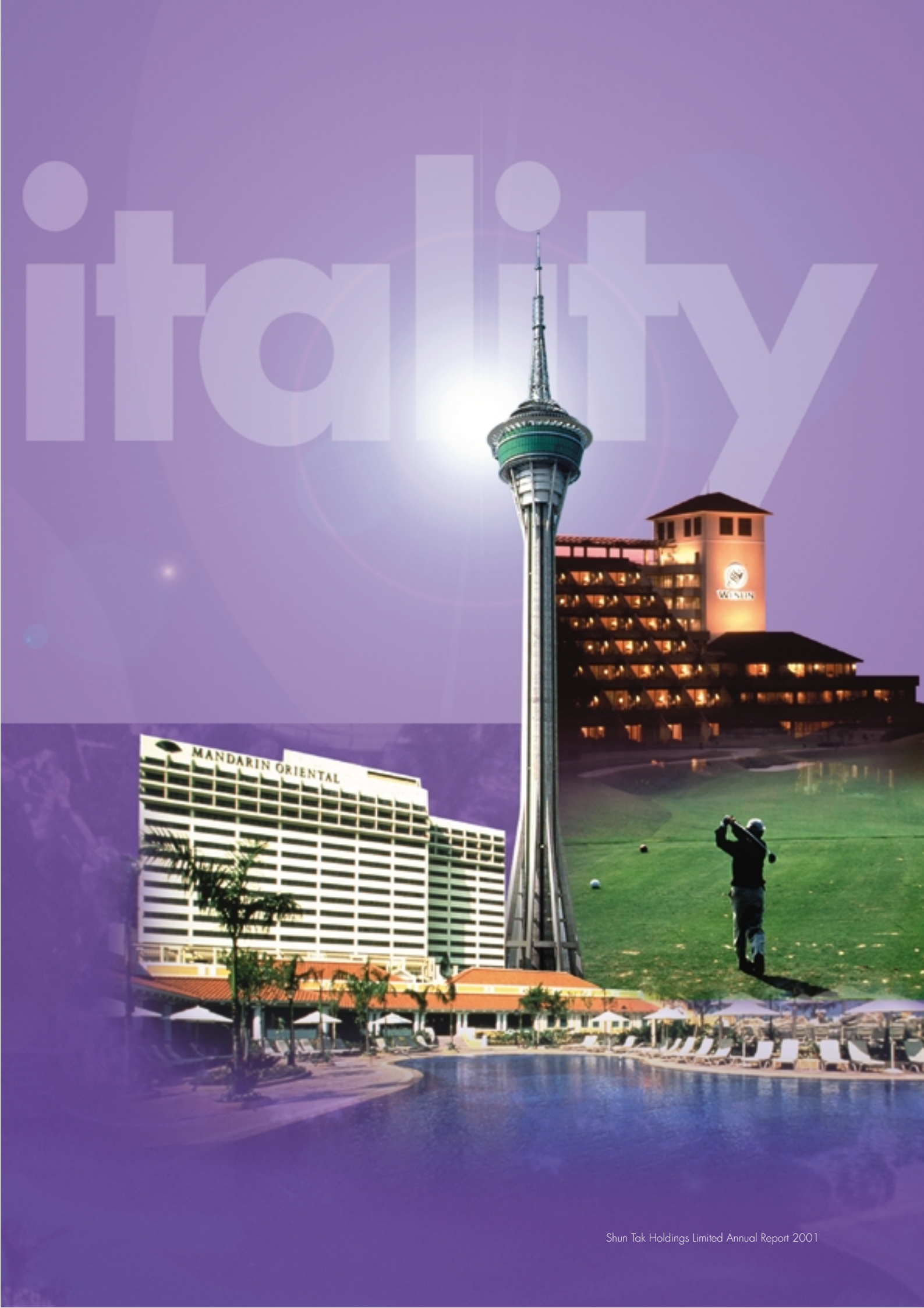


Review of Operations

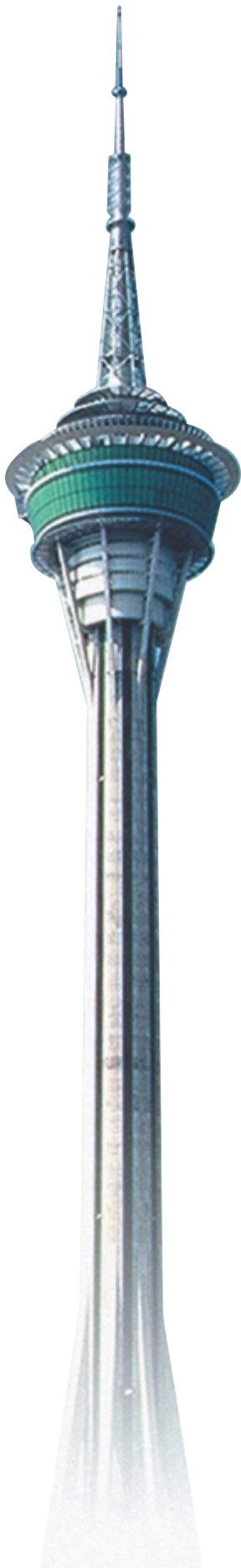
Hosp

“With the revival of Macau tourism, together with the opening up of Macau gaming industry, which will generate new investments in entertainment, tourism and cultural projects, the Group will participate in and benefit from Macau's dynamic new era of development.”

itality



Review of Operations



Hospitality

Macau continues to generate growing tourism interest with its distinctive cultural heritage, diverse entertainment facilities and dynamic economic potential. In 2001, total visitor arrivals to Macau surpassed the 10-million benchmark with a 12% growth as compared with the previous year. Visitor arrivals from Mainland China played a dominant role in the tourist growth in Macau, accounting for 29% of its total visitor arrivals in 2001, as compared with 25% in 2000. This represented a 32% increase of visitor arrivals from Mainland China during the year, as compared with a 25% growth in 2000.

Benefiting from a revival of Macau tourism, the Group's hospitality business in Macau performed satisfactorily during the year. Mandarin Oriental Macau, equipped with a luxurious 163,000 square feet spa-resort facility, achieved in 2001 increases of 44.5% and 16.8% in net profit and average room rate, respectively. The Westin Resort Macau ("Westin"), adjacent to the Macau Golf & Country Club ("MGCC"), recorded a 15.3% and 10.5% growth in net profit and average room rate, respectively. Westin started to implement a refurbishment program in March 2002 which is scheduled for completion by the end of 2002. Westin, together with MGCC, is the only resort in Hong Kong and