
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.

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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)

**PROPOSAL FOR GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES
AND
AMENDMENTS TO THE
COMPANY'S NEW ARTICLES OF ASSOCIATION**

A notice convening the 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 Thursday, 20th May, 2004 at 3:00 p.m. is contained in the 2003 annual report of the Company. Shareholders are advised to read the notice and to complete and return the form of proxy enclosed with the 2003 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.

As at the date hereof, the executive directors of Melco are Dr. Stanley Ho (Chairman), Mr. Lawrence Ho (Managing Director) and Mr. Frank Tsui. Mr. Ho Cheuk Yuet is the non-executive director. The independent non-executive directors are Sir Roger Lobo, Mr. Robert Kwan and Mr. Ng Ching Wo.

28th April, 2004

LETTER FROM THE CHAIRMAN



Melco International Development Limited

新 濠 國 際 發 展 有 限 公 司

Directors:

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

Registered Office:

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

* *Independent Non-Executive Directors*

** *Non-Executive Director*

28th April, 2003

To the shareholders,

Dear Sir or Madam,

**PROPOSAL FOR GENERAL MANDATES TO
REPURCHASE SHARES AND TO ISSUE SHARES
AND
AMENDMENTS TO THE
COMPANY'S NEW ARTICLES OF ASSOCIATION**

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, 2003, 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 20th May, 2004 (the "Annual General Meeting") for the grant of these general mandates.

LETTER FROM THE CHAIRMAN

The purpose of this circular is to provide you with information regarding the proposed general mandates to repurchase Shares and to issue new Shares and amendments to the Company's new Articles of Association.

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").

AMENDMENTS TO THE COMPANY'S NEW ARTICLES OF ASSOCIATION

The special resolution set out in item 6 of the notice of the Annual General Meeting, if passed, will make amendments to the Company's Articles of Association in view of certain amendments made to the Listing Rules relating to corporate governance issues which have become effective on 31st March, 2004 subject to certain transitional arrangements and the Companies (Amendment) Ordinance 2003 ("Amendment Ordinance") which has come into operation on 13th February, 2004. The Directors propose, for the purpose of complying with the relevant amendments, to the shareholders of the Company for approval of certain amendments to the new Articles of Association of the Company including, inter alia, the following:

- (i) to conform with the amended provisions of Appendix 3 to the Listing Rules including, inter alia, the following:
 - (a) the minimum length of the period, during which notice to the Company by shareholders of the intention to propose a person for election as a Director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days. The period of lodgement of such notice shall commence no earlier than the day after the despatch of the notice of meeting appointed for such election and end no later than 7 days prior to the date of such meeting;

LETTER FROM THE CHAIRMAN

- (b) subject to such exceptions as are specified in the Articles of Association, a Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting;
- (c) where any shareholders is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted; and
- (ii) to comply with certain provisions in the Amendment Ordinance with respect to, inter alia, issue of share certificate within 10 business days after lodgement of a transfer and removal of any Director by ordinary resolution.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting, which contains the above-mentioned ordinary resolutions, is set out in the 2003 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.

RECOMMENDATION

The Directors consider that the grant of the Repurchase Mandate and the Issue Mandate, and the amendment of the Company's new Articles of Association are in the interests of the Company and its shareholders as a whole and accordingly recommend shareholders to vote in favour of the ordinary and special 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

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 27th April, 2004 (the “Latest Practicable Date”), the issued share capital of the Company comprised 223,888,313 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 22,388,831 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.

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, 2003) 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.

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:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2003		
April	1.432	1.229
May	1.525	1.263
June	1.534	1.457
July	1.559	1.483
August	2.550	1.407
September	2.250	1.770
October	2.475	1.970
November	2.125	1.880
December	2.125	1.900
2004		
January	2.175	1.940
February	2.500	1.980
March	2.750	2.200

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 24.27 per cent. of the issued share capital of the Company and (b) Lasting Legend Limited, a company wholly owned by Mr. Lawrence Ho, Mr. Lawrence were together beneficially interested in 26.61 per cent. of the issued share capital of the 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 26.96 per cent. and (b) the shareholding of Lasting Legend Limited and Mr. Lawrence Ho would be increased to 29.56 per cent. of the issued share capital of the Company. As Lasting Legend Limited, Shun Tak Shipping Company, Limited, Mr. Lawrence Ho, 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.

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.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.