notice and to complete and return the form of proxy enclosed in this circular to the registered office of the Company situated at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong 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 EGM should you so wish.

30th September, 2004

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DEFINITIONS

In this circular, the following expressions have the meanings set out below unless the context requires otherwise:

| | |
|-------------------------------|---|
| “associate” | has the same meaning as ascribed to it in the Listing Rules |
| “AGM” | an annual general meeting of the Company held on 20th May, 2004, for the Shareholders to approve, inter alia, the Current General Mandate |
| “Board” | the board of Directors |
| “Company” | Melco International Development Limited, a company incorporated in Hong Kong, the securities of which are listed on the Stock Exchange |
| “Current General Mandate” | the general mandate approved at the AGM to grant to the Directors to allot and issue Shares up to 20% of the issued share capital of the Company as at the date of passing the respective ordinary resolution |
| “Director(s)” | the director(s) of the Company |
| “Dr. Stanley Ho” | Dr. Ho Hung Sun, Stanley, the Chairman and an Executive Director of the Company |
| “EGM” | an extraordinary general meeting of the Company to be convened for the purpose of considering and approving the New General Mandate |
| “Grand Vinco” | Grand Vinco Capital Limited, the independent financial adviser to advise the Independent Board Committee in connection with the New General Mandate |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Independent Board Committee” | an independent committee of the Board appointed by the Directors to advise the Independent Shareholders in respect of the New General Mandate |
| “Independent Shareholders” | shareholders of the Company other than Mr. Lawrence Ho and his associates, namely Madam Lucina Laam King Ying, Dr. Stanley Ho, Lasting Legend Limited and Better Joy Overseas Limited |

DEFINITIONS

| | |
|---------------------------|--|
| “Latest Practicable Date” | 28th September, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange |
| “Mocha Acquisition” | an acquisition of 80% equity interests in Mocha Slot Group Limited and issue of new Shares to satisfy the purchase consideration as disclosed in the circular of the Company dated 23rd April, 2004 |
| “Mr. Lawrence Ho” | Mr. Ho, Lawrence Yau Lung, the Managing Director and Executive Director and son of Dr. Stanley Ho |
| “New General Mandate” | the general mandate proposed to be granted to the Directors at the EGM to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of passing the ordinary resolution to be proposed at the EGM |
| “Shares” | ordinary share(s) of HK\$1.00 each in the share capital of the Company |
| “Shareholders” | shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | Per cent |

LETTER FROM THE BOARD



Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

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

website: <http://www.melco.hk.cn>

(Stock Code: 200)

Executive Directors:

Dr. Stanley Ho (*Chairman*)

Mr. Lawrence Ho (*Managing Director*)

Mr. Frank Tsui

Registered Office:

38th Floor, The Centrium

60 Wyndham Street

Central

Hong Kong

Non-executive Directors:

Mr. Ng Ching Wo

Mr. Ho Cheuk Yuet

Independent non-executive Directors:

Sir Roger Lobo

Mr. Robert Kwan

Dr. Lo Ka Shui

30th September, 2004

To the Shareholders,

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

BACKGROUND

The purpose of this circular is to set out (i) details of the New General Mandate; (ii) the recommendation from the Independent Board Committee; (iii) the recommendation from Grand Vinco to the Independent Board Committee; and (iv) a notice convening the EGM at which necessary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the New General Mandate.

CURRENT GENERAL MANDATE

At the AGM held on 20th May, 2004, the Shareholders approved, amongst other things, an ordinary resolution to grant to the Directors the Current General Mandate to issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the resolution. At the date of the passing of that resolution, there were 223,888,313 Shares, in issue and thus 20% of which, being 44,777,662 Shares were granted to the Directors to allot and issue under the Current General Mandate. During the period from the date of grant of the Current General Mandate to the Latest

LETTER FROM THE BOARD

Practicable Date, no Share was allotted and issued under the Current General Mandate (and therefore no proceeds from any issue of Shares allotted and issued under the Current General Mandate) and no refreshment of Current General Mandate has been sought.

NEW ISSUE OF SHARES

At the extraordinary general meeting of the Company held on 20th May, 2004, the independent shareholders of the Company, being Shareholders other than Dr. Stanley Ho and his associate (Madam Lucina Laam King Ying), Mr. Lawrence Ho and Lasting Legend Limited, approved, amongst other things, the Mocha Acquisition. On 9th June, 2004, the Group completed the Mocha Acquisition and satisfied the purchase consideration by issuing 153,478,261 Shares to the vendors of such interests. During the period from the date of AGM up to and including the Latest Practicable Date, 150,000 Shares were issued pursuant to the share option scheme of the Company. As at the Latest Practicable Date, there are 377,516,574 Shares in issue, representing an increase of approximately 68.62% from 223,888,313 Shares in issue at the time when the Current General Mandate was approved. The 44,777,662 Shares granted to the Directors to allot and issue under the Current General Mandate represents approximately 11.86% of the existing issued share capital of the Company as at the Latest Practicable Date.

NEW GENERAL MANDATE TO ALLOT AND ISSUE SHARES

The Company will be convening the EGM at which an ordinary resolution will be proposed to the Independent Shareholders that:

- (i) the Directors be granted the New General Mandate to allot and issue not exceeding 20% of the issued share capital of the Company as at the date of passing of the ordinary resolution; and
- (ii) such mandate be extended to Shares repurchased by the Company pursuant to the general mandate granted to the Directors at the AGM.

As at the Latest Practicable Date, the Company had an aggregate of 377,516,574 Shares in issue. Subject to the passing of the ordinary resolution for the approval of the New General Mandate and on the basis that no further Shares are issued and/or repurchased by the Company between the Latest Practicable Date and the date of EGM, the Company would be allowed under the New General Mandate to allot and issue up to 75,503,314 Shares, being 20% of 377,516,574 Shares in issue as at the Latest Practicable Date.

REASONS FOR THE NEW GENERAL MANDATE

As explained in the section headed "New issue of Shares" in this letter, the issue of 153,478,261 Shares pursuant to the Mocha Acquisition and 150,000 Shares pursuant to the share option scheme of the Company resulted in an increase of Shares in issue to 377,516,574 Shares as at the Latest Practicable Date, representing an increase of approximately 68.62% from 223,888,313 Shares in issue at the time when the Current General Mandate was granted. The 44,777,662 Shares granted to the Directors to all of and issue under the Current General Mandate represents approximately 11.86% of the issued share capital of the Company as at the Latest Practicable Date.

LETTER FROM THE BOARD

Currently, the Group is principally engaged in (i) leisure and entertainment; (ii) investment banking and financial services; and (iii) technology businesses. The businesses of the Group have experienced a substantial growth. According to the interim report 2004 of the Company, the unaudited turnover of the Group for the six months ended 30th June, 2004 increased by approximately 261% to approximately HK\$211 million from approximately HK\$58.4 million for the six months ended 30th June, 2003; while for the six months ended 30th June, 2004, the Group recorded a turnaround profit attributable to Shareholders of approximately HK\$60 million as compared to a net loss of approximately HK\$14.9 million for the six months ended 30th June, 2003. After the release of the interim results for the six months ended 30th June, 2004 of the Group, the Directors had been approached by potential investors for possible investment in the Shares but no concrete investment plan was formulated as at the Latest Practicable Date. In order to maintain the financial flexibility for the Group's future business development, the Directors proposed to seek the approval by Independent Shareholders at the EGM for the New General Mandate. The Directors considered that there is no immediate funding need for the Group's current operations. Nevertheless, if the potential investors offer attractive terms for investment in the Shares and subject to the then market condition, the Directors will consider and may conduct an equity fund raising exercise by issuing Shares, which may or may not result in the exercise of the New General Mandate, to prepare for future business development of the Group including leisure and entertainment business and financial services business. Given that there is no concrete proposal presented by the potential investors currently for investment in the Shares, the Directors cannot perceive whether or not there will be any issue of Shares as at the Latest Practicable Date and, if any, the amount thereof and the application of such proceeds. Other than equity financing, the Directors will also consider other financing methods such as debt financing or internal cash resources to fund its future business development, depending on the then financial position of the Group.

EGM

Pursuant to Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at the EGM at which the controlling Shareholders and their associates shall abstain from voting. As at the Latest Practicable Date, Mr. Lawrence Ho held approximately 48.81% issued share capital of the Company and is a controlling Shareholder. Mr. Lawrence Ho and his associates, namely, Dr. Stanley Ho, Madam Lucina Laam King Ying, Lasting Legend Limited and Better Joy Overseas Limited will abstain from voting at the EGM. Pursuant to Rule 13.39(4)(b) of the Listing Rules, any vote of the Independent Shareholders at the EGM will be taken by poll.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the New General Mandate. Grand Vinco has been appointed as the independent financial adviser to the Independent Board Committee in this regard.

The notice of the EGM and the form of proxy are enclosed in this circular. 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 EGM should you so wish.

LETTER FROM THE BOARD

PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Article 74 of the Company's Articles of Association sets out the procedure by which Shareholders may demand a poll:

At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded. A poll may be demanded by:

- (i) the Chairman of the meeting; or
- (ii) at least three members present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 8 of this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders concerning the New General Mandate and the letter from Grand Vinco set out on page 9 to 14 of this circular containing its advice to the Independent Board Committee in this regard. The Independent Board Committee, having taken into account the advice of Grand Vinco in relation to the New General Mandate, is of the opinion that the New General Mandate is in the best interests of the Company and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommended the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

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.

LETTER FROM THE BOARD

GENERAL

As at the date hereof, the executive Directors are Dr. Stanley Ho, Mr. Lawrence Ho and Mr. Frank Tsui. The non-executive Directors are Mr. Ho Cheuk Yuet and Mr. Ng Ching Wo. The independent non-executive Directors are Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui.

Yours faithfully
By order of the board of
Melco International Development Limited
Lawrence Ho
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

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

website: <http://www.melco.hk.cn>

(Stock Code: 200)

30th September, 2004

To the Shareholders,

Dear Sir or Madam,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

We have been appointed as members of the Independent Board Committee to advise you in connection with the New General Mandate, details of which are set out in the letter from the Board in a circular dated 30th September, 2004 issued by the Company to the Shareholders (the “Circular”), of which this letter forms a part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Your attention is drawn to the letter from Grand Vinco concerning its advice to us regarding the New General Mandate as set out on pages 9 to 14 of the Circular. Having considered the advice given by Grand Vinco and the principal factors and reasons taken into consideration by them in arriving at its advice, we are of the opinion that the New General Mandate is in the best interests of the Company and its Shareholders as a whole, and is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully

By order of the board of

Independent Board Committee

Sir Roger Lobo Robert Kwan Lo Ka Shui

Independent non-executive Directors

LETTER FROM GRAND VINCO

The following is the text of a letter of advice from Grand Vinco to the Independent Board Committee in connection with the New General Mandate, which has been prepared for the purpose of incorporation in this circular.

VINCO 
Grand Vinco Capital Limited
Room 902, 9th Floor, Far East Finance Centre
16 Harcourt Road, Hong Kong

30th September, 2004

*To the Independent Board Committee of
Melco International Development Limited*

Dear Sirs,

REFRESHMENT OF GENERAL MANDATE TO ALLOT AND ISSUE SHARES

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee in connection with the New General Mandate, details of which are set out in the “Letter from the Board” in the circular (the “Circular”) issued by the Company to the Shareholders dated 30th September, 2004 of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

In accordance with Rule 13.36(4)(a) of the Listing Rules, the New General Mandate requires the approval of the Independent Shareholders at which the controlling Shareholder and his associates shall abstain from voting at the EGM. As at the Latest Practicable Date, Mr. Lawrence Ho is the controlling Shareholder holding approximately 48.81% issued share capital of the Company and his associates are Dr. Stanley Ho, Madam Lucina Laam King Ying, Lasting Legend Limited and Better Joy Overseas Limited. Voting of the Independent Shareholders at the EGM shall be taken by poll according to Rule 13.39(4)(b) of the Listing Rules.

The Independent Board Committee, comprising Sir Roger Lobo, Mr. Robert Kwan and Dr. Lo Ka Shui, all being the independent non-executive Directors, has been formed to advise the Independent Shareholders as to whether the New General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and whether the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole.

In formulating our view and recommendation to the Independent Board Committee in relation to the New General Mandate, we have relied on the accuracy of the information and representations contained in the Circular which have been provided to us by the Directors and which the Directors consider to be complete and relevant. We are not aware that any statements, information and representations made or referred to in the Circular, for which the Directors are solely responsible, were untrue and incorrect in all respects at the time when they were made and continued to be so as at the date of the Circular. We are

LETTER FROM GRAND VINCO

also not aware that any statements of belief, opinion and intention made by the Directors in the Circular were not reasonably made after due and careful enquiry and are not based on honestly-held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and we have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Circular.

We consider that we have received sufficient information to enable us to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Circular and to provide a reasonable basis for our view and recommendation. We have no reason to suspect that any material information has been withheld by the Company or by the Directors. We have not, however, carried out any independent in-depth investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee in relation to the New General Mandate, we have considered the principal factors and reasons set out below:

Background of and reasons for the New General Mandate

The Group's business is broadly divided into three divisions, namely, (i) leisure and entertainment division; (ii) technology division; and (iii) investment banking and financial services division.

The grant to the Directors of the Current General Mandate was approved at the AGM on 20th May, 2004 pursuant to Rule 13.36(2)(b) of the Listing Rules and as at the Latest Practicable Date, there were 223,888,313 Shares in issue and 20% of which, being 44,777,662 Shares (the "Current Mandated Shares") were granted to the Directors to allot and issue under the Current General Mandate.

On 9th June, 2004, the Group completed the Mocha Acquisition and satisfied the purchase consideration by issuing 153,478,261 Shares to the vendors of such interests. During the period from the date of the AGM up to and including the Latest Practicable Date, 150,000 Shares were issued pursuant to the share option scheme of the Company. These two events increased the number of Shares in issue to a total of 377,516,574 Shares as at the Latest Practicable Date. The Current Mandated Shares of 44,777,662 Shares represented approximately 11.86% of the entire 377,516,574 Shares in issue as at the Latest Practicable Date. The Current General Mandate has not been utilized since the date of grant and there has been no history of refreshment of general mandate other than the New General Mandate as at the Latest Practicable Date. The Board proposed to pass an ordinary resolution at the EGM to approve the New General Mandate in accordance with Rule 13.36(4)(a) of the Listing Rules to allow flexibility to issue any additional new Shares so that the Directors would be granted to allot and issue not exceeding 20% of the issued share capital of the Company. The New General Mandate will be in force when it is approved by the Independent Shareholders at the EGM.

Improvement in the financial performance

Previously, the Group has experienced losses for the five consecutive years ended 31st December, 2003. The Group recorded a net loss of approximately HK\$26 million for the year ended 31st December,

LETTER FROM GRAND VINCO

2003, representing approximately 26% less loss than the previous financial year of approximately HK\$36 million. According to the annual report of 2003, the improvement was achieved through the implementation of various strategic and operational initiatives including cost rationalization measures to the Group's operating units so as to achieve maximum synergy. According to the latest interim report, the Group recorded a turnaround net profit of approximately HK\$60 million for the six months ended 30th June, 2004 as compared to a net loss of approximately HK\$15 million for the same period in 2003 due to an improvement in the operating results of leisure and entertainment business, a turnaround profit contributed by the Group's technology and investment banking and financial services businesses and a profit recorded from the disposal of a property held by the Group. Turnover of the Group for the year ended 31st December, 2003 of approximately HK\$164 million represented an improvement of approximately 98% from the previous year. The unaudited turnover for the six months ended 30th June, 2004 substantially increased by approximately 261% to approximately HK\$211 million. As the Company allotted and issued 153,478,261 Shares at HK\$2.3 per Share in order to complete the Mocha Acquisition, the unaudited net asset value of the Group was approximately HK\$831 million as at 30th June, 2004 represented a raise of approximately 80% from the net asset value of approximately HK\$461 million as at 31st December, 2003.

The Board considers that due to the boom of the Macau economy, especially in the leisure and entertainment industry, and the improvement of the Hong Kong economy, the Group's various business segments are well positioned to take advantage of the economic upturns. As stated in the "Letter from the Board", subsequent to the announcement of the latest interim results of the Group, the Directors have been approached by potential investors for possible investments in the Shares but no concrete investment plan was formulated as at the Latest Practicable Date.

Financial flexibility

We have reviewed the information, including bank statements of the Group, provided by the Group and have discussed with the management of the Group and have been advised by the Directors and we concur that the Group has sufficient working capital and has no immediate funding needs for the current operations of the Group. As stated in the "Letter from the Board", subsequent to the announcement of the latest interim results of the Group, the Directors have been approached by potential investors for possible investments in the Shares but no concrete investment plan was formulated as at the Latest Practicable Date. The Directors confirmed that if the potential investors offer attractive terms for investment in the Shares and subject to the then market condition, they will consider and may conduct an equity fund raising exercise by issuing new Shares, which may or may not result in the exercise of the New General Mandate for further development of the Group including the leisure and entertainment business and the investment banking and financial services business.

As at the Latest Practicable Date, there is no concrete proposal presented by the potential investors currently for investment in the Shares. We noted that the Directors cannot perceive whether or not there will be any issue of Shares as at the Latest Practicable Date and the amount thereof and the application of such proceeds. Having said that, as discussed in the paragraph headed "Improvement in the financial performance" above, the operating results of the Group's leisure and entertainment, technology and investment banking and financial services businesses had improved for the past six months ended 30th June, 2004. In addition, it was mentioned in the interim report of the Group for the six months ended 30th June, 2004 that the Group will continue to further expand its current businesses. We consider that it is logical for the Directors' intention to further expand and invest in its current businesses to strike for a

LETTER FROM GRAND VINCO

higher return for the Shareholders. Pursuant to the Current General Mandate, 44,777,662 Shares could be allotted and issued. If the New General Mandate is approved and assuming that no further Shares are issued/repurchased from the Latest Practicable Date up to and including the date of the EGM, an additional 30,725,652 Shares or a total of 75,503,314 Shares, representing 20% of the existing 377,516,574 issued Shares as at the Latest Practicable Date, could be allotted and issued by the Directors under the New General Mandate. We consider that the granting of the New General Mandate could enhance the financing flexibility of the Company to raise capital, if and when required, through placing of Shares for further development of the Group. In addition, the Directors consider that if investment opportunities arise, investment decisions may have to be made within a short period of time. The New General Mandate would provide the Group with the maximum flexibility as allowed under the Listing Rules to allot and issue new Shares to raise capital through placing of new Shares as consideration for funding such potential acquisitions in the future as and when such opportunities arise. The increased amount of capital which may be raised under the New General Mandate provides more options of financing to the Group when assessing and negotiating potential acquisitions in a timely manner.

Other financing alternatives

Other than raising fund by way of issuing equity capital, the Directors will consider other financing methods such as debt financing and funding through internal resources in order to meet its financing requirements arising from future development of the Group, depending on the then market condition. As advised by the Directors, the New General Mandate provides another alternative to the Directors to finance the Group's businesses and the Directors will use the method which serves the best interest of the Group. We consider that it is a sensible consideration to make reference to the then financial position of the Group in order to decide on a financing method for the future development of the Group.

Potential dilution to shareholding of the Independent Shareholders

We set out below a table depicting the shareholding structures of the Company at the Latest Practicable Date and, for illustrative purpose, the respective shareholding structures of the Company upon full utilization of the Current General Mandate and the New General Mandate:

| | Issued Shares as at the Latest Practicable Date | | Issued Shares with full utilization of the Current General Mandate | | Issued Shares with full utilization of the New General Mandate | |
|--|---|-------|---|-------|---|-------|
| | (No. of Shares) | % | (No. of Shares) | % | (No. of Shares) | % |
| Lawrence Ho and associates (Note) | 199,518,059 | 52.85 | 199,518,059 | 47.25 | 199,518,059 | 44.04 |
| Shun Tak Shipping Company Limited | 39,083,147 | 10.35 | 39,083,147 | 9.25 | 39,083,147 | 8.63 |
| Shares issued under the Current General Mandate | – | – | 44,777,662 | 10.60 | – | – |
| Shares issued under the New General Mandate | – | – | – | – | 75,503,314 | 16.67 |
| Other (Public) | 138,915,368 | 36.80 | 138,915,368 | 32.90 | 138,915,368 | 30.66 |
| Total | 377,516,574 | 100 | 422,294,236 | 100 | 453,019,888 | 100 |

Note: Shareholdings by Mr. Lawrence Ho, Better Joy Overseas Limited, Lasting Legend Limited, Dr. Stanley Ho and Madam Lucina Laam King Ying.

LETTER FROM GRAND VINCO

Shareholders should note that the Current General Mandate will be revoked upon approval at the EGM of the New General Mandate which will be and continue to be in force until the earliest of (i) the conclusion of the Company's next annual general meeting; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Company's memorandum and articles of association or any applicable law to be held; and (iii) the revocation or variation of the authority given under the relevant resolution to be proposed at the EGM by ordinary resolution of the Shareholders in general meeting. Such duration is in compliance with Rule 13.36(3) of the Listing Rules.

Upon full utilization of the Current General Mandate, 44,777,662 Shares will be issued, representing approximately 11.86% and approximately 10.60% of the existing issued share capital and the enlarged issued share capital (increased by the Current General Mandate) of the Company respectively. Upon full utilization of the New General Mandate, 75,503,314 Shares will be issued, representing 20% and approximately 16.67% of the existing issued share capital and the enlarged issued share capital (increased by the New General Mandate) of the Company respectively.

The aggregate shareholding of the existing public Shareholders will decrease from approximately 36.80% to approximately 32.90% upon full utilization of the Current General Mandate and to approximately 30.66% upon full utilization of the New General Mandate. There will be a potential maximum dilution of approximately 6.14% with full utilization of the New General Mandate. Taking into account that the New General Mandate will increase the amount of capital which may be raised under the New General Mandate and provides more options of financing to the Group for further development of its business as well as in other potential future acquisitions as and when such opportunities arise and the fact that the shareholding of all the Shareholders will be diluted to the same extent upon any utilization of the New General Mandate, we consider such dilution or potential dilution to shareholding of the Independent Shareholders acceptable.

Terms of the New General Mandate

Pursuant to the Listing Rules, the Company will be required to seek prior consent of Shareholders for any allotment, issue or grant of Shares or securities convertible into Shares or other rights to subscribe for Shares or such convertible securities, unless such allotment, issue or grant falls under the circumstances provided under Rule 13.36(2) of the Listing Rules, including certain rights issue and open offer (subject to other Listing Rules requirements on the offering size and structure). Pursuant to Rule 13.36(2)(b) of the Listing Rules, an ordinary resolution will be proposed at the EGM to obtain approval from the Shareholders to refresh the Current General Mandate so that the Directors will be entitled to exercise the powers of the Company to allot and issue Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the EGM. The approval of the New General Mandate by the Shareholders is unconditional.

CONCLUSION

Having taken into consideration of the above principal factors and reasons, in particular:

- (i) background of and reasons for the New General Mandate;
- (ii) improvement in financial performance of the Group;

LETTER FROM GRAND VINCO

- (iii) enhancement of financial flexibility to the Group; and
- (iv) acceptable potential dilution to shareholdings of the Independent Shareholders,

we are of the view that the New General Mandate is fair and reasonable, so far as the Independent Shareholders are concerned and that the New General Mandate is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the New General Mandate.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited
Hans Wong
Managing Director
Corporate Finance

NOTICE OF EGM



Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

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

website: <http://www.melco.hk.cn>

(Stock Code: 200)

NOTICE IS HEREBY GIVEN (the “Notice”) that an extraordinary general meeting (the “Meeting”) of Melco International Development Limited (the “Company”) will be held at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, on Friday, 15th October, 2004 at 11:00 a.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following as an ordinary resolution of the Company:

“**THAT** the mandate to issue shares of the Company given to the directors of the Company at the Annual General Meeting of the Company held on 20th May, 2004 be and is hereby revoked and replaced by the following mandate:–

‘(I) **THAT:**

- (a) subject to paragraph (c) of Item (I) of this Resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of Item (I) of this Resolution shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debentures, notes and other securities which carry rights to subscribe for or are convertible into shares of the Company) which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) of Item (I) of this Resolution, otherwise than pursuant to (i) a Rights Issue, (ii) the exercise of any rights of subscription or conversion under any existing warrants, bonds, debentures, notes and other securities issued by the Company, (iii) any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company or (iv) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the

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Company in accordance with the Articles of Association of the Company, shall not exceed the aggregate of:

- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution; and
- (bb) the aggregate nominal amount of share capital of the Company repurchased by the Company after the date of passing this Resolution pursuant to the general mandate to repurchase shares given by the Company to the directors from time to time (subject to a maximum number equivalent to ten per cent. of the then existing issued share capital of the Company),

and the said approval shall be limited accordingly;

- (d) for the purposes of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the period within which the next annual general meeting of the Company is required by the Companies Ordinance to be held; and
- iii. the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares of the Company or issue of options, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities entitled to the offer) on a fixed record date in proportion to their then holdings of such shares of the Company (or, where appropriate, such other securities), (subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).

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- (II) **THAT** the directors of the Company be and are hereby authorised to exercise the powers of the Company referred to in paragraph (a) of Item (I) of this Resolution in respect of the share capital of the Company referred to in sub-paragraph (bb) of paragraph (c) of Item (I) of such Resolution.”

By order of the board of
Melco International Development Limited
Samuel Tsang
Company Secretary

Hong Kong, 30th September, 2004

Registered Office:

38th Floor
The Centrium
60 Wyndham Street
Central
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the Meeting may appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one of such persons may vote at the Meeting, either personally or by proxy, in respect of such share of the Company 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 on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the proxy form duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof must be delivered to the registered office of the Company at 38th Floor, The Centrium, 60 Wyndham Street, Central, Hong Kong, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
4. Whether or not you propose to attend the Meeting in person, you are strongly urged to complete and return the proxy form in accordance with the instructions printed thereon. Completion and return of the proxy form will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the proxy form, it will be deemed to have been revoked.