



# Macau

## The safest bet in Asia

### COUNTRY PROFILE

**OFFICIAL NAME:**  
Macau Special Administrative Region

**GOVERNMENT:**  
Special Administrative Region of the People's Republic of China since December 20, 1999, with its own mini-constitution

**NATIONALITY:** Macanese

**POPULATION:** 449,198 (July 2005 est.)

**ETHNIC GROUPS:** Chinese 95.7%  
Portuguese 1.7%

**LANGUAGES:** Cantonese 87.9%,  
Hokkien 4.4%, Mandarin 1.6%,  
other Chinese dialects 3.1%, other 3%  
(2001 census)

**CURRENCY:** pataca (MOP)

**EXCHANGE RATE:** 8.022 patacas  
per U.S. dollar (2004)

**GDP purchasing power parity:**  
\$9.1 billion (2003)

**GDP real growth rate:** 28% (2004)

**GDP per capita:** \$19,460 (2003)

**GDP composition by sector:**  
agriculture: 0.1%, industry: 7.2% ,  
services: 92.7% (2002 est.)

**INDUSTRIES:**  
tourism, gaming, clothing, textiles,  
electronics, footwear, toys  
(2003 est.)



Sources: U.S. Department of State  
CIA The World Factbook

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**Intercom UK Ltd**  
12, St James Square, London SW1Y 4RB,  
United Kingdom  
Tel: +44 20 7629 5870  
Fax: +44 20 7629 5337  
www.intercom-uk.com

**Commercial Management:**  
Alexandra Benard  
**Editorial Content:**  
Hamish Phillips

▶▶▶ MACAU HAS BURST ONTO THE INTERNATIONAL SCENE SINCE IT BECAME A SPECIAL ADMINISTRATIVE REGION IN 1999. GAMING AND TOURISM ARE TRANSFORMING BEYOND RECOGNITION TO CREATE ASIA'S GREATEST LEISURE, GAMING AND ENTERTAINMENT SPOT.

Macau-linked stocks are soaring and GDP has rocketed by 28%

## Redefining Asia's map of top destinations

From sleepy colonial outpost to the hottest thing in gaming this side of Nevada, Macau has burst onto the international scene in the six years since the former Portuguese territory became, like neighboring Hong Kong, a Special Administrative Region (SAR) of China in 1999. This year casinos on this tiny peninsula in the southern Chinese province of Guangdong and its nearby islands are expected to rake in more than \$5 billion – effectively overtaking the Las Vegas Strip. And with gaming revenues expected to grow by 20% per year over the next five years, Macau could become the world's most lucrative gaming center by the end of the decade. Macau-linked stocks are soaring, gross domestic product expanded by 28% in 2004, and real estate in the 10 square miles (26 square kilometers) that make up the region is being snapped up by the second. Add to this the roughly \$3 billion of resort and entertainment projects now in the pipeline and estimates of more than \$12 billion in investment still to come, as well as a potential tourist market of over one billion in mainland China where per-capita income is rapidly on the rise: Macau is not only what may be the most exciting growth story of the decade, but also looks set to permanently redefine Asia's map of top world-class destinations.

Much of the region's transformation stems from a 2001 decision by the government to end what had been a 40-year monopoly in the gaming sector by local businessman Stanley Ho. When his license expired in 2002, the SAR government, under the guidance of its Chief Executive Edmund Ho, opened the sector to new players, offering three new permits up for bids. Stanley Ho was awarded one, and the others went to outsiders Steve Wynn of Las Vegas Mirage and Bellagio fame, and to Galaxy Resort and Casino, a consortium of investors from Hong Kong who subsequently granted a sub-concession to Sheldon Adelson, the mastermind behind Las Vegas's Venetian resort. The fact that both Mr. Wynn and Mr. Adelson have been credited with reinventing Las Vegas as a family tourism and convention Mecca plays perfectly into government plans to expand beyond Macau's main game. The goal is to develop the city into a regional hub for business conferences, family-oriented entertainment and host of international events, such as this year's East Asian Games.

Chief Executive Edmund Ho, the man behind Macau's resurgence, was appointed by the Chinese government directly after the handover. Spillover from the gaming boom is helping to fuel other sectors of the economy, and Mr. Ho has been intent on using government revenues from gaming, which make up more than 70% of its total, to support this trend and to preserve Macau's other attractions – its historical monuments and unique cultural fusion. The "one country, two systems" policy of the central Chinese government was a part of the handover agreement and grants Macau a high degree of autonomy for the next fifty years. According to Edmund Ho, it has aided immensely in the SAR's development. The Closer Economic Partnership Agreement (CEPA) between Macau and mainland China, which came into effect in 2004, will also provide a further boost to local industries. He comments: "To continue developing, we intend to fully utilize the resources and opportunities offered within CEPA, as well as those in the Pan Pearl River Delta agreement between Macau, Hong Kong and nine mainland provinces."

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**EDMUND HO**  
Chief Executive of  
Macau SAR Government

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Shun Tak's current projects include the ambitious Nam Van site project, adjacent to the Macau Tower it manages.

Intermediary professionals shaping the new Macau with transport and property developments

## Shun Tak: Macau's driving force

AS CHIEF EXECUTIVE Edmund Ho's government concerns itself with meeting ever greater demands on infrastructure capacity in Macau, Pansy Ho, Managing Director of Shun Tak Holdings Limited, has been busy developing multiple transport projects to effectively deal with Macau's rising visitor numbers, and those yet to come. The Macau Special Administrative Region will receive 20 million tourists in 2005, a remarkable number for a territory of only 10 square miles (26 square kilometers) and a population of just 450,000. Moreover, with the central Chinese government's decision to relax travel restrictions for 200 million people in nearby provinces, and new talk of doing away with cross border checks altogether in the future, visitor numbers are guaranteed to skyrocket. Consequently, Shun Tak, which owns Asia's largest high-speed jetfoil fleet and which has an 80% market share of the lucrative Hong Kong-Macau ferry route, is set to expand its entire passenger transportation network throughout the Pearl River Delta region. The company launched its TurboJET Sea Express Service from the Hong Kong International Airport in late 2003, a complement to its Honk Kong-Macau and Macau-Shenzhen routes, and recorded the highest ever turnover in its transport division in 2004 with a passenger increase of 132% on its mainland route to Shenzhen.

Now, according to Ms. Ho, Shun Tak will expand its ferry routes and ports, as well as venture into other transport sectors such as air charter and cross-border coach services. She comments: "Shun Tak has always been involved in non-gaming sectors in Macau and now we will take an even stronger and more

direct presence and focus on bringing in more supplementary services. With our ferry operations, we are not only expanding our fleet size but also our route numbers, and in the future we will move from our basic Hong Kong-Macau operation to a whole network of sea ferry services and different package products."

In its property development division, Shun Tak manages the Macau Tower Convention and Entertainment Center, and owns two leading five-star hotels and the only 18-hole golf course in Macau. Current projects include the development of the three million-square-foot (279,000-square meter) Nam Van site adjacent to the Macau Tower on the peninsula, which will house a shopping center, residential units, a hotel with a

casino and office space. Another project, on the island of Taipa, is one of Macau's largest-ever residential complexes with a total of 5,500 apartments. The first 2,100 units in phase one of the Nova Taipa project sold out immediately, and a further 1,788 blocks in phase two are scheduled for completion in 2008.

Furthermore, Ms. Ho has also signed an agreement with Las Vegas's MGM Mirage to build the MGM Grand Macau, a \$1 billion mega-casino-hotel project to be located on the peninsula waterfront next to the future Wynn Resorts hotel and casino. Scheduled to open in 2007, the resort will boast 600 rooms, suites and villas, a casino with 300 tables and 1,000 slot machines, a spa, retail and convention spaces, and a variety of entertainment facilities.

Ms. Ho says that the number of new players and the variety of mega-projects now under construction in Macau will widen its tourism offer and lead to a more sophisticated industry, but is unlikely to become a carbon copy of Las Vegas. "Las Vegas was a miracle in the sense that it was a desert that was built up from nothing," she says, "but Macau is different as we already have a heritage and culture. Macau is the oldest port in China, the place where the Portuguese first landed and where they initiated trade between the East and the West, so there is a lot here and we are much richer in terms of the fabric of society. This is why I think that in the future Macau will draw visitors from the medium- and longer-haul markets as well."

**Ambassadors of the city and Macau experts, Shun Tak and Pansy Ho are the perfect partners for companies who want to invest there.**



**PANSY HO**  
Managing Director of  
Shun Tak Holdings Limited

**Shun Tak Holdings Limited**  
www.shuntakgroup.com

**THE SKY IS THE LIMIT**

**THE LARGEST CONGLOMERATE OF MACAU IS CRAFTING THE FUTURE WITH A VISION**

<p><b>Hospitality</b></p> <p>Partner-owner of two of the leading 5-star hotels, Westin Resort Macau, Mandarin Oriental Macau and Macau Golf &amp; Country Club; Manager of Macau Tower Convention &amp; Entertainment Centre.</p>	<p><b>Property</b></p> <p>Controls the largest land bank in Macau of over 10 million sq. ft. with a property investment portfolio of over HK\$2.5 billion including the largest residential development on Taipa Island.</p>
<p><b>Transportation</b></p> <p>Running Turbojet, the strongest fleet of high-speed jetfoil vessels in Asia, connecting major cities within the Pearl River Delta and commanding 80% of market share for the HK-Macau route.</p>	<p><b>Gaming Investment</b></p> <p>Holds 15.8% stake in STDM and is landlord of 213,000 sq. ft. of casino floor, generating significant rental income.</p>

29.10.2005 – 06.11.2005

**Macau 2005**  
**4th East Asian Games**  
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Rua do Desporto, n.º 185-195 Taipa, Macau, China | Tel: (853) 70 2005 | Fax: (853) 71 2005 | E-mail: eagm2005@macau.ctm.net

# Macau

Gaming: Asia's safest bet and on a roll with rocketing revenues, investment and multi-faceted resorts

## Leaving Las Vegas behind as world's number one

MACAU TODAY is for players. If you're not throwing dice at the tables, you're betting on stocks – and winning. The biggest players of all are the region's main gaming operators who are racing to set up shop before the next guy, each wager bigger and better than the last. Wheeling and dealing on a grand scale, their chips are the casinos, hotels and entertainment venues that they are building one after the other, and investment may well eventually top more than \$15 billion. Still only a select few, they count some of the world's best-known names in gaming. And if the success of Sheldon Adelson's Sands Macau casino is anything to go by, they are set to win big. Constructed at a cost of \$265 million, the Sands has already brought in more than \$400 million since opening in 2004.

Macau is the only place in China where gambling is legal and the Chinese,

encouraged by a lowering of visa restrictions, are streaming in. A table at the Sands daily brings in over 50% more than the average table in Las Vegas. Chinese gamblers play more hands per hour and bet more – an average of \$85 per hand, compared with \$25 in Las Vegas. Slot machines in Macau net an average of \$200 per day; in Las Vegas, it's only \$100. Gaming revenues reached \$5.2 billion in Macau last year, unseating Las Vegas as the world's most lucrative gaming center, and many of Macau's newest operators have still yet to open their doors. When they do, Asia will have itself a new star and world-class destination.

So who are these players and what are they building? Local magnate Stanley Ho, who enjoyed a forty-year monopoly in the gaming industry until 2002, is still the biggest fish. His 15 casinos continue to dominate over 70% of the market, while Sheldon

Adelson's Sands and Galaxy's Waldo Hotel account for the rest. However, a new \$700 million resort will be opened next year by Las Vegas's Steve Wynn, and MGM Mirage – in a joint venture with Stanley Ho's daughter, Pansy Ho – will open a \$1 billion hotel-casino next door. In addition, Mr. Adelson has already broken ground in Cotai on a \$1.8 billion, 3,000 room hotel-casino based on his Las Vegas Venetian, and Galaxy Resort & Casino is planning to invest \$1 billion in four other hotels. Meanwhile, Dr. Ho's son, Lawrence Ho, Director of Melco International Development Ltd., has signed an agreement with Australian PBL to build a six-star Crown Macau on Taipa and the City of Dreams resort in Cotai. Not to be outdone, Stanley Ho is constructing a \$140 million theme park called Fisherman's Wharf, complete with an erupting volcano, and also creating a Mississippi steamboat hotel

and a Chinese fort, as well as a new \$250 million hotel-casino across the street from his landmark Lisboa Hotel, one of the world's top-grossing casinos.

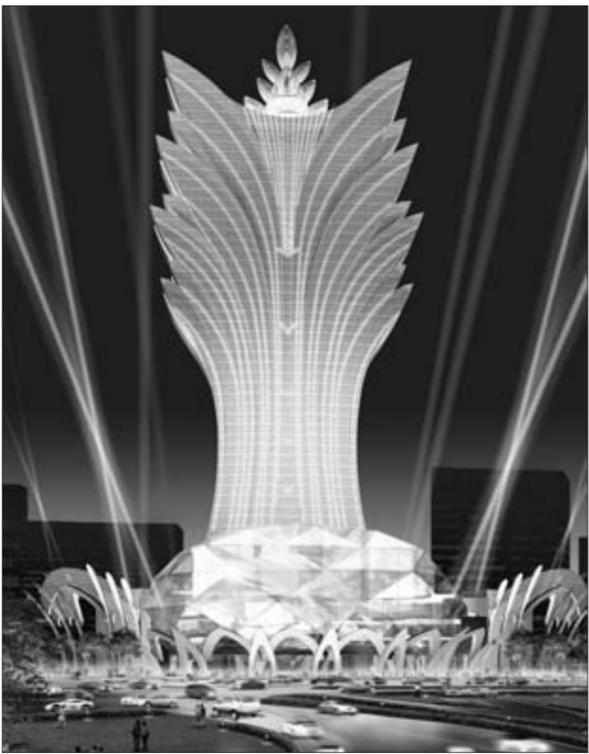
Tax revenues from the gaming sector netted the government \$1.85 billion last year, and Secretary for Economy and Finance, Francis Tam, has said that benefits from the liberalization of gaming are leading to the development of other sectors and increasing Macau's overall competitiveness. U.S. consulate Senior Commercial Officer, Stewart Ballard, says that the city is not only becoming a world-class tourist destination, but also an excellent base for entering the Chinese market. He comments: "The government is running at an \$802 million surplus, and that is just the beginning. With millions of tourists coming to Macau from mainland China every year, that is a great way for a company to test a new product."



Macau is a modern city today through the revenue and infrastructure generated by Sociedade de Turismo e Diversões de Macau (STDM) and its flagship Hotel Lisboa.

Liberalization of gaming sector brings out the best in the established leader of the pack

## Casino king Stanley Ho's legend reigns supreme



Stanley Ho's Sociedade de Jogos de Macau (SJM) is rising to the new competition in the gaming sector, unveiling one incredible project after the other, like the Grand Lisboa above.

WHEN STANLEY HO and his holding company Sociedade de Turismo e Diversões de Macau (STDM) were awarded the sole gaming concession in Macau back in 1962, he said that the company would bring a new prosperity to the region, and improve the welfare and living standard of its citizens. True to his word, STDM, and its gaming subsidiary, Sociedade de Jogos de Macau (SJM), have spent more than 40 years modernizing what was a depressed fishing community. Plowing investment and social contributions into the peninsula and its islands, it has been providing 70% of the government's total revenues through direct taxes. Although STDM's monopoly ended in 2002, Stanley Ho's empire continues to dominate the gaming market, and hence provided the majority of last year's \$1.8 billion tax revenue for the government of Macau Special Administrative Region (MSAR).

"Macau is a modern city today because of STDM," says Ambrose So, Director of SJM. "Over the past 40 years, apart from the taxes it has paid, the company has undertaken a number of infrastructure projects that went way beyond what was required in the concession agreement. Macau International Airport, the bridges, the urbanization and resettling of people in the outer harbor – STDM has had a



AMBROSE SO  
Director of Sociedade de Jogos de Macau

hand in all of these, and much more. It is a local company, rooted in Macau, and it has a passion for the region's growth." Proud of its roots, Stanley Ho's SJM is making great efforts in the development of cultural tourism with projects including Ponte 16 in the inner harbor, Macau Fisherman's Wharf in the outer harbor, and the East-West Cultural Village in the historical Rua da Felicidade district. Dr. So adds, "Through the efforts of the government, Macau has another

novel name: 'City of Culture.' If you come to Macau you will see that the culture has a long history, longer than Hong Kong, and the buildings are more carefully preserved. I think we can make use of the cultural uniqueness of Macau to explore cultural tourism, and of course conventions and resorts, which can be a major attraction for tourists."

**Building on the past and shaping the future, SJM has strengthened its roots and premier position in Macau.**

Competition from the liberalization of the sector doesn't seem to have daunted Stanley Ho in the least. To the contrary, it seems to have brought out the best in him, and in May of this year he announced his most ambitious project to date – the \$800 million (6.2 billion Macanese patacas) Oceanus, designed by internationally acclaimed French architect Paul Andreu. One of Macau's largest hotel, commercial, residential, shopping and entertainment complexes yet, Oceanus will project out into the harbor next to the Macau-Hong Kong ferry terminal and rise from 164 feet inland to 436 feet (50 meters to 133 meters) at the waterfront, symbolically representing a sea change for Macau. "This project further strengthens our commitment to the development of Macau, and once again proves our confidence in its future," Stanley Ho stated when the project was announced. "We believe that the Oceanus complex will help develop Macau into the region's tourism, entertainment and leisure center." A separate 600-foot tower will be among Macau's tallest buildings and in fact will be near another of his current projects: the 44-story Grand Lisboa hotel-casino, which is scheduled for a 2006 completion, and is being touted as Asia's most luxurious hotel.

Alan Ho, executive director of Florinda Hotels International, another STDM subsidiary that manages several of the group's hotels in Macau, including its flagship Hotel Lisboa, says that the trend for hotel rooms is that they are progressively larger. "Although you can decorate a room quite luxuriously," he says, "it's difficult to change its size, so new hotels will be catering to new expectations."

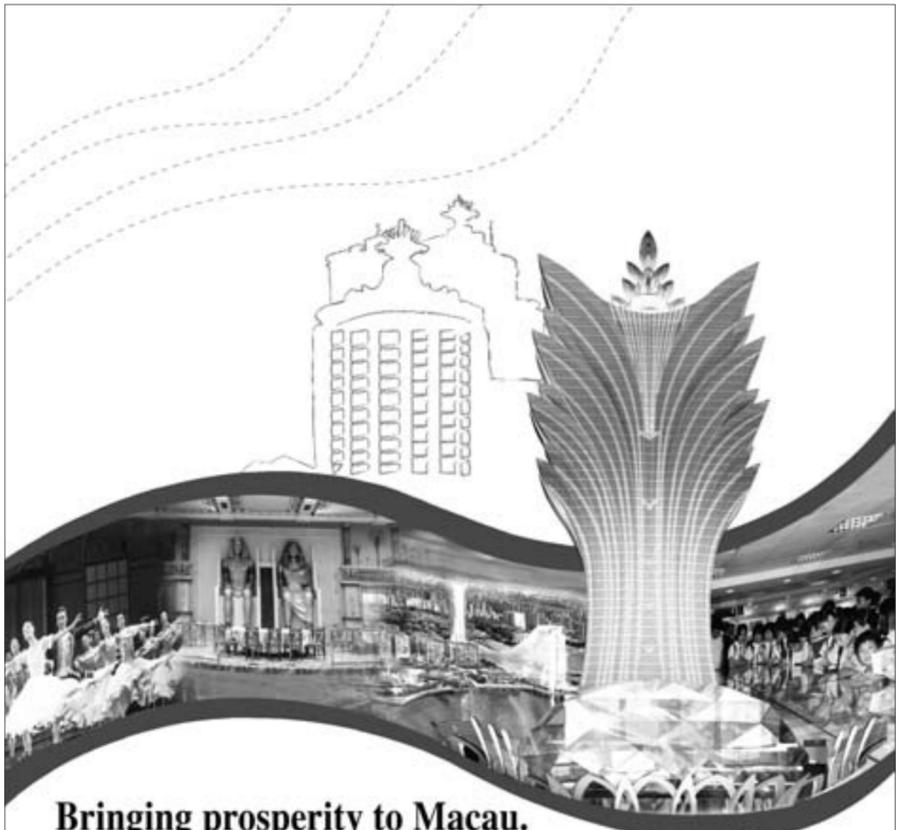
Increased competition in the sector hasn't hurt SJM's revenues either. Even with the entry of newcomers Las Vegas Sands and Galaxy Resort & Casino, SJM posted record profits in 2004 from its 13 casinos, raking in roughly \$4.5 billion (MOP\$35.2 billion) in total gaming revenue. Credits were given to SJM's continued efforts in strengthening its organization, improving the professionalism of its staff by in-house training and re-training at Macau Millennium College, and introducing more themed casinos and attractive marketing campaigns. Also, Macau received 40% more visitors in 2004 than in 2003, and growth in the gaming sector jumped

by 45%. SJM director Ambrose So says that both the mass market and the VIP market, which SJM has traditionally targeted and from which it currently receives nearly 80% of its revenues (and

which accounts for nearly 70% of total gaming revenues in the territory), are likely to grow and that SJM is well placed to exploit the two. He comments, "The VIP market is a niche where you need to have a certain infrastructure, as well as connections, in order to attract customers. SJM has been in the region for over 40 years; we have an extensive network and we understand the Chinese market. In the meantime, we are also creating the facilities to capture more of the mass market."



Stanley Ho's empire continues to dominate the gaming market. A main pillar of the economy, it represents 70% of government revenue.



**Bringing prosperity to Macau.**

**SJM - Macau's leader in tourism, entertainment and cultural development.**

The \$800 million Oceanus is Stanley Ho's most ambitious project to date and will symbolize a sea of change for the new Macau.



澳門博彩股份有限公司  
SOCIEDADE DE JOGOS DE MACAU, S.A.  
Tel : (853) 566-065 Fax : (853) 371-981

# Macau

With four new projects over the next five years, Galaxy Resort & Casino sees the sky as no limit

## New Asian gaming giant Galaxy plays its aces

WHEN THE MACAU GOVERNMENT opened its gaming sector in 2002, offering up three concessions for bids, it immediately received immense international response from 21 bidders from the world's most famous gaming names. One bid was won by local incumbent Stanley Ho, another by Las Vegas king Steve Wynn, and the third by a little-known consortium of Hong Kong-based investors called Galaxy Resort & Casino. Today, however, and on closer inspection, one sees a greater wisdom in the government's and Chief Executive Edmund Ho's decision. Galaxy Resort & Casino is Asian, and it quietly won its concession bid and launched its hotel-casino two years ahead of the high-profile Wynn Resorts, capturing 14% of the VIP market in just over a year. In the same discreet fashion, Galaxy is now calmly uncoiling its tentacles to claim

of much larger share of Macau's lucrative gaming pie.

"Galaxy will be known as the Asian gaming giant," claims CEO Anthony Carter. "We will not be simply introducing a Las Vegas model. We will remain very much an Asian organization, and not just in the sense of using Asian decor, but in the way we approach things, the way we deal with people, the way we talk to them, and in the service we provide." Mr. Carter says that gaming in Asia is much different than in Las Vegas and much tougher.

Asian gamblers bet hard and fast and are not looking for frills such as expensive meals and showroom dancers. They drink tea and eat simply while betting up to \$250,000 a hand. "Compared to the U.S. gambler, you've got a completely different profile," he explains. "Gaming is about people. You have to look at the profile of the people, and that, I think, is going to be the main difference for Galaxy. We approach it from an Asian point of view. One of our strengths is the fact that we are dedicated to Macau, both in terms of resources and management. We are not distracted by bidding in Singapore, or operations in Las Vegas or Atlantic City, or anything else. We are totally focused here."

As it turns out, the names behind Galaxy were anything but small-time operators. Originally majority controlled by Hong Kong tycoon Lui Che Woo and his family, Galaxy also represented a minority interest from Macanese businessman Pedro Ho and investment firm Guoco Group, which is owned by one of Malaysia's largest business families. This year Mr. Lui gained approval from the Macau government for his Hong Kong firm, K. Wah Construction Materials, a

subsidiary of K. Wah International Holdings Ltd., to buy a 97.9% interest in Galaxy. The new company will be renamed as Galaxy Entertainment Group and will be the first publicly traded casino on the Hong Kong Stock Exchange. K. Wah International Holdings Ltd. also owns Stanford Hotels, which has 17 hotels in the U.S. and three in Hong Kong, as well as Cresleigh Properties, which owns five office buildings in downtown San Francisco.

Galaxy opened the Waldo, its first hotel-casino in Macau, in 2004 and will invest a further \$1 billion over the next three years in four other ventures. Two new casinos will be opened this year: Galaxy's City Club and its first mass-market casino. The 33-floor five-star Galaxy Star World Hotel resort, representing an investment of \$250 million, is expected to open in June of 2006, and the massive \$375 million Galaxy Cotai Mega Resort and Casino will be completed in 2008. Located on a stretch of reclaimed land called Cotai that investors are hoping to convert into a Las Vegas style casino strip, the mega-resort will feature 6,300 hotel rooms and nearly 450,000 square feet of gaming.

Galaxy's CEO, Mr. Carter, says that the liberalization of Macau's gaming sector was a stroke of genius on the part of Chief Executive Edmund Ho and the changes that Macau has experienced in the past three years are astonishing, especially in terms of job creation. He comments: "I think the single greatest benefit that all the concession holders have brought collectively has been a huge growth in employment. The figures are something like 100,000 new jobs over the next five years. That is only in the gaming industry and hotels, and not counting the service sectors. We alone will employ more than 10,000 people by the time we are finished."



Galaxy Resort & Casino is playing its cards right, using its combined experience and understanding of the Asian gaming market to provide something unique.



The massive investment in Macau has rolled over into a huge growth in employment in the region.

Asia's brightest gaming star...  
You can bet on us!

Galaxy Resort & Casino

Steve Wynn, the Las Vegas "Builder of Big Dreams," is creating another win-win situation

## Wynn Macau brings a new dimension

WHEN THE WYNN MACAU RESORT opens in the autumn of 2006, Macau will enter a new era in its history, or better put, it will enter a new phase in its future. The \$700 million resort will be the city's first truly international multi-entertainment and gaming destination and will redefine the Asian casino experience, where the gaming and non-gaming activities move much more comfortably in harmony. Aimed at creating a previously unknown level of elegance and sophistication in dining, shopping and entertainment in the region, the luxurious Wynn Macau will cover 11 acres on a waterfront site near the city's inner harbor. It will feature a curved signature tower; 600 hotel rooms; 100,000 square feet of gaming space, including 200 tables and 350 slot machines; seven restaurants; 28,000 square feet of retail space; a spa; a salon; and a range of entertainment facilities. The resort is a creation of Steve Wynn, who has been called "The Builder of Big Dreams." He is credited with having transformed Las Vegas from simply a pure gambling town into an international entertainment center par excellence with the opening of his Bellagio, Mirage and Treasure Island resorts, which boast an amazing array of attractions, such as a pirate ship battle, a dancing water show and a volcano. These three new properties brought new dimensions to gaming, helping to clean up the previously seedy image of Las Vegas in the 90's.

Mr. Wynn, who designed the Wynn Macau resort himself, has said that he wanted to create a quality destination hotel that will be "a Disney for adults" and that guarantees exciting entertainment and a superior level of service. Children haven't been excluded from the fun either, as both family entertainment

and child-care facilities are available. An expansion of the resort was announced this year and will provide an additional 85,000 square feet (7,900 square meters) of casino space, two more restaurants, a theater and a dramatic feature attraction at the entrance. The \$345 million expansion will be built on the remaining five acres of the Wynn Macau site and is expected to open in 2007.



GRANT BOWIE  
President and General Manager  
of Wynn Macau Resort

The Wynn Macau will be the first of various projects to open in the city that is in line with the government's vision of expanding the region's tourism offer. According to Grant Bowie, the General Manager, the multi-faceted resort will combine both gaming and non-gaming entertainment. He says: "The key issue with Macau now is creating depth, quality and texture. The gaming industry is growing extremely rapidly and what is important now, as Chief Executive Edmund Ho has said time and again, is the need to expand, de-

velop and grow in many dimensions." Mr. Bowie expects that the Wynn Macau will continue to adjust its approaches and offers in an ongoing attempt to fulfill the demands of the Asian consumer, but he also stresses that the market's expectations are evolving rapidly and that some consumer aspirations are universal. "We need to be continually lifting standards and to make sure that we are actually adding things of interest," he explains. He goes on to say that hospitality and dining are other strengths of Macau that should draw visitors as well. When those tourists arrive, the Wynn Macau will be able to offer them a combination of activities that includes excellent shopping and fine dining, as well as gaming.

In the larger picture, Mr. Bowie says that Macau also needs to begin to promote its own distinctive identity and that government efforts to maintain the region's heritage are extremely important, not only to preserve the past but also to create the future. "We are recognizing that Macau has a unique place both regionally and globally because it has this wonderful combination of Chinese and Portuguese heritage, as well as its gaming industry, and when all are woven together it creates a really interesting, eclectic environment," he comments. As today's travelers are more discerning and tourism destinations must be able to promote what their differentiating factors are, Mr. Bowie stresses that Macau must evolve as Macau and not as a carbon copy of any other place. "In this day and age in the tourism industry where consumers are so demanding, you really need to start from day one and create destination Macau," he says.

Wynn MACAU

Autumn 2006

Wynn Resorts (Macau) S.A.

www.wynnmacau.com

# Macau

Defying the odds, dynamic MD backs a winner and raises the stakes in the slots market

## Melco turns the tables and slots into a niche in the modern gaming scene

WHILE NEW FOREIGN COMPANIES are moving into Macau's gaming scene, fresh input is also coming from existing Macanese companies who are reinventing themselves to form a crucial part of Macau's new future. One such company is Melco International Development Limited, one of the oldest listed companies on the Hong Kong Stock Exchange, whose origins date back to the establishment of the Macau Electric Light Company almost 100 years ago. Today Melco, under the leadership of its young and energetic Managing Director, Lawrence Ho, is determined to become the dynamic new face of gaming not only in Macau but also throughout Asia.

The company has turned the gaming sector on its head and already established itself a considerable base in Macau's gaming industry with its Mocha Slots. Proving slot clubs really can work, the phenomenally successful chain combines an original blend of trendy coffeehouse appeal with the entertainment of a gaming lounge.

Mocha Slots' lounges have become so popular that the gaming business operated by Melco now captures roughly 35% of the total slot machine turnover in Macau with only 25% of the total number of machines, and take in daily revenues that double even those of the average Las Vegas slot machine. "When we launched Mocha there were only 800 slot machines in the whole market and people told us not to bother, that they just didn't work in Macau," explains Mr. Ho. "But we wanted to try it, so we packaged it and marketed it to a niche market – the younger, more leisurely crowd. Mocha is like a mix of Starbucks and an Australian slot club. We now have 700 machines in four slot clubs and have quadrupled the revenues that our predecessors were getting." Melco's foray into the slots market has been an undoubted success. Although the slots market is the driving force of casino revenues in Australia and the U.S., revenues in Macau account for a small percentage of total income. Through this innovative spin on the traditional slot machine parlor, Melco has proved there is indeed a rosy future in this market and is set to be a major contributor to the gaming income of both Melco and Macau. Melco also plans to open two to three outlets in areas with high tourist flows, particularly within or near two-star or three-star hotels.

In 2004, Melco teamed up with Australia's largest media and gaming conglomerate, Publishing and Broadcasting Limited (PBL), controlled by mogul Kerry Packer and with James Packer as Chairman. PBL, which is the owner of Melbourne's Crown Casino and Perth's Burswood Casino, formed an exclusive Asian joint

venture with Melco and the partnership has announced two new projects so far this year – Macau's first six-star hotel and a spectacular mega-complex on the Cotai strip. Due to open its doors by the end of 2006, the \$190 million Crown Macau will be located on the island of Taipa and will cater to the high limit players VIP market with 17 hotel room floors, five function floors and six casino floors. The hotel will be managed by the Melco PBL joint venture with substantial input from Crown, a globally renowned single-site VIP gaming hotel brand, and will be characterized by its exclusivity, luxurious decor and first-class service. In addition, the quality services and attractive loyalty program at Crown Melbourne can now be offered to VIP patrons in Macau through substantial cross marketing and referrals between the two destinations. "Right now 70% of the revenue in gaming comes from high rollers," says Mr. Ho. "This has been the case for years, and the 32 Chinese cities where the individual traveler scheme is currently applicable are the most affluent so the Crown Macau will cater to this sector."

As for the mass market, which is expected to be the fastest-growing segment of the market in years to come, the spectacular City of Dreams complex in Cotai, complete with the world's first underwater casino, will be unlike any other international resort destination in Asia's Pacific rim. In addition to gaming, this first-class integrated leisure, gaming and entertainment resort will feature lavish accommodation, conference venues, a performance hall and a variety of restaurants, recreation and entertainment facilities. Visually stunning, visitors will be greeted by a modern oasis that appears to float above a crystal lake.

Despite the magnitude of these projects, they are only the beginning of Mr. Packer and Mr. Ho's creative and ambitious visions for the future. The Melco PBL joint venture is now setting forward clear plans for its Asian expansion. Melco aims to become the biggest Asian-based gaming company in the world and proposals have been submitted for two casino licenses up for grabs in Singapore and the companies are eyeing other regional markets as well. Mr. Ho states: "Both Mr. James Packer and I have said that within the next five years our joint venture would be the biggest Asian gaming developer. We will use our synergies as a platform to enter other Asian gaming markets, and Singapore, Thailand and Japan are all markets that we are considering at the moment. We might not get all three, but I think we have a good chance of getting at least one, if not two."

Turning the gaming sector on its head through innovation, Melco aims to become the biggest Asian-based gaming company in the world.



James Packer, Chairman of PBL, and Lawrence Ho, Group Managing Director of Melco, joined forces to kick off the groundbreaking ceremony for Crown Macau in Dec 2004.



Melco and partner PBL's spectacular City of Dreams leisure, gaming and entertainment complex will surpass anything else in Asia.

[www.melco.hk.cn](http://www.melco.hk.cn)

**CROWN MACAU**  
the first six-star hotel in Macau

**Mocha**

**MOCHA SLOT CLUB**

An innovative blend of trendy coffee house and Australian slot club

**THE CITY OF DREAMS**

the world's first underwater casino

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# Macau

## CONVENTIONS

Convention center transformation: kudos is due to the 'FATHER of Conventions' Mr. Sheldon G. Adelson for his revolutionary Cotai Strip™ masterpiece

## Nevada's Sands plans mega-convention center in Macau

HOWEVER BRIGHT Macau's future turns out to be, it is unlikely that it will see another Sands Macao. Las Vegas wizard Mr. Sheldon G. Adelson, reaching once again into his bag of tricks, has pulled out a conventions and entertainment venue that will undoubtedly go down in history. If the experts are right, in the end Mr. Adelson may find that he himself becomes known not only as the man who turned Las Vegas into a thriving convention and entertainment Mecca, but the one who got off the ground first in Macau - the world's largest entertainment center. The \$265 million Sands casino, owned and operated by Mr. Adelson's Las Vegas Sands Corp., generated approximately \$720 million in total net revenues for its first full twelve months. "When the Sands Macao opened, it created a revolution," he recalls. Now he is building a \$1.8 billion replica of his Las Vegas mega-success, The Venetian, and has plans to turn a tiny stretch of reclaimed land in the Chinese territory called Cotai into Asia's Las Vegas™ - or maybe something bigger.

Mr. Sheldon G. Adelson's vision calls for \$15 billion in investment over the next seven years and will position Cotai Strip™, modeled after the famous stretch of luxury hotels and casinos that

make up the Las Vegas Strip, as the most important convention and entertainment center in Asia. In Cotai, Las Vegas Sands Corp. plans to build, own and operate under a subconcession The Venetian Macao, an all-suites hotel, casino and convention center complex with a Venetian-style theme similar to that of its Las Vegas property. "The Cotai Strip™ was Mr. Sheldon G. Adelson's idea and is his vision," says



WILLIAM WEIDNER  
COO of Las Vegas Sands Corp.

Frank McFadden, COO of Venetian Macao Ltd. "It will be an entertainment destination that will allow Macau to compete internationally. We will bring a whole new tourist base in, both domestic and international, and it will be the conferences that give Macau that international dimension. People will come for a convention during the week, and then stay on for the weekend. That's the exciting part of what is happening here."

The Cotai Strip™ is designed to meet the demand generated by the rapidly-growing Asian tourism and convention and exhibition market. The group has submitted to the Macau government a development plan that comprises six other resort hotel developments in addition to The Venetian Macao, constructed on an area of about 80 hectares in Cotai. The proposed development is expected to include hotels, exhibition and conference facilities, casinos (which will be operated by Sands), showrooms, shopping malls, spas, world-class restaurants and entertainment facilities and other attractions. The Cotai Strip™ will firmly establish Macau as the entertainment and conference capital of Asia by offering fantastic canals, lavish gardens and parks, exquisite waterfalls, beautiful lush green landscaping combined with various hotel developments managed by the most reputable hospitality operators from around the world.

As the anchor property at the corner of entry to the Cotai Strip™, The Venetian Macao will be the first "Las Vegas-style" mega-destination resort in the region, reminiscent of The Venetian in Las Vegas in its theme, décor, and high-end style. It will feature an all-suite tower, public and private gaming areas, The Grand Canal Shoppes retail promenade, world-renowned restaurant and lounge venues,

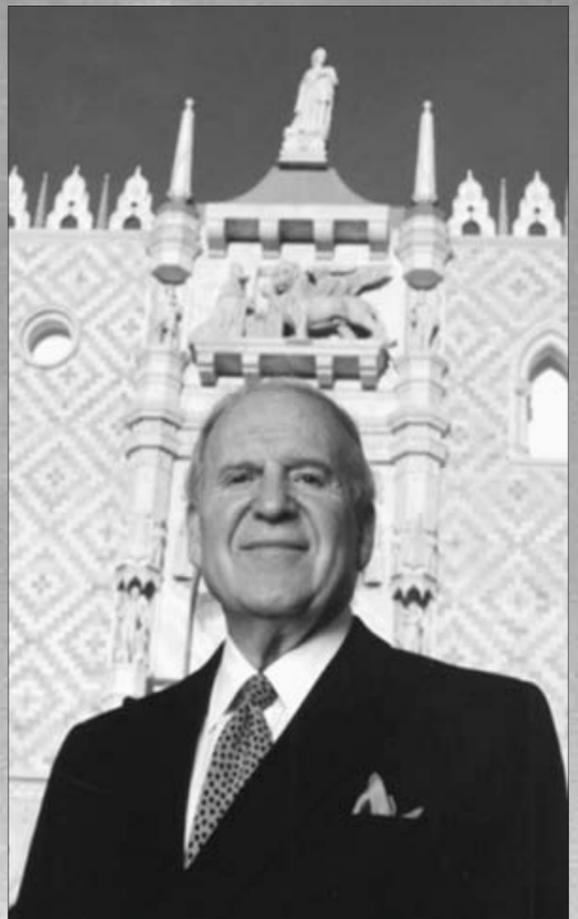
and a high-tech meeting and tradeshow facility. It will also offer an elegant spa, a lush and tropical pool oasis, a full-service arena, and a rich and majestic showroom with a sophisticated nightly theatrical production show tailored for the market. The scale of the development is phenomenal, with 3,000 suites, gaming facilities of over 500,000 square feet (46,000 square meters), an arena that can seat 15,000 people, more than 800,000 square feet (74,000 square meters) of retail space, and 20 fine dining restaurants.

The Venetian Macao will include a total of over 1 million square feet (100,000 square meters) of meeting and convention facilities with the goal to develop a convention and tradeshow business in Macau similar to the one developed in Las Vegas. It will offer an exhibition area of over 800,000 square feet (74,000 square meters), an event center in excess of 190,000 square feet (18,000 square meters), and more than 100,000 square feet (10,000 square meters) of meeting room and convention space.

The completion of The Venetian Macao is not dependent upon governmental approval for the Cotai development plan and development has begun with a scheduled opening date in the second quarter of 2007. The other six hotel resort developments on the Cotai Strip™ will be developed. After development, subject to Macau government approval, Sands plans to lease and operate the casinos and showroom portions of these facilities under its gaming subconcession while these third parties will operate the hotel, retail and meeting space portions together with associated amenities.

According to William Weidner, COO of Las Vegas Sands Corp., the resort will convert Macau into a multi-day stay, multi-faceted destination and will form

An unparalleled master plan on a man-made island, Mr. Sheldon G. Adelson's Cotai Strip™ vision will be the number one convention center destination



Mr. Sheldon G. Adelson, Chairman of Las Vegas Sands Corp., is referred to as a visionary in the resort and convention center world: from gondolas in the Nevada desert to glamour and grandeur in Macau.

the basis of what will be the single largest tourism and conventions project in the world - the Cotai Strip™, surpassing even Las Vegas. He comments: "We see Macau as being a true multi-purpose destination, with golf courses, marinas, water sports, tennis centers and meeting facilities. Las Vegas is the most successful destination ever imagined anywhere, and it is in the middle of a desert, there is nothing around it.

There are a hundred million people within driving distance of Macau and a billion people within a two-hour flight. Why wouldn't it be a larger and more robust tourist destination than Las Vegas? "It is important that the people of Macau know our long-term commitment to their community," adds Mr. Adelson. "And the diversification and expansion of their business development by transforming Macau into the premier destination resort in Asia."



Sands Macao created a revolution when it opened and represents a new era for the region. The Cotai Strip™ and its centerpiece The Venetian Macao will offer the best for conferences.

A new era is coming to Macao, courtesy of Las Vegas Sands Corp., the creators of the Sands Macao, The Venetian Las Vegas, and the Sands Expo and Convention Center. One of the world's leaders in the convention industry, Las Vegas Sands Corp. will soon introduce The Venetian Macao on the Cotai Strip™. A winning combination of spectacular suites, extraordinary entertainment, and astounding shopping, The Venetian Macao will also include over 1 million square feet (100,000 square meters) of state-of-the-art convention and exhibition space designed to host any size group. Combined with ease-of-access, unparalleled expertise in convention planning, and amenities especially for the business traveler, The Venetian Macao will soon revolutionize the Cotai Strip™ just as its sister venues did Las Vegas. Be among the first to treat your clients to Asia's newest and greatest convention destination - The Venetian Macao.

## The ultimate meeting and convention destination awaits



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