

News Release : Melco Holdings Inc. (6676 TSE 1)

Date : February 18, 2004

Melco Cancels Issuance of New Shares and Secondary Offering

Melco Inc. has decided to cancel its plans to conduct a public offering of newly issued shares, a private placement of newly issued shares, and a secondary offering of shares purchased by the underwriters and shares acquired through an overallotment. A resolution approving the cancellation was passed by the Melco Board of Directors on February 2, 2004.

To prepare for the sale of these shares, Melco has explained its need for these funds and its business strategies to investors from medium- and long-term perspectives. Melco was able to gain an understanding among investors of its strategies and the growth potential of the Melco Group. However, Melco was unable to receive the support of institutional investors with regard to its need for funds to meet medium- and long-term objectives. Due to this response from the investment community, the decision was made to cancel the planned new share and secondary offerings. Melco will explore other means of procuring the funds required for its business activities while making no changes in its growth strategy of targeting the market for digital home electronics.