

# Macau

## On a Roll

## Ambitious Chinese Territory Becomes Asia's Las Vegas

**D**espite its rich cultural background, the Special Administrative Region (SAR) of Macau is probably best known as Asia's gaming hotbed, the only place in the People's Republic of China where casinos are legal. This makes it a popular destination for visitors from China's other SAR, Hong Kong. In recent years however new regulations and an opening of the local gaming monopoly have resulted in a heightened interest from abroad, both in terms of visitors as that of investors.

Foreign investors are betting no less than \$25 billion on Macau over the next five years according to several gaming analysts. In August 2007, the Las Vegas Sands Corporation inaugurated the Venetian Macau, the world's largest casino resort, on reclaimed land between two of Macau's islands. Steve Wynn has also established a foothold in Macau and MGM Mirage will open its own billion-dollar complex in 2008.

This increased foreign competition has kept local gaming giants on their toes, pushing the envelope of innovation and services to new heights. Last February, Macau's grandmaster entrepreneur Stanley Ho opened the Grand Lisboa, across from the historic Casino Lisboa that was built in the late 1960's, ringing in Macau's era as Monte Carlo of the Orient. But now its sights are set on out-stripping Nevada's gaming nirvana and indications are that Macau has already exceeded Las Vegas's gambling revenues. Macau's gaming revenue rose 22 percent to 55.9 billion patacas (\$6.93 billion) in 2006, while Las Vegas took in \$6.69 billion last year, according to data from the Nevada Gaming Control Board.

But big cards are also in the hands of an energetic new generation of local entrepreneurs. Heading that pack is Lawrence Ho, whose leadership of Melco PBL Entertainment Ltd has lead the way to a whole host of projects, including the Crown Macau Hotel Casino that opened last May. These developments, along with major infrastructure and transport projects being completed, have boosted Macau's capacity to at-

tract high rollers and big spenders, both on gaming and business levels. A brand new bridge proposed to link Macau to Hong Kong would reduce the transit time from 4.5 hours to just 40 minutes, opening up easy access for travelers between the two SAR's. Gambling revenues make improvements to Macau's social network possible, and the region's administration is placing priority in projects which will benefit the community, such as a light railway system and free education.

It is clear Macau is worth every point in the 12 percent economic growth it gained in 2006, but with the gaming market opening up all over Asia – Singapore announced its first two gaming licenses this year and Japan, Korea, Taiwan, and the Philippines are considering following suit – how will Macau maintain its regional edge? The answer lies within the unique culture that is Macau, and those who understand how best to utilize its exceptional position within China and the Asia-Pacific rim. Macau may become the next Las Vegas, but it is determined to do so with distinction and local flair. ■



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# Melco's Winning Vision Captures Asian Imagination

Between Macau's Taipa and Coloane islands, a marvel of land reclamation known as the Cotai Strip is rapidly becoming the epicenter of Asia's gaming universe. If ever one could see dreams being built, this would be the place. Inspired by the Las Vegas Strip, Macau's casino and entertainment wonderland is a world apart in terms of possibilities and opportunities for those who dare to dream.

One such man is Lawrence Ho, Chairman and Chief Executive Officer of Hong Kong-listed Melco International Development Limited. At just thirty years of age, the University of Toronto graduate's visionary business activities have reinforced Melco's branding position as a new generation Asian conglomerate focused on leisure, entertainment, and Macau. His keen eye for diversified businesses, including Macau gaming, Chinese ski resorts, financial services, and technology has earned him several accolades, including Institutional Investor's "Best CEO" in the 'Conglomerates' category, Hong Kong Institute of Directors' "Director of the Year Award 2005", the 5th China Enterprise Award for Creative Businessmen in Beijing, and "Leader of Tomorrow 2005" by Hong Kong Tatler. He was elected as one of the "Ten Outstanding Young Persons" in Hong Kong and was ranked by Asiamoney in 2007 as one of the 100 most influential people in business and finance across Asia-Pacific.

In 2004, Lawrence Ho entered into an exclusive pan-Asian gaming partnership with James Packer's Publishing & Broadcasting Ltd to create Melco PBL Entertainment (Macau) Limited (MPEL). The company's Macau asset was listed onto NASDAQ in December 2006. MPEL is the holder of one of only six gaming concessions and sub-concessions to own and operate gaming businesses in the Macau Special Administrative Region. It is building three casinos over the next five years, including the now completed 6-star Crown Macau, mega resort City of Dreams on the Cotai Strip, and a casino and apartment complex. It also operates Mocha Clubs offering electronic gaming in café-style settings in Macau.

With keen competition from Wynn Resorts Ltd, Sheldon Adelson's Las Vegas Sands Corp, and Galaxy Entertainment Group Ltd, MPEL's ventures need to offer unique incentives to entice China's high rollers. This is where understanding the culture becomes an invaluable asset. "A lot of localization needs to take place," Ho points out. "Macau is so competitive that you have to reach out to people. We are an Asian com-

pany and very flexible in terms of what we do. The gaming industry comes with a lot of ego. We just want to carry on business with as little ego as possible, to be as open minded and as flexible as we can."

Melco's vision thus extends into the greater Asian region. With the world's eyes set to be focused on China during the Beijing 2008 Olympic Games, Melco's move into the country's burgeoning mountain ski resorts is a logical progression of its plans. Ten million annual ski visits are forecasted until 2010 in China, and Melco's first class resorts will be at the summit of sports entertainment and hospitality. The recent injection of its Asian lottery-related businesses into Wafer System will see the group's further penetration into lottery markets in China and other parts of Asia, as part of a collaboration of its technology and leisure & entertainment divisions. Through its technology division Elixir, Melco has established slot placements across Asia in the Philippines, Vietnam, and Cambodia. Elixir's subsidiary, Elixir Gaming Technologies, has recently been listed in the US, thus strengthening its leading position in the industry. Continuing the technology connection, iAsia focuses on online trading and financial technology. Meanwhile, merging money and opportunity is the field of play for Melco's financial services operation Value Convergence (VC), which provides professional brokerage, corporate finance and asset management services across greater China. VC has also reached an agreement (subject to shareholders and regulatory approval) to acquire Macau Chinese Bank, in a move that will further enhance the Group's presence in Macau.

It is clear that Lawrence Ho has his bases covered, and as an advocate of good corporate governance sees to it that all parties within the group are part of its collective ascent. "What we strive for on a daily basis is to deliver the highest quality product and services and to make all our stakeholders – shareholders, partners, employees – a part of our business. We grow with Macau and whatever country we go to. We have lots of determination, but that cannot always replace experience." With its vision and shared expertise, Melco is vigorously creating a lifetime experience true to Asian imagination. ■

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