



Part two

Enhancing the roots of Macau

You have to give the Macau Government Tourist Office (MGTO) credit. The city is growing almost as fast as its visitor numbers as a large slice of the 1.3 billion mainland Chinese across the border flock to Asia's answer to Las Vegas. As the ancient city shrugs off its mantle of a sleepy town and dons its finery of luxury and entertainment, the MGTO holds the reigns to ensure all areas of this fascinating city are promoted to their full extent.

The figures are a tourism bureau's dream. Visitor arrivals reached an all time record of almost 22 million in 2006 (17% more than 2005) and MGTO director Joao Manuel Costa Antunes says the figure "represents almost three times the number of visitors prior to the handover (in 1999), an increase of 70%."

China continues to be Macau's largest market (11.98 million – 14% growth over 2005) largely due to the relaxation on individual travel visa laws by the Chinese government, extending its availability from only four cities in 2003 to the current 49. Group travel is reportedly no longer "fashionable" and as China's economy continues to grow, travel is emerging as the leading leisure experience.

Hong Kong and Taiwan round out the top three source markets, (6.94 and 1.43 million respectively) and 2006 saw strong growth from South East Asia. "Due to increased direct flights in the region, Malaysia doubled the number of visitors reaching a position of fifth source market," says Mr Antunes. Air Asia, Air Macau, Tiger and VIVA Macau, flying direct to Manila, Singapore, Bangkok, Jakarta and Kuala Lumpur, are all likely to continue to bolster figures, especially as new routes are announced. Emerging markets include Russia and the Middle East, and the MGTO will be promoting Macau in these areas.

A WORLD OF DIFFERENCE. Macau has had a much publicised rebirth as a destination of entertainment and leisure. However, the near five hundred-year old melding of Portuguese and Chinese culture gives the city a unique difference, hence the MGTO's promotional slogan "Macau: a World of Difference, the Difference is Macau". Quite appropriate for a town with Unesco listed heritage sites, cobbled streets and pastel coloured European buildings, five minutes from billion dollar casinos with dedicated Armani, Dior and Chanel retail outlets.

These magnificent old churches and buildings are not just photo opportunities for tourists; they are still

very much woven into the fabric of every day life for locals. In the small streets and alleys of old Macau you can get a glimpse of life much unchanged as busy markets and local produce are bartered the way they have been for centuries.

CATCHING MICE. With such diversity the MGTO has billed Macau as the perfect MICE (Meetings, Incentives, Conventions and Exhibitions) destination. With an already impressive number of facilities available and many more to open in the near future, the Macau Business Tourism Centre is positioning Macau as the ultimate destination for MICE in Asia.

MGTO wants potential MICE organisers to incorporate the cultural heritage as a key element of their programmes. Mr Antunes is promoting annual events such as the Macau Grand Prix, International Music Festival and Macau International Fireworks Display as exciting inclusions to a corporate tourism timetable. Accommodation was a problem for large conventions. However, with the forthcoming opening of resorts like the Venetian complex in Taipa with 19,000 hotel rooms, four million square feet of serviced apartments, five million square feet of retail and convention space and a casino, its unlikely to be an issue.

Naturally all this activity requires quality, trained human resources and the government have made education one of their top priorities in the upcoming years. Non tertiary education is subsidized and all Macau residents benefit from a fifteen-year free education. Tertiary education is provided by the Polytechnic Institute, Macau University and the Institute for Tourism Studies.

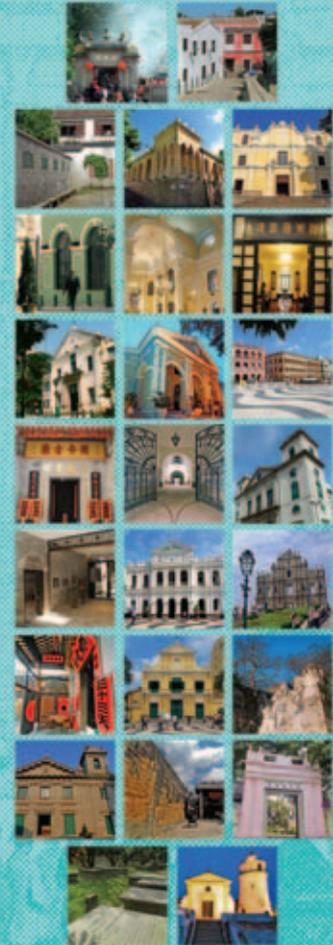
AWAY FROM THE BRIGHT LIGHTS. Dining out is an important ritual in Macau and choices are endless. Local Macanese cuisine is a must to sample and while the new casinos pull in big name international chefs, many tiny, fluorescently lit, noisy restaurants are something that should be experienced. ●

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MACAU WORLD HERITAGE

— THE HISTORIC CENTRE OF MACAU —



MACAU GOVERNMENT TOURIST OFFICE
www.macautourism.gov.mo

A World of difference,
 the difference is Macau

MELCO INTERNATIONAL

Youthful determination pays off

Melco and its associated company MPEL are changing Macau's leisure landscape with an array of ambitious large-scale developments. More plans are in place for Melco in the Greater China region



Melco – New Generation Asian Conglomerate

Becoming a chairman and CEO of a company floundering financially in your mid-twenties may sound surreal, but how about turning that company around from US\$9 million to US\$2 billion before you turn 30? Lawrence Ho,

Chairman and CEO of Melco International Development Limited, has done just that.

Taking over Melco in 2001, Mr Ho turned around the losing company in less than four years' time. In fact, Melco reported substantial increase in net profit for two consecutive years. Today, Melco is a dynamic conglomerate operating three main lines of businesses with a major focus in leisure, gaming and entertainment.

Melco's promising performance has won recognition worldwide. The company is now a constituent of the MSCI Hong Kong Index, part of the MSCI Standard Index Series. Asked of the factor to Melco's unrivalled achievement, Mr Ho emphasises "good corporate governance as the key".

Over the years, Melco has received a number of accolades for its outstanding business performance as well as high corporate governance standards. Further to the Directors of the Year Award 2005 granted by the Hong Kong Institute of Directors, Mr Ho was named the Best CEO in the conglomerates category by Institutional Investor. In addition, Mr Ho was named as one of

The listing of MPEL in December last year was the largest IPO ever made by an Asian company on NASDAQ

the "Ten Outstanding Young Persons" by the Junior Chamber of Commerce International Hong Kong in 2006.

Apart from its operation in Hong Kong, Melco also succeeded in finding its niche in Macau, with which the company has a traditional link. Subsequent to the liberalisation of the gaming market in 2002, Mr Ho saw a great opportunity and started building what has now become the holder of one of only six gaming licences to operate casino businesses in Macau via its Nasdaq-listed associate Melco PBL Entertainment (Macau) Limited ("MPEL"), and also a broader exclusive Asian gaming joint venture with PBL. The story first started in 2003 when Mr Ho first orchestrated the expansion of Mocha Clubs in Macau. The innovative spin of electronic gaming in a relaxing, café-style setting turned out to be extremely successful.

The unprecedented success of Mocha Clubs precluded the potential for large-scale entertainment resorts in Macau. With the aim to capture these arising opportunities, Mr Ho spent two years combing the world for a partner with the relevant experience and expertise to help him complete his vision. "It was not easy to find people who were innovative and creative," he says. "I needed a partner who had experience in operating in a competitive, global environment."

He found that partner in another famous conglomerate, James Packer's PBL. PBL's experience with Asian gamers in their Crown Entertainment Complex in Melbourne had all the criteria Mr Ho was looking for. "We are in a highly competitive era and it is absolutely essential to bring in the best resources. To really have a new vision of where the market is going to be, we need to stay ahead of the current, not behind," says Mr Ho. A pan-Asia exclusive joint venture between Melco and PBL was thus formed. MPEL was eventually listed on NASDAQ in December 2006. "We raised US\$1.32 billion when MPEL was listed," says Mr Ho. The listing was the largest IPO ever launched by an Asian company on NASDAQ and the fourth largest IPO in the US in 2006.

MPEL's projects in Macau now include Crown



Lawrence Ho, Chairman and CEO of Hong Kong-listed Melco International and Co-Chairman and CEO of NASDAQ-listed Melco PBL Entertainment

Macau, a luxurious casino hotel on Taipa Island just opened in May 2007; Mocha Clubs, the highly successful chain of slot machine clubs; City of Dreams, an integrated urban entertainment resort on the Cotai Strip; as well as a planned third property on the Macau peninsula. While finding the niche is the key to success in a gaming market exploding with growth, it is equally important

to recruit talents for the company. "I cannot emphasize enough the importance of recruiting the right people and having proper training," Mr Ho says.

Building on its fruitful experience in Hong Kong and Macau, Melco is set to explore the vast and lucrative market of mainland China. A joint venture with Singapore-listed LottVision was formed in September 2006. With the joint

venture PAL Development Limited, Melco is ready to tap the rapid growth of lottery markets in Asia.

Determined to explore opportunities in entertainment and resort planning throughout Asia, this high achiever is certainly one to watch. "We aim to be the biggest Asian conglomerate focusing on the gaming and entertainment sector, particularly in the Greater China region, in five years' time," Mr Ho says. ●





Melco PBL Entertainment

新濠博亞娛樂

City of Dreams

A "must-see" integrated urban entertainment resort



Mocha

An innovative spin of entertainment in a relaxing, cafe-style setting



Crown Macau

A luxurious and contemporary hotel and casino with a genuinely unique six star experience



ON A ROLL

A winning combination of local expertise,
world-class management, and
inspired branding.

GEOCAPITAL

The story of a profitable trilogy



An exclusive Press Tribune interview with Jorge Ferro Ribeiro, Chairman of the Executive Board of Geocapital

No one could predict the global socio-economic impact that would result from the meeting of Portuguese businessman Jorge Ferro Ribeiro and Asian tycoon Stanley Ho, the two entrepreneurs who went on to establish a company called Geocapital.

The relationship between both entrepreneurs began twenty years ago, when Ribeiro met Mr Ho and decided to invest in Estoril-Sol, a major Portuguese entertainment company which included tourism, real estate and hotels in its portfolio. "In fact the seeds of Geocapital were sown back in the eighties, and even

if the company only came to life later, the concept had already been created," he says of his long-standing friendship and business partnership with Stanley Ho.

In 1987, Mr Ho launched a strategic initiative to entice Portuguese entrepreneurs to Macau, as he identified the huge potential in improving the infrastructure of the city.

"Becoming Stanley Ho's partner in Portugal was the first step, the next step was to come to Macau to promote the Grand Infrastructure Programme"

"Becoming Stanley Ho's partner in Portugal was the first step, and the next step was to come to Macau to promote the Grand Infrastructure Programme with him," says Mr Ferro Ribeiro of his initial business involvement with Mr Ho – a stake in Finansol, which held control of Estoril-Sol.

"I decided to respond to his call, and was one of the few to take up the challenge," continues



Jorge Ferro Ribeiro
Chairman of the Executive Board of Geocapital

Mr Ferro Ribeiro about Mr Ho's decision to attract Portuguese investors to Macau.

Mr Ferro Ribeiro is now vice-chairman and chairman of the executive board of Geocapital, a company established with Mr Ho, who is the main shareholder. The unique concept of Geocapital is based on a triangular bridge focussing on the interests of China, Portugal and Macau.

"Together we launched and developed the foundations of modern Macau, including projects such as the Nam Van Lakes, the Conde S. Januario Hospital, the deepwater port of Ka-Ho, the Macau-Taipa Bridge, the new Ferry Terminal and the Macau International Airport – all of which were made under our partnership, and have given shape to the Macau of today," he says.

Furthermore, at that time their partnership extended to joint financial investments in both the Banco Comercial de Macau and the Macau Insurance Company. ●



Led by the Chief Executive of Macau, Edmund Ho, the Special Administrative Region provided the platform for the constitution of the joint venture between the Government of Mozambique and interests in China and Portugal aimed at promoting and developing infrastructure, natural resources and energy potential in the 225,000-km² Zambezi Valley

PERFECT PARTNERSHIPS

Three sides of the triangle add up to success

Stanley Ho is one of the richest men in Asia, and the main shareholder of Sociedade de Turismo e Diversões de Macau (STDM), the holding company of SJM, whose primary activities are in gaming. He is also chairman of Shun Tak Holdings, a leading Hong-Kong-based conglomerate with core businesses in the transportation, hospitality, property and investment sectors. Furthermore, he is the chairman of one of Macau's largest banking institutions, the Seng Heng Bank.

Mr Ho has received a large number of state honours and awards granted by several countries and is well known for his support of and engagement in many charitable and cultural activities.

Stanley Ho's loyal collaborator, Ambrose So, who is currently serving as a director of SJM and



Stanley Ho
Chairman of Geocapital, Managing Director of STDM, Chairman of Shun Tak Holdings and Chairman of Seng Heng Bank

as director of Shun Tak Holdings, also holds a senior position in Geocapital. Mr So joined STDM in 1975 and has 30 years of relevant worldwide business experience. He is a committee member of the National Committee of the Chinese People's Political Consultative Conference, as well as a member of the Economic Council and the Cultural Consultative Council of the Macau SAR Government.

Stanley Ho foresaw the necessity of basic development for Macau's future. Jorge Ferro Ribeiro explains further: "He made a brilliant move to jointly involve Portuguese, Macau and Chinese interests. Through the combination of his long friendship with Portugal, his Chinese roots and his gratitude to Macau, he recognized the value of this Portugal-China-Macau triangle in his life. For one, he owes the concession of the gaming monopoly to the Portuguese administration. Secondly, he owes his wealth to the development of Macau and finally, his personal roots belong to China." ●

SHAPING THE FUTURE

Macau as a bridge to global markets

Jorge Ferro Ribeiro believes that the extensive infrastructure program was “his way to embody this personal triangle” and that Stanley Ho played a key role in bridging Chinese and Portuguese interests.

Geocapital went on to pursue further investments internationally through this triangular model. “Once the infrastructure programme in Macau was achieved, we realized that our concept could be applied to a larger international scale: the Portuguese speaking world,” says Mr Ferro Ribeiro.

They credit the chief executive of Macau, Edmund Ho, for his support and China’s willingness to open both commercially and diplomatically. “Edmund Ho understood that Macau had an important role to play in this process, linking Africa and Latin America to China, and especially to Portuguese-speaking countries such as Mozambique, Angola and Brazil,” explains Mr Ferro Ribeiro. “China can use Macau as a privileged platform to the Portuguese-speaking world, using political and commercial links already established, and also to distinguish Macau’s reputation beyond gaming.”

In fact gaming is not a part of Geocapital’s business. Its priority sectors are infrastructure, natural resources, energy, transport, banking and finance. “The strategic sectors for a country’s development,” says Mr Ferro Ribeiro. “Our main target markets are Angola, Mozambique, Portugal and Brazil, but of course we are open to any opportunities that may emerge in any of the other Portuguese speaking countries and territories, and that obviously includes Macau.”

Geocapital’s method of project selection follows strict criteria. “Firstly, only large-scale projects are considered, and secondly, the project must honour the strategic partnership between public or private entities in China, Portugal and Macau in order to apply this triangular concept,” explains Mr Ferro Ribeiro.

He emphasizes the company’s socio-economic considerations when making investments and says “they are some of the most important concerns of Geocapital.” He believes that Africa is too often exploited for its resources without any long-lasting benefit to the local communities.

“We have a self-imposed rule that we should only engage in, develop and see through projects that create real added value for local people, the host region and the country, by creating sustainable employment, transferring technology and capital,” he says. “Of course, as a private investing company we must make a profit. We are fully committed to creating economic and social value for its shareholders, investors and partners, as well as for the countries in which they invest.” ●

OUT OF AFRICA

Joint projects bring mutual benefits

Jorge Ferro Ribeiro says that Geocapital’s business model functions on a balanced combination of capital, technology, management and local governmental support.

Geocapital provides a convenient link for Chinese companies looking to develop activities in the Portuguese-speaking countries, with its successful track record in Macau,

financial capacity and political support. Mr Ferro Ribeiro cites the Zambezi Valley project as an example of the benefit of governmental support: “The Valley represents a land area three times the size of Portugal, and the agreements we have entered into with the Mozambican government are an excellent example of our good relationship,” he said. “Also, the SGAL project, currently one of the largest property development projects in Europe – 2.5 million square metres in the capital city, Lisbon – and investments made in shipping, banking and energy in Portugal are proof of our privileged relationship with the Portuguese market.”

In Brazil, Geocapital has recently entered into partnership with TAP, the Portuguese state-owned flagship carrier and Varig Engineering Aeronautics in Brazil – with 4,500 highly qualified employees – which is, says Mr Ferro Ribeiro, “another example of our good relationship, this time with Brazil.”

Where does Mr Ferro Ribeiro see Geocapital in ten years’ time? “I would consider that the objectives of Geocapital have been achieved if in ten years we have managed to make a real contribution to

the social and economic development of all these countries, creating sustainable growth, real value and wealth. Of course as we are a profit-oriented company, we are therefore obliged to contribute

to creating a long-term sustainable development framework as the proper basis to build up our profitable projects,” he says.

It seems clear: the Geocapital story demonstrates that smart investments, when bridging geo-political gaps, can combine profit-making with social consciousness. ●



Ambrose So

Director of Geocapital and Member of the National Committee of the Chinese People's Political Consultative Conference

STANLEY HO & JORGE FERRO RIBEIRO INVESTMENTS & PROJECTS

PORTUGAL

- ▶ **Hospitália** (Hospital Management)
- ▶ **Finacom** (Telecommunications)
- ▶ **Radiomóvel** (Telecommunications)
- ▶ **Global** (Insurance)
- ▶ **Global Vida** (Insurance)
- ▶ **Engigás** (Industrial Maintenance)
- ▶ **Geoleasing** (Leasing and Finance)
- ▶ **Ecotredi** (Environment Industries)
- ▶ **Empec** (Engineering)
- ▶ **OPCA** (Construction)
- ▶ **C.T.** (Public Works)
- ▶ **Portline** (Shipping)
- ▶ **Estoril-Sol** (Tourism)
- ▶ **SGAL – Sociedade Gestora da Alta de Lisboa** (Property Development)
- ▶ **Banco Comercial de Macau** (Banking)
- ▶ **Banco Crédito Predial Português** (Banking)
- ▶ **Banco Português do Atlântico** (Banking)
- ▶ **EDP** (Energy)
- ▶ **BCP – Banco Comercial Português** (Banking)

MACAU/CHINA

- ▶ **Nam Van Lakes** (Property Development)
- ▶ **Hospital Conde S. Januário** (Infrastructure Development)
- ▶ **Porto de Cá-Hó** (Infrastructure Development)
- ▶ **Ponte de Macau-Taipa** (Infrastructure Development)
- ▶ **Aeroporto Internacional de Macau** (Infrastructure Development)

BRAZIL

- ▶ **VARIG Engenharia** (Aeronautics)

MOZAMBIQUE

- ▶ **Moza Capital** (Finance)
- ▶ **Zamcorp** (Natural Resources)

GUINÉ BISSAU

- ▶ **BAO Banco da Africa Ocidental, SA** (Banking)

ANGOLA

- ▶ **Geo Pactum** (Finance)