

“

These varied hospitality-related activities and commitments reflect the Group's goal of becoming the leading hospitality and travel operator in the region.

”



In anticipation of increasing tourism interest in Macau, the Group acquired the development rights of a 99,000-square-metre hotel and commercial site in Taipa, Macau, for HK\$500 million in April. In November, the Group entered into a strategic joint venture agreement with Sociedade de Turismo e Diversões de Macau, S.A.R.L. (STDM) to transfer to STDM a 20% interest in the site's development rights for approximately HK\$100 million. The new venture will further energize the Group's hospitality expansion prospects in Macau and pave the way for its future cooperative initiatives with this strategic partner in Macau.

Reflecting its continuing confidence in the prospects of Macau, particularly in the tourism industry, the Group entered into a strategic joint venture agreement with STDM to increase its stake in STDM from 5% to approximately 11.48% in November 2002. STDM owns an 80%

equity interest in Sociedade de Jogos de Macau, S.A., one of three companies awarded gaming licenses by the Macau SAR Government in early 2002. In addition, STDM has interests in eight Macau hotels, the Nam Van Lakes reclamation project, Nova Taipa Gardens, the Macau International Airport and Air Macau, the enclave's flag carrier. Ordinary dividends received from STDM for the original 5% stake in 2002 were HK\$18.3 million (2001: HK\$14.3 million).

In another opportunity to extend its expertise, the Group was awarded a 20-year operational and property management agreement for the Macau Tower Convention and Entertainment Centre (MTCEC), which is owned by STDM, in late 2001. Among the well-attended and significant public events held in the MTCEC during 2002 were the 7th Macau International Trade & Investment Fair, the 16th Macau



International Music Festival, the 10th Election of Macao S.A.R. Representative for the National's People Congress, the 53rd Anniversary of National Day Celebration, an Exhibition of the Dinosaurs of Inner Mongolia and Macau's annual Countdown Carnival, which attracted more than 40,000 visitors.

In managing the MTCEC for the past year, the hospitality division has gained valuable expertise in the meetings, conventions and exhibition sector, and groomed an experienced management team of more than 300 staff.

The Group has interests in two hotels in Macau. The Mandarin Oriental Macau recorded a significant increase in net profit over 2001 due to improved

operating profit and reduced interest expenses. The Westin Resort Macau (Westin) recorded slight decreases in average room rate and occupancy rate over the prior year, due to a refurbishment programme that is scheduled for completion in the second quarter of 2003. The refurbishment programme includes interior decoration of guest rooms, which will enhance the comfort and enjoyment of hotel guests.

Reflecting its excellent reputation as Macau's premier golf club, the Macau Golf & Country Club (MGCC), adjacent to the Westin, achieved an increase in net profit over 2001. MGCC hosted the Macau Open golf tournament in October for the fifth consecutive year. The Westin, together with MGCC, is the only resort in Hong Kong and Macau that offers an international standard 18-hole golf facility.



To maximise sales and marketing opportunities, the hospitality division is developing a business unit to serve travelers to the region, particularly those who are interested in Macau's world-class facilities for meetings and conventions. It aims to consolidate the products and services of the Group's various hospitality business units as well as to synergize the sales and marketing initiatives. The new unit will be an important milestone in extending the Group's hospitality expertise to the travel trade sector.

These varied hospitality-related activities and investments reflect the Group's commitment of becoming the leading hospitality and travel operator in the region. The Group will continue to seek complementary investment opportunities that create synergy with its existing businesses and enable the Group to capitalize on its significant expertise in travel and tourism.



A photograph of a man and a young boy reading a book together. The man is on the left, leaning over the boy on the right. The boy is smiling and looking at the book. The book is open, showing colorful illustrations. The background is blurred, suggesting an indoor setting with windows.

A Quality Lifestyle...

Strong sales of the Group's quality residential developments, coupled with enhanced property management services, dovetails the **property division's** performance of the year.