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NEXT STEPS FOR MACAO’S DEVELOPMENT

This issue focuses on the future of Macao’s diversification, that is, the city’s efforts to evolve into an international centre of tourism. The unveiling of new integrated gaming resorts on the Cotai Strip later this year will attract more tourists, laying another stone on the path towards that goal.

Macao Magazine explores some of the steps the city has taken along its journey of exponential economic development, including an analysis of the gaming industry with the “Interim Review of Gaming Liberalisation for Games of Fortune in Macao” – a report released by the SAR government on 11th May 2016.

We follow the Macao SAR’s quest for diversification, a goal repeatedly stressed by local officials and in reports from both mainland China and Macao. See our exclusive interview with Paulo Chan, Director of the Gaming Inspection and Coordination Bureau.

Macao Magazine also spoke with the Rector of the City University of Macao. With its new campus and expanded curriculum, the institution is setting up new courses to attract overseas students, yet another way to expand the local economy and help transform the city into an international centre of tourism.

Jack Ma Yun, CEO of e-commerce titan Alibaba, offers his recommendations for stimulating Macao’s economy. As an appointed advisor to the SAR government, Ma encourages local entrepreneurs to take advantage of the World Wide Web and big data to transform Macao into an ‘intelligent city’ with advanced Internet and finance companies.

In this issue, we also examine Macao’s role as a platform between China and Portuguese-speaking countries. Read about the President of Mozambique Filipe Nyusi’s recent visit to Beijing and the pragmatic steps taken jointly by the central government and entrepreneurs from Macao to help the African nation develop.
Welcome to the future

Jack Ma Yun urges Macao to develop Internet and Big Data
He founder of Internet giant Alibaba told young people that they should make use of the World Wide Web and Big Data to turn Macao into an ‘intelligent city’, with advanced Internet and finance companies.

Jack Ma Yun was delivering a lecture on 6th June at the University of Macau. He was visiting the SAR as chairman of the Zhejiang General Business Association; it was hosting its inauguration ceremony in the city.

He met Chief Executive Chui Sai On, who invited him to be consultant to two committees in the SAR – Economic Development and Science and Technology; Ma accepted both posts. Also attending the meeting were Lionel Leong Vai Tak, Secretary for Economy and Finance; Raimundo do Rosário, Secretary for Transport and Public Works; and Ho Iat Seng, President of the Legislative Assembly.

Ma, 51, is the richest man in Asia, according to the Bloomberg Billionaires’ Index in April. It estimated his wealth at US$33.3 billion, ahead of Wang Jianlin, chairman of the Wanda Group, with US$32.7 billion and Li Ka-shing, chairman of Cheung Kong, with US$30.5 billion.

His wealth and success as an entrepreneur attracted a full house of enthusiastic students to the lecture hall at the university.

He is a legendary figure among young Chinese; they all know his story, from humble beginnings to fabulous wealth and a listing of Alibaba on the New York stock market for US$25 billion in 2014.

A native of Hangzhou, capital of Zhejiang province, he failed the college entrance three times before getting into the city’s Normal University. After graduation, he applied for 30 different jobs and was rejected by all of them, even KFC. He became a teacher of English. In 1995, with his wife and a friend, he founded an Internet company but did not buy his own computer until 1997. He was one of the pioneers of the Internet in China.

Ma’s comments are good news for government officials and members of public alike. Everyone is searching for new engines of economic growth, after gaming revenue fell in May this year for the 24th month in a row. Analysts believe this will be the ‘new normal’ and that the revenue will not return to the record levels it achieved three-four years ago.

So the city must find new attractions for tourists outside the casinos and develop new industries and services.

Ma was the ideal speaker on this subject. In April 1999 he founded Alibaba, which this year overtook WalMart to become the world’s largest retail platform.

In April, Alibaba’s retail marketplace platforms surpassed US$476 billion in Gross Market Value (GMV). Its online trading accounts for 10 per cent of all retailing in China and supports 15 million jobs, it said. It aims to double its GMV by 2020 from the current level.

Alibaba has also been a pioneer in Internet finance, with Alipay, a payment platform, and Yuebao, an investment platform. Both have tens of millions of users in the mainland, both individual and corporate; they have attracted billions in yuan away from the traditional banks and enabled their customers to conduct business online, without cash.

BRIGHT FUTURE FOR MACAO

The knowledge of service and ability of Macao people are very strong. They have an attitude of openness toward new things. The 650,000 people of Macao are like a village; their greatest opportunity today is in small and medium-size enterprises.

“If they use the Internet and Big Data to turn Macao into a digital city, this will make Macao very competitive in the future. I often hear people say that Macao has no resources. So even more this requires constant exploration and innovation. I am optimistic about Macao’s modernised service industry and the future development of its financial industry,” he said.

“The new technical revolution and the Internet revolution are very strong signals. The manufacturing sector is changing into the modernised service sector. In the future, all manufacturing will become modernised services. The greatest opportunity for Macao lies in its small and medium-size enterprises (SMEs). They have a strong sense of service. If they use the Internet and Big Data, then Macao will become an ‘intelligent city’,” he said.

“Macao has great creativity and its gaming industry has great creativity. But now we must have a diversification of service sectors and create new forms of services for young people and use the Internet to do business.”

“The Internet era gives an opportunity to everyone. The IT era is an opportunity for wealthy people and those with Internet skills are in demand everywhere. So I am optimistic about the future of Macao’s modern service sector and its development as an ‘intelligent city’ and its financial sector,” he said.

He stressed the remarkable changes in the financial sector. “The changes in finance today are the fastest in the last three hundred years. “Macao should establish a new type of financial system, instead of building an ordinary one,” Ma told the students. “I expect the global financial system to undergo earth-shaking changes in the next 30 years. Internet finance will definitely be the future trend.”

He said that there was nowhere in the world like Macao that enjoyed the advantages of the ‘One Country, Two Systems’ policy. “Opportunities are everywhere, especially with Macao’s geographic location linking China and Portuguese-speaking countries and everyone has the chance to succeed as we are all living in the Internet age.”

“The characteristics of Hong Kong and Macao are their openness and willingness to accept things from elsewhere,” he said.

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In the past, it consisted of serving 20 per cent of customers to earn 80 per cent of the money. Now you need to serve 80 per cent of customers. Over the next 20 to 30 years, this sector will have earth-shaking changes. In the past, it relied on trust and connections with people you knew. Now the most important thing is data. Macao has many opportunities; payment via the Internet is a part of life. The financial sector of Macao should build up a new kind of Internet finance.

His two firms, Alipay and Yuebao, have revolutionised finance in the mainland; they are posing an enormous challenge to the traditional banks. Young people have eagerly adopted them as ways to make payments, keep money and make investments.

CONFIDENCE IN YOUNG PEOPLE

Ma encouraged students to meet more people and welcomed the young and innovators from Macao to work as interns in Alibaba and leading Zhejiang firms.

He also encouraged them to go to the mainland more often. "There are so many opportunities (there), if you only look at Macao, you will only be able to do things in Macao. I hope every one of you will see more and go to more places. Macao is good, while the world is also wonderful," he said.

One student in the audience, named Li, said that, after hearing Ma’s talk, he felt full of confidence in the future of Macao. "In his encouragement to young people, I realised that Macao must not only rely on the development of the gaming industry. We must seize the opportunities in the service sector, science and technology and the Internet to create a new universe."

In his meeting with the Chief Executive, Ma said: "I am full of confidence in the development of young people. The young people of today understand how to take the opportunities they have created themselves. The new wave of globalisation is young people. Small and medium-size enterprises (SME) are global and Macao has very many opportunities for development."

"It has the advantage of developing Portuguese-speaking countries, of its young people and of its SMEs. Through the Internet and creative new science and technology, they can participate in global competition," he said.

MACAO MUST SEIZE OPPORTUNITIES

A commentary in the Macao Daily on 8th June said that the opportunities which Ma outlined in his speech for SMEs and the diversification of the service sector would not fall from heaven but would have to be found and developed.

"Over the last years, scholars have made a diagnosis and pointed the road for the future, but the results have been disappointing. For what reason? Perhaps the difficulty was too great, the appropriate conditions did not exist and the right moment had not come. More important is that Macao society has not extended all its energy and prepared."

It said that the ‘ten golden years’ of Macao’s economic take-off had not been so much the result of its people’s great effort but more a result of policies from above and an inflow of capital that followed them. "The future development and transformation depends on Macao people themselves considering well," the commentary said.

They must use their own means to devise the path they wish to take and one which can be maintained.

INSPIRING PERSONAL STORY

In his speech, Ma also sought to inspire the students with his own story from a humble beginning to the richest man in Asia.

"I am not a hero, I am only an ordinary person." He said that he had been through many times of confusion and losing face. "I did not study computers, management or finance. I worked six years as a teacher... I never thought of how to make money. I only hoped that what I invented would be useful."

"Our employees have grown up after entering our company. They are not parts and components in the firm but friends. We respect and trust each other."

"Complaining is a very fearful thing. Talented people can see opportunities in complaints; opportunities are something they discover and create. They come out of mistakes and difficulties. The market is like a battlefield. You must see yourself clearly and see the environment, the future and the opportunities."

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The Way Forward

Macao gaming interim report sheds light on the industry’s future

TEXT MARK O’NEILL
PHOTOS ANTONIUS PHOTOSCRIPT, GCS,
XINHUA NEWS AGENCY
ILLUSTRATION FERNANDO CHAN
According to the "Interim Review of Gaming Liberalisation for Games of Fortune in Macao: economical, social, livelihood impacts and operating conditions of the concessionaires" – an interim report released on 11th May 2016 – all six of Macao’s gaming operators have satisfied their contractual capital commitments.

Commissioned by the office of the Secretariat for Economy and Finance and conducted by the Institute for the Study of Commercial Gaming at the University of Macau, this report will be an important government reference for further improvement of gaming laws, regulations and a regulatory framework.

Over the next seven years, the government must decide how and to whom to grant nearly 2,000 additional gaming tables.
It must also decide whether to renew gaming licenses in 2022 to the six operators who received them between 2002 and 2006. The report’s assessments will greatly impact these decisions.

Whether the concessionaires have fulfilled the commitments set forth in their contracts is a necessary pre-condition for attaining government approval to renew these operating licenses. Of the US$32.7 billion (MOP252.31 billion) of investments made by the six operators between 2002 and 2014, Sands China Ltd. was responsible for the most – US$10.8 billion (MOP86.97 billion), amounting to 33 per cent of the total from all six casino operators. Melco Crown Entertainment came in second with US$6.5 billion (MOP52.68 billion), and Galaxy Entertainment Group third with US$6.3 billion (MOP50.91 billion).

GAMING INDUSTRY’S PROS AND CONS

The review concludes that the gaming industry’s dramatic expansion since 2002 has been both positive and negative for Macao.

During the Portuguese administration, only one company, Sociedade de Jogos de Macau, held a gaming license. After Macao’s handover to China in 1999, the Special Administrative Region (SAR) government decided to grant five more licenses, a decision that has since transformed the city.

But it has also made housing more expensive, led to high inflation and higher costs for small and medium-sized enterprises (SMEs), contributed to more gaming-related crime and worsened the quality of life for many.

Gaming revenue in 2015 totaled US$28.75 billion (MOP230 billion), more than 10 times the US$2.7 billion (MOP22.18 billion) in 2002. As of the end of 2015, the number of casinos operating in Macao had reached 36.

In 2006, Macao overtook Las Vegas as the world’s leading gaming centre and has since extended its lead. In 2015, the SAR had 30.7 million visitors – a 300 per cent increase from 2002 - largely driven by the gaming industry.

The transformation of the past decade and a half includes the construction of giant casinos, hotels and tourism facilities. The 39-storey Venetian, covering an area of 980,000 square metres, is the largest casino in the world and the biggest single hotel structure in Asia. Its construction required a total investment of US$2.4 billion (MOP19 billion). Projects of this kind have completely changed the city’s landscape.

The industry’s rapid growth has translated into a correspondingly rapid growth in GDP, increased fiscal reserves, improved social welfare, record foreign investments, increased labour productivity, relatively low unemployment rate and favourable conditions to drive development in other industries, such as hotel, luxury retail, catering, convention and exhibition, as well as performance and entertainment. This expansion has also seen a net increase of nearly 35,000 companies.

The industry’s boom has provided lucrative local employment. “The proportion of local employees (of the six operators) of managerial grade or above increased from around 60 per cent in 2008 to 80 per cent in 2014.”

The report’s analysis of the industry’s knock-on effect on the overall economy finds that, between 2003 and 2013, the added value of the hotel industry rose 11.4-fold, wholesale and retail industry 7.4-fold, construction 5.1-fold, banking 3.5-fold and catering 3.5-fold.

GROWTH IS NOT WITHOUT ITS PITFALLS

The growth of the gaming industry, however, hasn’t been without drawbacks, especially in one of the most densely populated cities in the world covering only 30.4 square metres.

The report identifies a number of issues linked to the industry’s advancement, including a persistently high inflation rate, increased stress on the elderly and other demographics, acutely rising and increasingly unaffordable housing prices, hikes in operating costs for SMEs and an increase in gaming-related crimes.

“The economy and employment became too dependent on the gaming industry and challenged traditional values,” it adds. The report also identifies cases of all six gaming operators failing to take measures to adequately prevent money laundering and financing terrorists.

In an interview with Macau Business in May, Secretary of Economy and Finance Leong Vai Tac states that, until 2023, the government will permit a maximum of 1,892 additional gaming tables. “The authorisation of tables is a very important measure in the management and supervision of the gaming sector. It is an important stimulus for gaming operators to invest in non-gaming elements.”

“We must consider all the factors globally, especially investment in non-gaming areas, the participation of SMEs in these projects, the capability to diversify sources of clients, etc. These are all essential factors for Macao to become a world centre of tourism and leisure.”

Speaking on the sidelines of the report’s publication, Leong adds that “We cannot depend upon a small number of people, that is, a small number of customers to generate the largest revenue. In the face of international competition, we need to discover new customers, new growth points.”
ENCOURAGING THE GROWTH OF NON-GAMING REVENUE

Industry diversification is a major point of research in the review. "Development of the gaming industry has scaled up the added value of its related industries... Non-gaming elements have created a large amount of non-gaming job positions. In 2014, non-gaming employees accounted for 44 per cent of the total number of employees in gaming operators."

The report cites data showing that the cumulative non-gaming elements of the six operators created US$2.9 billion (MOP23.2 billion) of revenue in 2014, a figure comparable with that of Las Vegas. However, it comprises a far smaller percentage of total gaming revenue compared to Las Vegas.

The central and Macao governments have demanded that casino operators diversify their sources of income and clients and also reduce their dependence on gaming and on the mainland market, which last year accounted for more than 60 per cent of all visitors to Macao. This will factor into whether licenses will be extended.

THE FUTURE OF JUNKETS

The review also addresses the issue of gaming promoters, locally known as junkets, who handle high rollers and VIPs. A dramatic drop in spending from this demographic accounts for declining overall gaming revenue for the past two years. More than a decade ago, 60–70 per cent of casino gross profit came from VIP rooms. In 2015, this figure dropped to around 54 per cent.

Revenue for May 2016 was US$2.17 billion (MOP17.4 billion), a drop of 9.62 per cent year-on-year and the 24th successive month of decline.

Most analysts believe that this decline in junket revenue is long term, making it an economic as well as a strategic imperative for casinos to focus on the mass market and diversify offerings.

The government, meanwhile, is trying to strengthen supervision of junket operations. In October 2015, the Gaming Inspection and Coordination Bureau (DICJ) issued a new financial accounting system to all the junkets, but according to the review, of the 183 promoters in Macao, 35 had failed license renewal due to failure to comply with these regulatory requirements.

In February 2016, the DICJ officially launched a review of all promoters’ adherence to the new accounting guidelines. So far, the bureau has conducted site visits to over 80 promoters and expects to finish all reviews within six months.

This interim review has stimulated lively debate and given the government much to consider as it plans the next stage in the economy’s diversification.

INTERIM REVIEW OF GAMING

Ka Chio Fong, Leong Vai Tac and Paulo Chan (left to right)
All in

Paulo Martins Chan, Director of the Gaming Inspection and Coordination Bureau, has his priorities straight. He is “all in” to solve Macao’s gaming industry challenges.

PHOTOS CHEONG KAM KA

MACAO MAGAZINE: How long did you work at TDM and then as a prosecutor before joining the Gaming Inspection and Coordination Bureau (DICJ)?

PAULO CHAN: I started working at Ou Mun Tin Toi [TDM] radio station in 1981 where I worked as a part-time employee of the station for 15 years. During that time, I worked mainly as an interpreter and translator. It was a very important experience for me. I was able to accompany undersecretaries and the governor, as well as the president and prime minister of Portugal, and saw how people interacted, how the leaders presented themselves. I also had the opportunity to learn much about Macao society and attended the legislative assembly for the governor’s consultative council meetings.

In 1997, I became a prosecutor for 17 years before I joined the DICJ last year.

MM: What experiences working as a prosecutor helped shape your approach to management and your present role at the DICJ?

PC: Knowledge of the law is very important. Knowing the law, I’m confident in answering questions and confident about making decisions. And in judicial work, for better or for worse, we must have the courage to make decisions. We also have to be able to handle the pressure, because every time you make a decision involving two opposing parties, one party will be unhappy.

MM: What do you see as the key challenges and opportunities of your current role? What are the priorities?

PC: A number of issues have accumulated as a result of very rapid development in the past 15 years, which didn’t allow for time to troubleshoot issues that arose. We really have to change that; for me, this is a priority. Additionally, the decline in gross gaming revenue poses a challenge, but that depends more on external factors than on our efforts. We are trying to build up the gaming industry with integrity and quality, but this will not solve our revenue problem immediately. Change will happen step by step as we try to build something different.

MM: Please elaborate on one of the issues that has accumulated over the past 15 years.

PC: Take, for instance, the junkets. Macao’s gross gaming revenue depends upon the VIP market, but there are issues related to the gaming promoters. On one hand, we have to cater to the VIP clientele, but on the other hand, we have to regulate the junkets. Finding a regulated balance will be difficult.
MM: The gaming industry employs a large percentage of Macao’s workforce. How many people does the DICJ employ and is there sufficient staff to support the industry?

PC: We employ roughly 400 staff members, but we are planning on recruiting more: 50 inspectors and 20 surveillance staff. Hopefully, we can also expand the audit team because it plays a very important role in the gaming industry. We want to maximise the capacity of our staff through continuous training programs. Recently, in May and also early June, we organised two seminar series for our inspectors on the importance of integrity, which were held by the Commission Against Corruption.

I think it is very important to fortify and improve both the integrity and quality of our inspectors and 20 surveillance staff. Hopefully, we can also expand the audit team because it plays a very important role in the gaming industry. We employ roughly 400 staff members, including proprietary legal regulations. This means we have to create our own system, so we have particularities and specifications, which are different from any other jurisdiction. This means we have to create our own system, including proprietary legal regulations.

PC: In the past, we have concentrated too much solely on the gaming industry and probably overlooked the development of other economic activities. I think it is very important that we now reflect upon the past decade and try to develop and diversify other economic activities as well.

Of course, that doesn’t mean we are going to give up on the gaming industry. It will still be a very important economic sector for Macao, and we will continue to keep VIP gaming clients who fiscally support and diversify our economy; but it is risky for us to depend on one niche market for so long, and we really cannot rely on it alone. We have to develop other industries too, for example, non-gaming activities that many operators are now promoting.

MM: What is your vision for the role the DICJ will play in shaping Macao’s future?

PC: First of all, our integrity and quality are unparalleled. In some places, you may feel rather unsafe, but Macao offers a secure environment. Additionally, our industry is very mature with more than 50 years of experience. Geographically, we are easily accessible from mainland China and other Asian countries. We have the best hotels and the best casinos. Games are fair and safe and free of corruption and criminal ties, which is paramount. We’ve worked hard for decades to create and uphold this international image. We have to maintain these advantages and ensure that Macao remains a family-friendly international city of fun and leisure.

MM: How can Macao differentiate itself from competition that has been growing throughout the region? What competitive advantage do we have and how do we maintain it?

PC: First of all, our integrity and quality are unparalleled. In some places, you may feel rather unsafe, but Macao offers a secure environment. Additionally, our industry is very mature with more than 50 years of experience. Geographically, we are easily accessible from mainland China and other Asian countries. We have the best hotels and the best casinos. Games are fair and safe and free of corruption and criminal ties, which is paramount. We’ve worked hard for decades to create and uphold this international image. We have to maintain these advantages and ensure that Macao remains a family-friendly international city of fun and leisure.

MM: What advice would you give Macao’s youth regarding how to improve and inspire themselves and move Macao forward?

PC: I think that Macao’s current success has not come easily. The young generation should not take it for granted; we really have to treasure the success we enjoy today.

For example, our unemployment rate is 1.8 per cent; that is a very enviable and rare statistic globally. Citizens of Macao enjoy job security and social benefits. We really have to treasure this and continue to maintain this prosperity; it’s hard work!

MM: What is your vision for the role the DICJ will play in shaping Macao’s future?

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MM: The final phases of construction on Cotai will be completed within the next few years. Will its completion bring a halt to Macao’s economy and industry?

PC: I firmly believe that entrepreneurs will always come up with new innovative projects. Even small changes can make big waves; so as long as there’s profit to be made, there will always be new projects and new facilities to promote despite our limited real estate.
12 YEARS OF COTAI
COTAI’S METAMORPHOSIS

“When I was a high school student in the early 1970s, I thought Coloane was a long way away,” reminisces locally born Eddie Yue Kai Wong, a prominent architect in Macao. “When we went there we had to take a small ferry, but from time to time the ferry wasn’t able to reach the pier because of the shallow waters. Those trips were special occasions for us. Coloane had a village-like environment and we went for picnics. It was very different from Macao and I found it an adventure to be out in the ‘wild.’ For a very long time Coloane was a preserved area. The Portuguese administration wanted the village there to remain protected, enveloped in nature.”

“When I returned to Macao as an adult, there already was a causeway connecting Taipa and Coloane, but the road across lead only to the Westin Hotel. Then, during the 90s, the government began using part of the land on the side of the causeway as a sewage and refuse dump. That is what the Caesars Golf Macau golf course is built on. In the early 2000s, Venetian Macau proposed the Cotai Strip to Macao’s government. Looking back at the early times, nobody thought Macao had such potential. But Venetian invested a huge amount of money, building a huge hotel in this once remote city. They were the pioneers of the Strip and real gamblers.”
CHANGING COURSE – FOUR TIMES

In the early 1990’s, when the Macao Airport opened and before the international casino operators arrived, local business tycoon Stanley Ho and his business partners hatched a plan to turn Cotai into a World Trade Center. The plan included 10 hotels, an exhibition center and a theme park. An architectural scale model was built and displayed at the then Hyatt Hotel during an official visit to Macao by the then Portuguese President Mario Soares. It failed to win government support at the time, from the Portuguese President Mário Soares.

Hyatt Hotel during an official visit to Macao
model was built and displayed at the then Hyatt Hotel during an official visit to Macao from the Portuguese President Mario Soares. It failed to win government support at the time, and the plan was shelved.

Then, before the transfer of Macao’s administration to the People’s Republic of China in 1999, the Portuguese administration devised its own plan to reclaim and turn Cotai into a residential and commercial area for 200,000 inhabitants. This land extension was to cater to Macao’s future development. Architect Lima Soares designed the architectural scheme for this plan, together with PAL Asiaconsult Ltd., the engineering consultancy supporting the project.

In 2001, the same engineering consultancy, along with Eddie Wong and Associates Limited, Machado, Perry & Bragança, Arquitectos Ltda. were commissioned by the Infrastructure Development Office to pick up the plans for hotels and casinos. the Cotai Strip would be a Las Vegas-style strip. Macao’s landscape would change and the Cotai Strip would become the eastern Monte Carlo,” said Machado.

In 2004, the revised proposal was submitted to the Infrastructure Development Office. It was used by the government and shown to the concessionaires entering the territory to explain its vision for the future of Macao.

“People always think Macao doesn’t have plans, but Macao is full of infrastructure plans. The hotels in our plans had 1,000 rooms. Now the hotels have doubled, tripled that. We simply could not have envisioned the scale. When the current operators adapted their plans for the Cotai strip, the main roads remained, but all the side streets in the original plans just vanished, absorbed by the sheer scale of the new integrated resorts,” said Machado.

When it was completed, the revised proposal was submitted to the Infrastructure Development Office. It was used by the government and shown to the concessionaires entering the territory to explain its vision for the future of Macao.

“We weren’t sure what was eventually to come to Cotai back in the day; we constructed this plan, this model, but the mission and the vision weren’t clear. But, as soon as we knew that some of the concessions were given to companies based in Las Vegas, we knew that Macao’s landscape would change and that the Cotai strip would be a Las Vegas-style strip. It was obvious that a total transformation was about to come,” said Machado.

“Today, the size and number of hotels on the Cotai Strip are much larger than what we imagined. Macao residents never expected Macao to become the eastern Monte Carlo,” said Wong. And it all happened in the blink of an eye.

THE BIRTH OF COTAI

Only 12 years have passed since Sands China Ltd. (SCL) gambled on the success of Cotai and began reclaiming the swampland between Taipa and Coloane. Until then the Macao peninsula was considered the only destination for hotels and casinos.

Building in Cotai therefore carried with it a tremendous risk of failure and many said it would not work. But the detractors were quickly proven wrong and Cotai has since been transformed into a global entertainment mecca. On just 5.9 square kilometres of land, three gaming operators—Venetian Macau, S.A., Melco Crown (Macau), S.A. and Galaxy Casino, S.A.—have already built an oasis of mega-hotels, casinos and entertainment venues.

In 2015, Macao had a total of 74 hotels with over 30,000 hotel rooms, compared to 35 hotels with fewer than 8,300 rooms in 2002. In little more than a decade, the number of hotels in Macao has doubled and the number of hotel rooms has tripled. Cotai alone boasts almost 17,000 hotel rooms, over 300 restaurants and food outlets—including seven with Michelin stars—and daily entertainment shows. These operators employed nearly 65,000 people in 2015, one tenth of Macao’s total population.

The city’s three other concessionaires—Wynn Resorts (Macau), S.A., MGM Grand Paradise, S.A. and Sociedade de Jogos de Macau S.A.—are in various stages of constructing their own properties and will soon make their mark on Cotai.

These developments have transformed Cotai into one of the most popular tourist destinations in the world, attracting hundreds of thousands of visitors daily. Thirty million visitors travelled to Macao in 2015, roughly 50 times the population of the city itself.
Dramatic Changes

In 2002, the Macao Special Administrative Region (SAR) government ended a 40-year gaming monopoly held by Stanley Ho’s STDM (Sociedade de Turismo e Diversoes de Macau) and granted gaming concessions and later, subconcessions to a total of six operators.

Cotai is an abbreviation of Coloane and Taipa, the two islands that, together with the peninsula, now make up the 30.4 square kilometres of Macao. The pioneer in the reclamation was Sheldon G. Adelson, chairman and chief executive of Sands China Ltd. (parent company of Venetian Macau, S.A.), who spearheaded Cotai’s development. Anticipating the tourism potential of Macao—with one billion people living within a three-hour flight and three billion within five hours—he set about transforming the city’s gaming industry.

Many in the industry were skeptical about his new ventures in Macao at first, but undeterred, Adelson incorporated Venetian Macau, S.A. in June 2002, and entered into a subconcession contract with Galaxy Casino S.A. in December of the same year.

Hsin Chong Engineering (Macau) Ltd. was tasked with the challenge of reclaiming and filling in the bay between Coloane and Taipa islands, which they undertook head-on and at breakneck speed. In fact, Hsin Chong has managed the construction of all of SCL’s projects in Macao.

Keith Buckley has been the executive project director at Hsin Chong in Macao since the beginning. After working all around the world—from building a PVC factory in Poland in 1976, to building infrastructure projects in Iraq in the midst of the 1981 Iran-Iraq war, to building 12 hospitals across Malaysia in five years—Buckley arrived in Macao in 2003, at the time of the SARS (severe acute respiratory syndrome) outbreak, to build the original Sands Macao on the peninsula.

When Sands Macao was nearing completion, the Cotai Strip appeared on the radar as a new development opportunity for SCL. Buckley moved over to the Venetian project in 2004, when it was just a causeway between Taipa and Coloane, and has stayed in Macao ever since, the longest time he has stayed in one place.

“The situation is unusual. You normally don’t have the same developer building properties in such a small area as Macao, or as small as the Cotai Strip. Although the Venetian project had been built in Las Vegas before, The Venetian Macao was bigger, the biggest single building project in the world at the time. For me, it was a different sort of project, because I had never been in a casino before, and my vision of one was a Monte Carlo James Bond-style casino.”

At the time, Skidmore, Owings & Merrill LLP (SOM) from San Francisco was commissioned by Las Vegas Sands to master plan the strip in collaboration with EDAW, a U.S. landscape architecture firm. “Unlike most leisure and recreational developments where the land’s natural features form the focus of the development, this flat piece of land was to become a new growth area for Macao’s tourism industry. We did not participate in the design of individual buildings; rather we created a master plan or framework, drawing inspiration from the Las Vegas Boulevard, and orchestrated a large number of developments from a variety of developers and design teams,” said Ellen Lou, Director of SOM to the Macao Magazine.
VENETIAN MACAO: WHERE IT ALL STARTED

Construction on The Venetian Macao began on 22nd July 2004, and with a three-year construction deadline, it officially opened on 28th August 2007 after a mere 37 months of construction. The largest building in Asia, it is twice the size of its Las Vegas sister, with over 2,900 hotel rooms, almost 350 retail boutiques and 55 restaurants and food outlets. It also houses a 15,000-seat Cotai Arena and a 1,800-seat theatre for entertainment and sports events. Inside the complex, Italian gondolas traverse its three 150-metre canals.

According to Buckley, during the SARS epidemic, many companies and workers were prepared to come from Hong Kong to Macao due to the depression in Hong Kong’s construction and property market.

At the time, there was a much higher percentage of Hong Kong workers than there is today. Importing construction workers remains a challenge; because there aren’t enough workers in Macao, many of the workers are now from mainland China. “Another challenge was the logistics,” said Buckley. “Everything was on a large scale not seen before in Macao, be it piling, excavation, ready-mix concrete, bringing in materials, mainly from China. The quantities were huge, but the process went remarkably smoothly. And to have finished the project in three years, including the land reclamation and foundations, is surprising. Actually, the spirit on that job was the best out of all the projects—it was exciting and had never been done before. There was a great feeling among all the people involved in getting this great job done.”

Thus the Sands Cotai Strip anchor property was established in 2007. Just one year later, Sands opened The Plaza Macao, which includes the Four Seasons Hotel, the Paiza Mansions and the Plaza Casino.

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In 2006 construction of Sands Cotai Central had commenced, but in November 2008, construction stopped for almost a year and a half because of the global financial crisis. It resumed in 2010, and in April 2012, Sands Cotai Central opened across the street from The Venetian Macao and The Plaza Macao, accommodating international hotel brands Conrad, Holiday Inn, Sheraton and, more recently, The St. Regis. All told, SCL occupies almost 560,000 square meters of the Cotai Strip.

With the opening of The Parisian Macao, SCL will have invested more than US$13 billion (MOP104 billion) in Macao. By September 2016, SCL’s portfolio on the Cotai Strip will contain approximately 12,700 hotel rooms, nearly 850 retail boutiques and 130 restaurants and food outlets.

While many marveled at the ambition, scale and opulence of SCL’s projects, others were skeptical that SCL could quickly earn back its investment, let alone make a profit. Yet for the year ended December 2015, the adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation) for SCL was US$2.223 billion (MOP17,754.7 billion).

Since 2007, SCL properties have welcomed approximately 300 million guests. In 2015 alone, a combined total of over 68 million people visited SCL’s Cotai resorts, an average of 186,500 visitors per day.

SCL staged 73 live entertainment events attracting more than 331,000 visitors and hosted almost 700 MICE (meetings, incentives, conferences and exhibitions) events drawing over one million visitors in 2015. To facilitate operations on such a grand scale, SCL employed over 26,000 people representing 54 nationalities.

SCL also owns and operates Cotai Water Jet, a high-speed ferry company that links Hong Kong directly with Taipa and Cotai. Its 14 ferries make on average 45 round trips daily.
90 PERFORMERS AUDITIONED ACROSS FIVE CONTINENTS FOR THE HOUSE OF DANCING WATER SHOW

Macao government’s initiative of further diversifying the local economy and expanding Macao’s appeal as a multifaceted tourist destination,” Lawrence Ho, chairman and CEO of MCE and son of gaming tycoon Stanley Ho, told the Macao Magazine.

To date, MCE has invested MOP52.68 billion (US$6.5 billion) in Macao, the second largest investment among the six gaming operators. And in 2015, the adjusted property EBITDA for the group’s Macao operations was US$932.0 million (MOP7.4 billion).

Before making its mark on Cotai, MCE opened the Altira Macau hotel in Taipa in May 2007. “In the past 12 years, Macao’s tourism industry has been shifting its center of gravity southwards to Cotai with new resorts opening in the neighborhood, further enhancing the entertainment proposition of this area,” said Ho.

MCE’s future plans include completing the futuristic-looking fifth tower at the City of Dreams. It was designed by the late Iraqi-British architect Zaha Hadid, whose world-renowned projects include the Aquatic Centre for the London 2012 Olympics, the Broad Art Museum in the U.S. and the Guangzhou Opera House. The tower is slated to open in 2018. Spanning 39 levels, it will house approximately 780 hotel rooms.

GALAXY: A FRESH TAKE ON ENTERTAINMENT

Galaxy Entertainment Group Limited (GEG), established in 1988 in Hong Kong, is another operator with a presence in Cotai. GEG’s Macao subsidiary Galaxy Casino, S.A. received a gaming concession from the Macao government in June 2002, enabling GEG’s entry into Macao’s gaming industry.

Like MCE, GEG’s first project in Macao wasn’t on the Cotai Strip. It opened the Casino Waldo in Taipa (before the reclamation of the Cotai Strip) in 2005 at a site that is directly opposite the current Galaxy Macau.

GEG’s anchor property, the Galaxy Macau, opened some six years later on May 2011. A pedestrian footbridge now connects the Casino Waldo (which has been rebranded The Broadway Macau) to the Galaxy Macau.

GEG’s Galaxy Macau project sits on a nearly 480,000-square metre plot of land on Cotai (although not directly on the Cotai strip). It has seen two distinct construction phases so far: the first phase opened on 15th May 2011, and the second phase on 27th May 2015.

Together, these two phases yielded five hotels: The Ritz-Carlton Macau, Banyan Tree Macau, JW Marriott Hotel Macau, Hotel Okura Macau and the Galaxy Hotel. Collectively, these hotels contain nearly 3,800 hotel rooms, more than 200 retail boutiques and over 120 restaurants and food outlets.

GEG opened the UA Galaxy Cinema in December 2011 bringing the multiplex cinema experience to both Macao residents and visitors alike.

More recently in 2015 GEG launched the grand resort Deck, home to the world’s longest skytop aquatic adventure river ride, at roughly 580 metres in length, and the largest skytop wave pool, which also features a white sand beach.

2011
As part of the second phase, GEG renovated and rebranded the Casino Waldo as The Broadway Macau. It has introduced a new concept to Macao: a food venue offering up a variety of local cuisines. Of the 40 food and beverage outlets, approximately 30 represent small and medium sized enterprises (SMEs) in Macao.

“Looking back at Macao ten, twenty years ago, there were many distinctive small stores full of character. Striving to retain these traditional characteristics, [Galaxy] hopes to spur the growth of small and medium sized enterprises,” said Francis Lui, vice chairman of GEG.

As at December 2015, GEG had invested HK$43 billion (MOP44 billion) into Cotai and employed a staff of 22,000. The adjusted EBITDA for 2015 was HK$8.7 billion (MOP8.9 billion).

THE CITY THAT DOESN’T SLEEP

Providing non-stop entertainment, exquisite cuisine and luxury experiences are only a few of the Cotai operators’ goals. Behind the scenes, dedicated staff work tirelessly 24/7 throughout the year to ensure that all the shows, restaurants and hotels run smoothly, and it is imperative that those team members are provided with the necessary tools to excel and grow.

In 2015, Sands China provided more than one million training hours and since its inception, Macao residents have been the recipients of 12,900 promotions. All this was accomplished through its in-house programme the Sands China Academy.

This year, Sands China Academy launched My Way, a two-year programme that trains team members in non-gaming areas, including food and beverage, business development, facilities, etc. This programme aims to laterally move Sands staff across different sectors, providing them with diversified skill sets.

Melco Crown also aims to provide more business and development opportunities to help employees enhance their professional credentials and productivity. The You-niversity Bachelor programme, part of Melco’s Whole Person Development Initiative, targets employees who have yet to complete a university degree. As part of the programme, MCE teamed up with Edinburgh Napier University to offer a Bachelor of Arts degree in International Business Practice.

The Accelerated Development Programme, launched in 2015 by Galaxy Entertainment Group, aims to nurture local talent for supervisory and managerial roles. The four-month program focuses on developing skills through classroom, on-the-job and online training.

A plethora of training facilities, programmes and courses ensures that employees of the Cotai Strip are well equipped to develop and improve their careers. The operators have invested time and money into ensuring the future success of their employees and Macao.

BEHIND THE SCENES, DEDICATED STAFF WORK TIRELESSLY 24/7 THROUGHOUT THE YEAR TO ENSURE THAT ALL THE SHOWS, RESTAURANTS AND HOTELS RUN SMOOTHLY.

WYNN: LUXURY TAKEN TO NEW HEIGHTS

On the 22nd August this year, Macao will see a new arrival to the Cotai Strip: Wynn Palace. The resort with some 1,700 rooms, suites and villas, is the result of a US$4.2 billion (MOP33.5 billion) investment by Wynn Macau. The property is situated on an area of land that totals 210,000 square metres.

Wynn Palace will include over 2,440 square meters of MICE space, 50 retail boutiques, as well as a performance lake, which can be seen from the rooms, restaurants and hotel entrance.

The property will have a floral theme and will continuously exhibit large-scale floral sculptures by renowned New York floral designer Preston Bailey. The property will also include the “Sky-Cab”, an aerial tram transport system featuring gondolas resembling smoke-breathing dragons that will carry customers from Macao’s light-rail system (opening in 2019) directly to the hotel.
Grant Bowie, chief executive officer of MGM China Holdings, said, “with the expansion of the room base, we intend to continue targeting quality customers who spend longer periods of time at our property. We remain focused on bringing a world-class offering to the market in the first quarter of 2017.”

MGM Cotai is owned and operated by MGM Grand Paradise, S.A., incorporated 17th June 2004. The company holds one of the three subconcessions to operate games of chance in Macao, having entered into a sub-concession contract with SJM in April 2005. The company’s first project was the MGM Macau, which opened in December 2007 on the peninsula.

SJM: THE GRAND FINALE

The last operator to make its mark on Cotai will be Sociedade de Jogos de Macau, S.A. (SJM) with its HK$30 billion (MOP30.8 billion) Grand Lisboa Palace, scheduled for completion in 2017. Its opening is targeted to coincide with the completion of the Hong Kong-Zhuhai-Macao Bridge.

The Grand Lisboa Palace, built on almost 74,000 square metres of land, will have three hotel towers, the “Grand Lisboa Palace,” “Palazzo Versace” and “Karl Lagerfeld.” Together, these hotels will provide approximately 2,000 hotel rooms, in addition to facilities for meetings and conferences, shopping, dining and entertainment and a casino. The property will also include a wedding pavilion. Ninety-five per cent of the total area will be used for non-gaming facilities.

The Grand Lisboa Palace will have approximately 1,400 hotel rooms and suites. The Palazzo Versace Macau, the first hotel of its kind in Asia, will have 290 hotel rooms designed under the creative direction of Donatella Versace. The Karl Lagerfeld hotel, which will also offer around 290 hotel rooms, will be the first hotel in the world to be fully designed by the iconic fashion figure. SJM expects to employ over 8,000 people for the Grand Lisboa Palace.

SJM chairman Ambrose So said, “Grand Lisboa Palace, with its distinguished East-meets-West design incorporating Western architectural style and traditional Chinese motifs, will help diversify Macao’s economy and enhance its position as a World Centre of Tourism and Leisure. The project will be the only in-

THE EVOLUTION OF COTAI

MGM: A GOLDEN RESORT

In the first quarter of 2017, there will be a further addition to the Cotai family. MGM Cotai will open its doors.

At a cost of HK$24 billion (MOP24.7 billion), this new property built on almost 72,000 square metres of land will feature 1,500 hotel rooms. It will offer Asia’s first dynamic theatre—a versatile, transformable theatre space with over 14 seating configurations and a 180-degree immersive stage backdrop, allowing MGM Cotai to have a sport event one night, a concert the next, a nightclub environment, an art show, or a ballroom for luxurious weddings.

Another highlight is the Spectacle Show, which utilises 23 LED walls in one atrium space. It will facilitate the presentation of images and video at an unparalleled scale and size - over four stories high.

Wynn Palace’s arrival to the Cotai Strip comes ten years after Wynn Macau opened its first property, Wynn Macau, on the peninsula in September 2006. Wynn Macau includes gaming facilities, a hotel, restaurants and a performance lake. In April 2010, it added Encore at Wynn Macau, a boutique hotel. Wynn Resorts (Macau), S.A., led by Stephen A. Wynn, was incorporated on 17th October 2001, and was granted a gaming concession by the Macao government on 24th June 2002.

As an avid art collector, Wynn continues to buy the best art pieces money can buy for his properties around the world. The Wynn Palace in Cotai will boast a collection of rare art pieces, most notably a giant Tulips sculpture created by artist Jeff Koons, which cost the company HK$262.7 million (MOP270.5 million).

Wynn Palace is seen as a part of the Cotai family, bringing its signature style to the area. The property will feature over 1,500 hotel rooms, 3,000 square metres of retail space, and a state-of-the-art casino. The Wynn Palace is expected to attract both local and international visitors, further boosting the Cotai market.

Wynn Palace aims to offer an unparalleled experience to its guests, with world-class amenities and entertainment. The property will feature multiple dining options, including three signature restaurants by renowned chefs, a high-end spa, and a health club. Wynn Palace is also expected to have its own performance theatre, providing a unique entertainment option for visitors.

The opening of Wynn Palace marks a significant milestone for the Cotai market, as it brings a new level of luxury and sophistication to the area. Wynn Palace’s arrival is expected to further boost the Cotai market, attracting both local and international visitors and contributing to the growth of the Macao economy.
tegional resort in the world housing two hotels designed by world-class fashion brands. The Grand Lisboa [in Macao] has a strong brand name noted for luxury hospitality and acclaimed restaurants... In comparison, the Grand Lisboa Palace on Cotai emphasises lifestyle and fashion, while its multicultural design reflects the heritage of Macao,” said SJM chairman Ambrose So to the Macao Magazine.

SJM was incorporated 28th November 2001 and was granted a gaming concession from the Macao government on 28th March 2002. SJM Holdings (the holding company of SJM), through SJM, operates hotels and casinos in Macao and is headed by Stanley Ho, the very same man that had the first plan for Cotai in the early 1990’s.

LOOKING AHEAD

In 12 short years, the world has witnessed how this small territory, once a quiet city that enjoyed a slower pace of life, became one of the world’s strongest and most vibrant economies.

Whilst Macao has always been known for its entertainment industry, the scale of the investments and developments on Cotai changed everything. With the support of the government, six companies on 5.9 square kilometers of land have transformed an entire economy.

There is no doubt that this rapid rate of growth has caused challenges for its way of life - older residents can scarcely believe their eyes. But Cotai brings tremendous opportunities for Macao and its people, opportunities to learn and grow and build businesses on a scale that has not been seen for many generations.

COTAI IN 2015 (JULY)

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LAND CONCESSIONS PLOT AREA

- Galaxy Casino, S.A. (Galaxy)
  - 476,611 m²
- Melco Crown (Macau), S.A. (Melco Crown)
  - 470,587 m²
- MGM Grand Paradise, S.A. (MGM)
  - 71,833 m²
- Venetian Macau, S.A. (VML)
  - 555,680 m²
- Wynn Resorts (Macau), S.A. (WRM)
  - 210,000 m²
- Sociedade de Jogos de Macau, S.A. (SJM)
  - 73,856 m²

**THE ROAD TO COTAI**

**MACAO**

30.4 KM²

**COTAI**

5.9 KM²

**HOTELS IN COTAI**

- Galaxy
  - Banyan Tree
  - Wynn
  - Venetian
- City of Dreams
- Grand Hyatt
- JW Marriott
- Ritz Carlton
- Studio City
- Sands China
- Venetian Palazzo
- Four Seasons
- St. Regis
- Holiday Inn
- Sheraton
- St. Regis

**HOTELS IN MACAO**

- Grand Lisboa Palace
- Grand Lisboa
- Four Seasons Hotel
- Ritz Carlton
- Mandarin Oriental
- Shangri-La
- Tamar Palace
- Venetian
- Wynn Palace
- Wynn Resort
- The Venetian
- Palazzo
- Four Seasons
- Mandarin Oriental
- St. Regis
- Holiday Inn
- Sheraton
- Conrad
- Conrad Centric
- MGM Grand Paradise
- Wynn Resorts
Mozambique and China: A fast friendship into the future

TEXT PAULO G. FIGUEIREDO
PHOTOS AGENCE FRANCE-PRESS AND XINHUA NEWS AGENCY
From the pristine, vast beaches of the Quirimbas Islands in the north to the colonial-style café esplanades in the capital of Maputo, Mozambique is a place of sun and leisure not exactly known for being a fast-paced destination. But in a time when heated discourse over the country’s recent economic downturn rises above the coffee-shop din, many events are quickly unfolding for a nation previously considered the paragon of economic development on the African continent. And no change can rival that of Mozambique’s evolving relationship with China.

The discussions invariably centre around US$2.3 billion. This is the total off-budget debt that the current Government of Mozambique is being forced to reckon with by its western partners, which includes credit granted by western banks to public security sector companies designated by the preceding government. In restructuring this debt at a time when the local currency, the metical, is weakening, total public debt should surpass 100 per cent of GDP by 2016, according to estimations by Fitch Ratings. Indeed, debt restructuring of some sort seems inevitable in the near-to-medium term.

In addition to a shift in mood, recent events this past May have stirred up Maputo. President of Portugal Marcelo Rebelo de Sousa’s visit to the capital brought tidings of bad news. As Portugal currently chairs the G14 group of countries and institutions that finance the Mozambican state budget, he had the very unpleasant task of announcing, standing side by side with his Mozambican counterpart President Filipe Jacinto Nyusi, that the roughly US$300 million the groupdispenses annually to the Mozambican budget was being suspended until the debt crisis is sorted.

That very day, another much more celebratory press conference took place elsewhere in the capital. Sun Jian, the Chinese ambassador to Mozambique, met with Nyeleti Mondlane, Mozambique’s deputy minister for Foreign Affairs and Cooperation, to convey China’s intentions of providing US$16 million in much needed infrastructure, including 200 water wells, 80 public buses, and construction of a cultural centre in Maputo. This partnership could not have been more timely.

“We want to increase aid to Mozambique as a way to help the country overcome this tough time,” states Sun, adding that “this country has been an example of one of the better-performing economies in the region.” This extension of aid posed a stark contrast highlighting the different approaches by Beijing versus Washington or Brussels.

Eleven days later, President Nyusi flew to Beijing for a high-level official state visit that analysts were quick to interpret as a dash to negotiate financial assistance. The Mozambican authorities dismissed this presumption, claiming that the visit had been under preparation for months. Regardless, what is certain is that Beijing gave President Nyusi a grand reception to further boost bilateral ties and prove to Maputo that assistance lies not only to the west of Mozambique but to the east as well.

MOZAMBIQUE BECOMES CHINA’S FIRST TRUE PARTNER IN AFRICA

President Nyusi may have landed in Beijing under pressure, but during his 5-day visit (16–21 May), Chinese authorities certainly spared no expense or gesture of good faith to reassure him of their support. After conferring with the highest level of government, including President Xi Jinping, Prime Minister Li Keqiang, and prominent local businessmen, the Mozambican president returned to Maputo with a Global Strategic Partnership Cooperation and Agreement in his briefcase.

For China, this is the first agreement of its kind with an African nation. Only Cambodia, Laos, Burma, Thailand and Vietnam have signed similar agreements with Beijing. The document sets out 14 principles by which to govern bilateral relations, with the aim to strengthen cooperation between the army, police and intelligence services of the two countries and to strengthen Mozambique’s national defence capacity, particularly with regards to training, arms supply, equipment and technology.
Additionally, a cooperation agreement was signed during the state visit providing relocation of certain Chinese industries to Mozambique to accommodate China’s ongoing restructuring of its own economy. Also promising is a framework agreement advocating energy cooperation between the National Hydrocarbon Company of Mozambique and China. As the African country is set to become one of the world’s top natural gas producers in the coming decade, Chinese companies have taken a foothold in the industry’s development.

President Nyusi was accompanied by a delegation of six members of the Mozambican government including Minister of Foreign Affairs and Cooperation Oldemiro Baloi, Minister of Industry and Commerce Ernesto Max Tonela, Minister of Public Works, Housing and Water Resources Carlos Bonete Martinho, and Minister of Culture and Tourism Silva Dunduro.

In summarising the accomplishments at the end of his state visit, President Nyusi made certain to stress that the visit was scheduled prior to the G14’s decision to suspend financial assistance to Mozambique. “We did not come here to ask for help to pay our debts,” which he did acknowledge, “is a problem.”

The Mozambican government expects Chinese investment to rush in in exchange for the “selling of state companies and assets such as the port of Nacala, Malawi Railways, and the railway from Nacala to the Moatize coal mines. This is expected to raise around US$150 million.”

A government source informed Macao Magazine that despite the “very strong decision” by Beijing to strengthen political relations, with Maputo, the preferred assistance route pursued by Chinese authorities over the last few months remains economical and financial, that is, strengthening the presence of Chinese companies and providing technological and unspecified financial support.

Loro Horta, a diplomat and leading analyst of China-Mozambique relations, underlines that the visit’s timing was no “coincidence,” though he is cautious about its results. “I think China will give some support to Mozambique; at least it will be more receptive than the West.” But, he adds, given the current internal and global slowdown Beijing is experiencing, it “has become more selective and careful in foreign aid,” taking a less risk-prone approach to global relations.

"China, though also affected by the [financial] crisis, is still a strong investor abroad, buying large companies in the outside world. Faced with a global economic crisis and the reluctance of Western countries to accept certain political models, many African countries are again turning to China," Horta informs Macao Magazine. For example, Angola was an early proponent of this strategy with President José Eduardo dos Santos’ visit to Beijing in 2015.

A FLURRY OF ACTIVITIES AFTER THE BEIJING VISIT

Immediately following President Nyusi’s visit to China, a delegation of 70 Chinese businessmen from Shandong Province arrived in Mozambique. During the Mozambique-China Business Forum held in Maputo, Deputy Governor of Shandong Province Sun Wei, who led the mission, said that the trip’s aim was to “implement the business agreements signed” in Beijing.

The vice president of the Confederation of Economic Associations of Mozambique (CTA) Rogério Samo Gudo said the Chinese mission intended to “materialise the agreements from business and economic points of view,” highlighting areas such as energy, construction, infrastructure, services, hospitality and tourism.

Another indication of the expeditious relationship between the two countries manifested with President Nyusi’s June appointment of former Prime Minister Aires Ali to the post of ambassador to China. As head of government between 2010 and 2012, Ali is a respected political heavyweight, having previously been Minister of Education as well as governor twice, first in Niassa province, north of the country, and then in Inhambane province, in the south. His political cache is perfectly suited to that of an ambassador to a global power and Mozambique’s global strategic partner.

In Beijing, Ali will have a heavy workload. He must first follow up with all the agreements signed in May. Addressing financial issues will also be on his list of priorities. Following a 160 per cent increase in funding to the country since 2012, China is now Mozambique’s foremost bilateral creditor.

Then there is the critical issue of investment. The recent economic downturn, particularly the metical’s depreciation, has been compounded by the downturn in the natural resources sector which was, for many years, one of the country’s strongest sources of growth. Luckily, Chinese companies are now coming forward with billions of dollars in infrastructure investment.

In such dire economic times, Chinese investment projects are ever more beacons of inspiration and progress. Recently, Zimpeto Stadium, the first major sports infrastructure built in post-independence Mozambique, was funded by China. Now, attention is focused on the Maputo-Catembe Bridge project: once completed in 2017, it will be the longest suspension bridge in Africa, constructed to the tune of US$300 million.

Construction has also begun on the new port at Beira, Mozambique’s second largest city. China Harbour Engineering Co. (CHEC) is leading the project for the new port, an infrastructure key to revitalising the country’s fishery industry. An overhaul of the entire production chain is in the works, including refrigeration and exporting processed products.

Another flagship infrastructure project spearheaded by Chinese cooperation is the Maputo Ring Road, built by China Road and Bridge Corporation who is also in charge of the Maputo-Catembe Bridge project. Eximbank also recently financed the completion of the new terminal at Maputo International Airport in 2012.

An international consortium including
CHEC is also planning a US$1.0 billion investment in a new port serving Mozambique and its neighbouring countries, including South Africa. The Tchobane deepwater port project in Matutuíne district, southern Maputo province, is being promoted by another consortium led by Mozambican company Bela Vista Holdings, SA (BVH) that includes, again, CHEC as well as South African public railways company Transnet, according to weekly newspaper Savana.

NEW ENERGY OPENS UP A NEW CHAPTER

In mid-2015, a new US$400 million Chinese credit was announced for the construction of an electricity transmission line between the provinces of Zambezia and Nampula. The interest of major Chinese state-owned enterprises, such as China Three Gorges and State Grid, have been widely referenced in these major Mozambican hydroelectric projects.

Development of the gas sector and related infrastructure is actually expected to take in the biggest investments in the coming years. Mozambique’s vast natural gas resources comprise the country’s most abundant source of wealth and is expected to provide the nation with a new, more prosperous stage in its history. Here too, major Chinese enterprises are gaining a foothold.

This past March, a US$6 billion investment was announced for construction of a 2,600 kilometre pipeline. The China Petroleum Pipeline Bureau, part of the China National Petroleum Corp Group, and a shareholder in the Rovuma “off-shore” area 4, is in charge of the feasibility study. Once the investment decision is finalised, 70 per cent of the funding is expected to come from Chinese financial institutions.

This financing will be crucial, considering how much the debt crisis has impacted the country’s access to international financing. At a time when many large western banks and companies are giving Mozambique the cold shoulder, China is encouraging its companies to invest heavily, creating conditions for future development.

According to an analysis by Africa Monitor Intelligence, more important than financial aid, Mozambican authorities endeavoured to bring back “moral support” from Beijing. President Nyusi’s welcome in the Great Hall of the People was certainly an alternative to the reception and support from the West. It was also an international platform upon which Mozambique could save face and retain its respectability which has often been undermined in recent statements made by foreign partners.

The agreements signed indicate that, at least to the East, there is no shortage of confidence in the country’s future. And confidence, more than capital, is what Mozambique needs most.
Searching for success in Mozambique

Entrepreneurs from Macao are seeking out business opportunities in Mozambique – “a country with everything, for everyone”

TEXT CATARINA MESQUITA
PHOTOS ANTONIO SAMMARFUL AND COURTESY OF CHINA COUNCIL FOR PROMOTION OF INTERNATIONAL TRADE

The recent state visit of the President of the Republic of Mozambique Filipe Jacinto Nyusi to Beijing this past May confirms the commitment of both countries to strengthening their relationship. The two countries have agreed to increased bilateral cooperation in areas such as politics, security, economy, trade and culture.

How will this partnership affect Macao’s entrepreneurs?

Macao has recently taken measures to ensure promoting and supporting investments, especially in Portuguese-speaking countries: establishing increasingly strong relations with Mozambique is a practical example of this objective.

Several local enterprises have been keeping abreast of Mozambique’s market and are already establishing business developments. According to Danilo Cândido, a Mozambican businessman who has resided in Macao for over 20 years, “Mozambique is a country that currently has something for everyone.”

Cândido, the director of Alcançar Moçambique Sociedade Comercial Limitada (AMS) was among the Macao delegation accompanying President Nyusi’s state visit to Beijing. AMS provides consulting services; wholesale import of agricultural, marine and mineral products from Mozambique to Asia; and export of various products produced in Asia: building materials and equipment, clothing and footwear, stationery, among others. Cândido travelled to Beijing with a goal to exchange views with Mozambican entrepreneurs and to seek out potential business partners.

“The trade balance in Mozambique is very unequal at this point in time. Import is clearly higher than export. It needs to be balanced,” claims Cândido. “If we think of agricultural products, for example, the land is fertile and there is often big waste because there is no consumption or export. It would make sense to bring these products to the Asian market. But the pace in Mozambique is very slow.”

Cândido sees great potential in Mozambique, but he also anticipates great challenges, especially when it comes to trade.
HOUSING: A SIGNATURE OF MACAO

Afonso Chan, vice-president of Charlestrong Infrastructure and Building Materials Development Ltd, a Macao construction company established in 2012, believes that Mozambique’s business growth is moving at a satisfactory pace. The company’s investment plan aims to develop the markets of East Timor and Mozambique. Of the two, “Mozambique has proved to be a country with the greatest potential in the enterprise segment,” asserts Chan, who is fluent in both Chinese and Portuguese.

On 26 August 2014, a memorandum of understanding between Charlestrong and Fundo de Fomento de Habitação de Moçambique (the Mozambique Housing Development Fund) was signed to develop the second phase of the Olympic Village in the neighbourhood of Zimpeto, on the outskirts of Maputo. The first phase of the project was built by a consortium led by the Portuguese company Mota-Engil. “It was a small project; we only had to build 240 apartments. It was completed in 12 months, and the apartments are already for sale.”

Afonso is confident that the project will be completed by 2019. “Since this is part of the Government of Mozambique’s five-year plan, it’s not only a commercial project but also a political project.”

To finance the project, Charlestrong will partner with two Chinese enterprises with existing interests in Africa – BNBM Group and China Machinery Engineering Cooperation – utilising Macao as a platform for all negotiations. “Entrepreneurs from Macao should take advantage of financing from Chinese state-owned enterprises and leverage their geographical positioning to bid on projects,” encourages Chan.

Chan acknowledges that there are some aspects that could be improved. “A Macao entrepreneur has great difficulty in obtaining financing. There is a general understanding that commercial banks feel that an investment in an African country is a risky investment, and everything has to be carefully evaluated from a commercial point of view. This makes the processes time-consuming, and time is money.”

Another major challenge lies with the difficulty in finding bilingual professionals fluent in both Portuguese and Chinese. “Contrary to the assumption that these two languages co-exist in Macao, we [businessmen] often have to find [such professionals] from outside, because they actually are difficult to find in Macao,” says Chan.

Charlestrong recently signed an agreement with the Polytechnic Institute of Leiria in Portugal establishing an internship within their Mozambique offices for three final-year students studying translation.

INVESTING IN GOOD HEALTH

One of the major investments made by Chinese companies in Mozambique pertains to professional training. In addition to creating jobs, entrepreneurs have brought “know-how” to young Mozambicans.

The need for training drew the attention of Guangdong’s Macao Traditional Chinese Medicine Technology Industrial Park Development who saw an opportunity to transmit knowledge in the field of traditional medicine. According to Yuki Hong Lu, president of the park, “Nowadays there is great demand in African countries for traditional medicine; Mozambique has even established its own Institute of Traditional Medicine and has begun training professional practitioners in the field.”

However, “Traditional Chinese medicine (TCM) in Mozambique is still in the phase of establishing quality standards and thus requires technical support and preparatory experience.”

Lu believes that the legislative experience, technical support, training and resources that exist in laboratories in Macao and mainland China can promote and enhance the industrial base of TCM in Mozambique.

“Mozambique has abundant medicinal plant resources such as moringa and African potatoes, and some medicinal plants are already being exported to other countries,” says Lu.

In April 2016, the Industrial Park visited Mozambique and conferred with the Ministry of Health, concluding that “bilateral cooperation in the sector of industrial capacity is possible.”

MACAO: AN IMPORTANT ECONOMIC AND TRADE LINK

During President Nyusi’s state visit to Beijing, entrepreneurs who joined the Macao delegation arranged by the Macao Trade and Investment Promotion Institute (IPIM) also had the opportunity to participate in an organised seminar: “China-Africa Industrial Capacity Cooperation Forum – Mozambique Business Opportunities.”

Gloria Ung, an executive member of IPIM, recalls some seminar key points: “Mozambique is an important channel at the entrance to the South African market and is considered one of the important ancient commercial maritime routes of the ‘Maritime Silk Road’ and an important trade port linking China to the West and African regions across the sea.”

“As an important link of the ‘Maritime Silk Road’ of the 21st century, Macao plays a unique role as a service platform for economic and trade cooperation between China and Portuguese-speaking countries. We have reason to believe that, following the implementation of the national strategy ‘One Belt, One Road’, the economic and trade cooperation between Macao and Mozambique will be greatly enhanced, especially in the fields of infrastructure, engineering, construction and tourism,” she concludes.
A higher responsibility

City University of Macau Rector seized historic chance for expansion

TEXT MARK O’NEILL
PHOTOS CHEONG KAM KA AND COURTESY OF CITY UNIVERSITY OF MACAU
In the 2015/2016 academic year, CityU moved to the former campus of the University of Macau. The new site gives it more land and space than it has ever had in its 35-year history.

“We have the space to build laboratories, for multi-media, applied psychology and language learning,” said Zhang. “We will make some changes to the central park, to create a space for interactions among students.”

The former library of the University of Macau was given to the neighbouring Institute for Tourism Studies. So CityU built a new one. “It will meet the needs of the new students, in terms of places, interaction and Internet access,” said Zhang. They have not needed to do much redecoration, since they can use the facilities and even furniture of the former university.

The campus has no student canteen nor dormitories, so it must build these. CityU is continuing to use its downtown premises for evening and weekend classes. It has 5,400 full- and part-time students, of whom a bit more than half are from Macao, as set down by the SAR government. “We decide on the rest. We have 1,800 from the mainland and 250 from the rest of the world,” said Zhang. The target for the number of students is 6,800.

Competition to attract mainland students is fierce, from universities in Hong Kong, Taiwan and overseas. “We face this too. So we must offer courses and programmes that have their own special characteristics, giving them skills and creativity that they will be able to use in the future and help them develop. We have cross-faculty and interdisciplinary courses.”

Each year it joins other universities in the SAR in recruitment drives in secondary schools in the Pearl River Delta and the Yangtze River Delta. To attract research students, it has co-operation agreements with famous universities in the mainland, such as Northeast University, Nanjing Normal University, Jiangsu University and Anhui Normal University.

“We expect that, in the future, the number of students graduating from secondary schools in Macao will fall, because of the declining birthrate. If we have new courses, we hope for an increase in students. If we do not get them, we face great danger,” he said.
LONG JOURNEY

For Zhang himself, it has been a long journey to Taipa since his birth in the central Chinese city of Nanjing in 1956. During the Cultural Revolution from 1966 to 1976, the country’s universities were closed. He was only able to sit the university entrance exam in 1977. It was one of the most competitive in China’s history, with five million people sitting the exam—all those unable to apply during those 10 years. Among them, only several thousand were able to enter university, including Zhang.

He graduated from the foreign language department of Nanjing Normal University in 1982 and joined the law department of Xiamen University, where he pursued a Masters in International Economic Law. The next year China started to send students to the west for the first time since 1949. A total of 150,000 applied to go—and only a handful were chosen, including Zhang.

In 1984, he obtained a Masters in International Law and International Organisation from Ohio University, then a Doctorate in the History of International Relations, followed by post-doctoral research at Yale University.

In 1993, he was appointed a faculty member at the University of Maryland; seven years later, he received tenure there. His expertise includes Sino-US relations, and the Cold War international history.

“I worked as a teacher at Maryland for 17 years. It was very stable and comfortable. To live in Washington was most interesting and good for my research,” he said.

Then, in 2005, the Ministry of Education in Beijing invited him to return to China. It was seeking academics of his level to take senior positions at home and undertake reform of the educational system. He agreed to become Vice-President of the Shanghai International Studies University.

“Life in the U.S. was too easy and not challenging enough. I was not even 40. Would I stay there the rest of my life?”

It was a big change. “I had returned regularly during my time in the U.S. but found it hard to acclimatise. The educational systems are different.” During his five years in Shanghai, he continued to teach research students at Maryland.
One of his missions at the Shanghai international Studies University was to reform the system of promotion. “In U.S. and European systems, a teacher obtains tenure only after a period of reviews and promotion. In the mainland, a teacher obtains it after entering university. There is not enough pressure or incentive.”

“In the mainland, the teachers want to do research. Teachers who are very popular with students do not have so much time for this. We wanted to balance both.”

MOVE TO MACAO

In 2011, Zhang left Shanghai to move to Macao, where he became first vice rector and later standing vice rector of the Macao University of Science and Technology University (MUST).

“I always liked Macao very much, with its deep culture and diversity. The pace of life may be slower. It is a harmonious society. It was a period of fast development of education in Macao and I felt that I could contribute.”

At that time, his wife, a classmate from Nanjing Normal University, was teaching at City University in Hong Kong; it also offered him a senior post.

“The wages were 30 per cent higher than those at MUST. But I turned it down. I did not like the environment in Hong Kong.” In 2015, his wife transferred to a teaching post at the University of Macau.

He stayed four and a half years at MUST, where he was responsible for curriculum development. During his time there, he was invited to interview for the post of president of a U.S. university. “There were aspects of the job I did not want to do, like fund-raising. So I stayed in Macao.”

The young people of Macao are blessed. Almost everyone who wants to go to university is able to, either at home or in the mainland, Hong Kong, Taiwan or overseas.

“There are two concepts of university education. The one that prevailed in Britain and continental Europe was that it was an elite, that only a minority could study. But, in the U.S. and in the Chinese world, the concept is that such education should be available to everyone. In the mainland, more than seven million apply for university and almost the same number get in.”
Zhuhai builds reputation as a green place on the Pearl River Delta.
When a visitor walks out of the ferry terminal of Zhuhai, the first thing he sees is a long stretch of shore lined with trees. Walk along the shore, of the Pearl River, and you come to a beach 1.5 kilometres long and 90 metres wide, full of tourists and tents.

The beach looks as if it has been there for many years – but no: it opened only last year (2015), as a new attraction. It helped to increase the number of visitors to the city last year to 4.71 million, up 2.3 per cent over 2014. Tourism is one of its most important industries.

“Yes, it was a good investment,” said Yang Lingluo, a tour guide. “The beach helps to bring more people from Zhongshan, Jiangmen and neighbouring cities. It is another thing to do. We are fortunate to live here, one of the nicest cities in the country.”

Liang Guangda, mayor of Zhuhai between 1983 and 1999, wanted Zhuhai to be a ‘green’ city, of leisure, tourism and education, and not go for maximum growth through rapid development of industry. He also wanted to maximise its role as a neighbour to Macao, to attract visitors to stay in and enjoy the facilities of Zhuhai while going to the casinos across the border.

So he was selective in approving the kind of factories allowed to come and was careful in zoning; he grouped industrial companies in certain areas and residential, tourist and commercial facilities in others.

The new beach was built by Gree Real Estate, a subsidiary of Gree Electronics, the city’s biggest company and the world’s largest producer of air conditioners. In recent years, it has expanded rapidly into the property sector, where profits are substantially higher than for electrical appliances.

The project involved moving thousands of tons of sand on rocks on the shore of the Pearl River on Lovers Lane, the street most popular with tourists.

The company said that the beach would transform the area into a bay that is “famous around the world, a shoreline of art and romance and a large recreation area for residents and tourists.”

Along the shore are three major projects nearing completion that also aim to attract more visitors. One is an Opera House overlooking the Pearl River, are the Zhuhai Museum and the Urban Planning Exhibition Hall. The museum will have a built-up area of 20,000 square metres. Visitors to the roof of both will have a commanding view of the river on one side and a spacious park on the other.

These facilities are part of the city’s plan to upgrade and improve its environment. Another is a system of 5,000 bicycles available to the public for leasing. They are available at 193 points close to bus stops in the Gongbei, Jida and Xiangzhou districts. In a second and third phase of the operation, the city plans to distribute a total of 20,000 bicycles around the city.

Residents use a citizen card or Union Pay bank IC card; the first 90 minutes of each day is free, with a charge of one yuan per hour after that. A resident can find the nearest service point through his or her mobile phone. Inside each bicycle is an electronic chip, through which the dispatching centre can monitor when it is leased and returned.

The beach is on Lovers Avenue, which runs a total of 18 kilometres along the waterfront. The city plans to triple the length to 55 kilometres and make it one of the longest shorefront roads in the world. It is part of a plan to retain a title Zhuhai won in 2014.

That year the Chinese Academy of Social Science ranked Zhuhai as the most pleasant city in China to live in, ahead of Hong Kong and Haikou. It overtook Hong Kong, which had ranked first for the previous 12 years.

This has earned Zhuhai the name ‘Garden City’ and made it popular not only for tourists but for retirees and people in Macao, Hong Kong and other places in China to buy a second home to use with a harsh winter.

The title ‘Garden City’ is the result of decisions taken since the foundation of Zhuhai as a Special Economic Zone (SEZ) at the start of the open-door and reform era in 1980, especially by Liang Guangda, mayor between 1983 and 1999, the longest period of any mayor of a SEZ.

So he was selective in approving the kind of factories allowed to come and was careful in zoning; he grouped industrial companies in certain areas and residential, tourist and commercial facilities in others.

The city leaders who came after him have followed his example and made Zhuhai one of the greenest cities in China, with parks, a forest cover of 36 per cent, a Club Med resort and international-standard golf courses.

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The reputation of the “Garden City” is the main reason for Zhuhai’s success in attracting visitors. According to the most recent official figures, last year it attracted 4.71 million visitors, up 2.3 per cent from 2014.

CLEAR SKIES, LARGE FORESTED AREA

The reputation of the Garden City is the main reason for Zhuhai’s success in attracting visitors. According to the most recent official figures, it last year attracted 4.71 million overseas visitors, up 2.3 per cent from 2014. Of these, 600,100 were foreigners, down 12.1 per cent; those from Macao, Hong Kong and Taiwan numbered 4.11 million, up 4.8 per cent. Of the total, 3.08 million stayed at least one night, up 5.3 per cent. Foreign exchange revenue from tourism was US$962 million, up 3.7 per cent.

The number of domestic tourists in 2015 was 31.2 million, up eight per cent, of whom 16.2 million stayed at least one night, up 6.6 per cent. Domestic revenue from tourism was 21.79 billion yuan, up 6.5 per cent, with the average occupancy rate of the city’s hotels 63.5 per cent, up 2.3 percentage points.

Zhuhai is a victim of its own success. Its popularity and the flood of visitors it brings are presenting a severe challenge. While the city has an excellent bus service, less than 15 per cent of the population use it. The number of private cars, used by residents and visitors, is rising sharply. As of the end of last year, the city had 456,000 vehicles, an increase of 16.5 per cent over a year earlier. Of these, 351,000 were private cars, an increase of 20.6 per cent. Add to these the thousands of vehicles used by people from Macao and cities in Guangdong and other provinces. As a result, the city is for the first time experiencing traffic jams, at weekends and the hours of going to and leaving work during the week.

The city government has ruled out a subway, because the population of 1.6 million is too small; three million is considered the minimum to make a subway viable. Instead, it would like the tram system to carry a large number of passengers and ease the congestion.

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“The modern streetcar has a much larger transport capacity but lower cost than that of a metro,” said Chen Lin, deputy director-general of the urban rail transit marketing department of China North Railway, which is responsible for the tramway project. “A streetcar provides sightseeing, which is ideal for a small- and medium-size city like Zhuhai.” It can deliver 5,000 to 15,000 one-way passengers an hour.
The city is blessed with a large area and a small population. It covers an area of 1,720 square kilometres, including 146 islands, and has 690 km of shoreline, one of the longest in China. At the end of last year, it had a population of 1.63 million, an increase of 1.23 per cent over a year earlier.

During 2015, it had an average temperature of 23.9 degrees Celsius, with 1,987 hours of sunshine, 1,719.5 millimetres of rain and 45 overcast days, according to official figures. Air quality was excellent on 186 days and good on 137 days, they said. The recycling of household waste in the urban area reached 100 per cent.

GOLF AND CLUB MED

One of Zhuhai’s main draws for visitors is its recreation facilities. It has several golf clubs, including Lakewood. A private members’ club, it has two 18-hole golf-courses, designed by American J. Michael Poellot and constructed to the latest international standards. It has a 32-bay driving range, putting greens and bunkers, shop selling golf equipment and a club house with a restaurant.

The club attracts both local people and those from Hong Kong and Macao who come to play regularly; clubs in the two SARs are expensive and hard to get into.

The city also has the Pingsha yacht and leisure tourism zone and hot spring resorts. In June 2014, Club Med opened a resort in Zhuhai, on Dong’ao island. The resort is part of the Lingding Seashore project, which has an area of 4.65 square kilometres and a coastline of 15.09 kilometres, both developed by Zhuhai Gree Real Estate. The first phase involves an investment of 1.2 billion yuan, with two five-star hotels and a total of 344 rooms, a catering centre and 250-yard area. All are operated by Club Med.

The facility offers scuba diving, water skiing, snorkeling, paddle boarding, a wellness centre and a variety of restaurants. Each room has a balcony and most have a sea view.

Zhuhai wants to become an internationally famous tourist and leisure resort, attracting foreign visitors to its beaches, yachting, water sports, seafood, sports events and performances. It is on route towards that goal but has not reached it yet. To achieve this goal, it must remain a Garden City and ensure that the side-effects of economic development do not damage that hard-won title.
Magic of the ball

Basketball loved by local community and athletes

TEXT LOUISE DO ROSÁRIO
PHOTOS ANTÓNIO SANMARFUL AND COURTESY OF MACAU-CHINA BASKETBALL ASSOCIATION
Lai Ka Tong is a rising star of Macao’s basketball. At 1.93 metres, the 20-year-old has a natural advantage over other local players, who rarely exceed 1.8 metres. Nicknamed Little Yao Ming, after the famous 2.2-metre Chinese basketball player, Lai shrugs off the often raised question of the diet that has made him unusually tall; he prefers to talk about his goal to be a good professional player.

Lai’s physique and skills have attracted attention from outside basketball teams. At the end of 2014, South China Athletic Association Men’s Basketball Team, Hong Kong’s top basketball company, offered him a five-year contract – the first local basketball player to be given the opportunity to play professionally outside Macao. Lai’s heart though is still in his hometown.

“I would learn a lot playing in Hong Kong. Yet, in Macao, I have friends who support me and team members who have played with me for many years,” said Lai.

Lai is the new face of Macao’s young generation of basketball players; they are trained from a young age to take part in numerous competitions and, backed by family and school, excel in the game.

POPULAR SPORT

Basketball has become a popular sport in Macao, after football and swimming, thanks to the government’s efforts in building basketball courts in many open areas outside the city centre. The intense media coverage of United States National Basketball Association also adds to the fever.

The Macau-China Basketball Association, the official representative body of the sport, organises 2,500 competitions a year, a figure which “few Asian countries can match,” said Wu Chong Fai, 62, president of the association.

The competitions are for players of all backgrounds, ages and levels. Its Silver Match, for example, which precedes the all-Macau Open Competition, has top 64 groups of participants, coming from companies, government departments, clubs, trade associations and other sectors.

Wu said there are over 100 basketball groups wanting to join the competition. “We have to reject many applications, because there’re not enough venues for all. Among the applicants are groups which have played on the streets for a while. Once they feel they are good enough, they would like to test their level in a formal, open competition like ours.”

BREATHE AND LIVE THE SPORT

Basketball is an important part of the lives of young people like 28-year-old Aron Chan. He used to play basketball for one or two hours after school five days a week; now, busy running the family catering business, he practises with his team twice a week. “Whenever we have time, we’ll play even if there are only three or four of us, just to have a better feel of the ball, in preparation for tough competitions.”

“With basketball, you need to stay calm. Even if your team is falling behind, you can still turn the tables and win at the last one or two seconds. This is what I like about the game. I hope I can play basketball until I’m 45 years old or more,” he said, after his team had won narrowly by one point in a competition at the Silver Match.

Chan Kin Pong, 40, a local sports teacher, started playing at 11. “I used to play football but find basketball more interesting. The game requires a lot of teamwork: you have two teams of five people playing in a very confined area, trying to score points against the other. This is a most exciting sport,” said Chan, who is both a coach and a referee.

As a mass game, basketball is a winner in Macao; in international competitions, though, it still has a long way to go. “In competition overseas, we never managed to get beyond the first round. We are still behind other Asian players in Japan, Taiwan and Hong Kong, in terms of experience and physique. Still, even if we lose a match, we are able to learn from it and understand where we stand,” said Leong Ko Ioi, 29, a member of a top local team called Police.

LAI KA TONG

The rising star of Macao’s basketball
JOINING FIBA – A MILESTONE

Wu witnessed how the association became a member of the International Basketball Federation (FIBA) in the 1970s – a milestone for Macao. “We realised we were not good enough and needed to bring the sport to a higher level. By becoming a FIBA member, we have the guidelines on how to train our athletes and referees and organise competitions.”

In the 1980s, Wu said, Macao’s basketball benefited from a strong dose of new, foreign blood, with the arrival of a women’s basketball team from mainland China. This professionally trained team did so well that it won for Macao the fourth place in an important Asian sports event.

Such importation of sport talent, however, backfired in Macao. “The mainland athletes were too good; this discouraged local ones who felt frustrated trying to catch up. This resulted in fewer home-grown basketball teams in those years,” he said.

It was around this time Wu and his colleagues approached schools and invited their students to take part in basketball competitions. “It was a major achievement that both schools and parents agreed to the idea. Students’ life was restricted then, with few extra-curricular activities. Parents were afraid that their kids would meet bad elements in playgrounds outside home.”

MAJOR SPORTING EVENTS

The next breakthrough for Macao’s basketball came with the city’s hosting of three major sports events. They were the East Asian Games (2005), the Lusophony Games (2006) and Asian Indoor Games (2007). “As host, we had to improve our own standards. Our athletes, referees and supporting staff had to learn, among other things, how to communicate with foreign athletes,” said Wu. These large-scale sport events were an eye-opener for local players and motivated them to do better.

In the early 2000s, Macao began to have more contact with the mainland’s various sports organisations. “We used to have exchanges mainly with neighbouring Guangdong province. Now, such activities have been extended to all mainland provinces and cities, with invitations to take part in their competitions, training and other exchanges.”

HOW IT ALL BEGAN

Basketball has come a long way since Wu first played in the less affluent post-war years. “In the 1950s, basketball was played by a few enthusiasts. In an era of limited social opportunities, it was a platform to meet all kinds of people and to play together, regardless of background and social status.”

Wu started his life-long love for the ball at seven, a story which mirrored the growth of the game over the decades in Macao. “In my days, we had no training or strategy at all. I felt so good just touching the ball and passing it promptly to another team member. When we managed to put the ball into the hoop, we were so happy,” said Wu, with a spark in his eyes as he talks about his youthful days.

At 17, unfortunately, Wu had to quit school and the game to become a sailor, to help support the family. In 1981, he returned to Macao for another job; he plunged himself into the game after work. Every day at around 5 pm, he would swap his suit and tie for a T-shirt and sneakers, rush to the Tap Seac playground and play until dark before heading home. In those days when there were few players, Wu went around and organised four teams, of friends and colleagues. His enthusiasm caught the attention of the basketball association which invited him to be a committee member.

Thus began Wu’s 35 years of involvement at the association, offering his service free, first as the organiser of training of young players, as vice president in 1995 and then president since 2013.

“As the eldest child of a family with five kids and limited means, I had to start work young and missed the boat to fully realise my potential as a basketball athlete. I want the younger generation to do better.” Wu still plays basketball once a week, with older people, and acts as referee occasionally for local games.
Where there is a competition, there will be a need for a referee. Macao has thousands of basketball competitions each year, so the need for referees is great. The Macau-China Basketball Association has done much to train referees. Each year, it organises classes to train referees of all levels. There are now over 40 local referees, and, in addition, six international referees – three men and three women – accredited by the International Basketball Federation (FIBA).

Still, there are not enough referees, especially during the peak competition seasons. On certain busy days, referees need to go from one venue to another to mediate.

The FIBA referees take part in important local competitions. They are also invited to be neutral third-party referees in other countries. Wu Chong Fai, head of the basketball association, speaks proudly of Macao's international referees, who have to pass vigorous international exams testing their knowledge of basketball regulations, physical capacity and language proficiency. "Macao has an unusually high ratio of international referees, given its small population. They are of high calibre, given a task that has little room for making mistakes. A mistaken judgement affects the results of a game."

The work involved at times seems overwhelming for an organisation that relies on volunteers, like Wu, working in a small basement office with a few cabinets, desks and chairs. "We need to select the athletes, coordinate schedules and arrange the logistics. Our workload has multiplied, from serving Macao's local basketball community to working with mainland and other foreign bodies. In terms of the scale of the activities and the broad spectrum of officials and athletes we are meeting these days, it's a completely different world from the time when I first joined the association. This multi-faceted job requires many more resources to train players and referees, and to do detailed planning."

"In the past, we planned only for the next day because there was only one venue: the outdoor Tap Seac Playground. If it rained, all games stopped. Now, there are several major venues in the peninsula and in Taipa, for practice and competition. In schools too, there are training sessions frequently."

How does Wu cope with only one part-time staff who works for just a few hours a day? "I and others have to sacrifice personal time. Basketball is my passion. I hope to do well in a job passed on to me by my committed predecessors, and that one day I'll pass the torch to somebody else." Wu personally receives no salary, subsidies or other financial reward for the job.

For the game to move to a higher level, Wu said it needs more venues designated just for basketball.

In this small city, big open space suitable for playing basketball are often booked for ceremonies, exhibitions, book fairs, concerts and other outdoor activities all year round.

Also, as more people get interested in playing basketball, they compete with athletes for playgrounds and stadiums. Athletes interviewed say that, if there was a regular venue for them, they would practice every day, instead of two or three times a week as they do now.

Wu added: "I wish the government would provide us with a fixed venue for training and competition. Dragon boat athletes have the whole Nam Van Lake for themselves, while swimmers go to the Olympics Aquatic Centre. There are plans to build a training centre in Taipa, but construction has not yet started. Another sports centre in Mong Ha is closed, for renovation. The government is helping to arrange athletes train overseas; but then, athletes have to take holidays from work - not an easy thing to do."

Another problem is the lack of career prospects for players aspiring to be professionals - a predicament common to all sports in Macao. There is no corporate sponsorship or government support for those who want to be full-time athletes. "Some play basketball very well at secondary schools but, once they go to university, they'll have to think about the future. And once they start work, it is difficult to keep up with the training, as many jobs in Macao, a round-the-clock entertainment and tourist city, require night shifts."

Wu now places his hopes on the increasing contacts with mainland basketball clubs to help raise local standards.

"I hope that the better players in Macao will attract the attention of mainland clubs and be recruited. However, not many young people like to move to China, where the starting salary is low. They can find jobs easily in Macao and life is easier here," he said.

OvERSTRETCHED BY HEAvY WORKLOAD

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MORE VENUES NEEDED

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FIRST FEMALE REFEREE

Lei Si Man, Macao’s first female international referee, has just returned from Brazil where she took part in preparatory competitions for the Olympic Games this summer. “I feel very honoured to represent Macao as a referee. I met other female referees from Africa, Europe and Asia. I’ve learnt a lot, especially about communication with others,” she said.

Lei started playing basketball at 14. “I’ve always liked sports and was into volleyball and running marathons as well. With basketball, I first played on the street, before getting more formal training, and was on Macao’s national team later.”

Lei began her referee career, first locally in 1996; she later obtained the FIBA referee licence. Female referees were rare then in Asia. In recent years, two other female referees in Macao, Chao Hio Tong and Wong Cheng Lou also obtained this qualification.

Lei has served as a neutral referee in international events such as the Gulf Cup of Nations in Doha and the Latvian U20 Women’s Basketball League. “Each competition is a new challenge to me; it helps me to understand myself better. To be a good referee, you need to be quick, fair, calm and with high emotional intelligence to deal with hot-headed situations in the court,” she said.

Lei, who has a doctoral degree from the Shanghai University of Sport, commands a formidable presence in the male-dominated court. “As a referee, you have to look respectable. Even when you face a bad-mannered player, you have to keep your nerves,” she said.

Another international referee of Macao is Chan Kin Pong. “Being a FIBA referee has helped me to evaluate my own level objectively and become more aware of standards elsewhere,” he said. Chan has taken part in competitions in Burma, Malaysia, Thailand and other countries, as a neutral referee.

TRAINING YOUNG REFEREES

In Macao, Chan is actively grooming young referees. Each year, Chan is in charge of several referee courses organised by the basketball association, with as many as 50 students in one class. “They joined the class because they wanted to learn more about basketball, to understand, for example, why they were penalised by the referee at a recent game. Others came because they wanted to be involved in the sport, as a referee and not as a player.”

“In these courses, we start with the basics: how to record scores, filling out required forms and timing the game. Students should familiarise themselves with basketball rules; being a referee is not just about blowing a whistle.”

Chan now teaches physical education at a school, where he organises a basketball team of girls aged 11 to 18. “In training young people these days, you first have to cultivate a team spirit among them. If you pay your attention to one or two individuals only, the team will split up easily. So, after a game, we have to analyse why we win or lose. I also need to treat them like friends and to encourage them frequently.”

Chan added, “Students nowadays have to face many pressures. We have to teach them not only basketball skills but also other things in life.” Chan finds his work as referee equally challenging, as disputes often arise between referees and the players. “Basketball is an intense game, involving much body contact in a small, prescribed area. As referees, we have to judge whether such contacts are intentional or not and whether any regulation has been breached. This is an art that can’t be done by computer or closed-circuit television monitoring soon.”

“As a referee, you have to learn the rules well, watch videos of past competitions and exchange views with other referees. Foul language used by angry players is another problem. This is becoming more common these days. Sometimes, the players swear but are unaware of doing so. As referees, we have to find out why a player swears over what he or she thinks is an unfair ruling. It’s best to resolve any possible conflicts before the start of a game,” he said.
Beware of the dark

New museum celebrates forgotten profession: the watchman

TEXT MARK O’NEILL
PHOTOS ERIC TAM AND COURTESY OF THE CULTURAL AFFAIRS BUREAU

Down a narrow street in one of the oldest districts of Macau is a new museum that celebrates a profession that was common in the city but has died out and almost disappeared from the public memory – the watchman.

The Patane Night Watch House opened in December last year, thanks to a painstaking three-year restoration undertaken by the Cultural Affairs Bureau (IC). It was the last remaining such house in Macao but had not been used as such for several decades and fallen into disrepair.

In a speech at the opening of the new museum on 18 December, Ung Vai Meng, president of the IC, said: “we hope that, through the opening of this museum and bringing to life this old building, more people will be able to understand the history and culture of Macao.”

The small museum, with two exhibition halls, vividly brings back to life the watchmen who patrolled the streets of the city for more than three centuries and rang a gong to mark each two hours of the night until they were replaced by policemen, the widespread use of clocks and watches and other forms of modernisation.

“In the 19th century, there used to be more than 90 of these watch houses in districts of the city inhabited by Chinese,” said a guide from the IC. “This was a historical tradition that also existed in cities in mainland China. In the 1960s, there were about 14 left – but the profession had vanished by the 1970s.”

The houses were an important part of the community. The watchmen kept guard day and night against fires, floods and thefts; the houses were centres of information and assistance to the residents in an era before radio, television and newspapers. It was a profession that was respected, if not well paid.

“The watchmen enjoyed a high social status in their area,” the guide said. “They had to be trusted and respected by the community. They were people of responsibility, who warned residents of dangers, like fire, floods, and caught thieves. They were community-based and performed social services.

“Some started young and had the job for their entire life, until retirement. In those days, people did not often switch job. Their retirement depended on their health and their own wishes. There was no legally fixed date,” she said.

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In addition, the IC commissioned Poon Kam Ling, a local painter, to draw images of the daily life of a watchman. They hang on the walls of the museum, giving the visitor a vivid picture of his routine. There is also a video with interviews about the lives of the watchmen.

After three years of hard work, the official opening was held on 18th December last year. In attendance were Ung Vai Meng, President of the IC; Maria Helena de Senna Fernandes, Director of the Macao Government Tourist Office; Shao Bin, Representative and Assistant of the Chief of the Department of Education and Culture of the Liaison Office of the Central People’s Government in the SAR; Ho Ion Sang, Vice-President of the General Union of Associations of Macao Residents; Vong Su Sam, Chairman of the Tou Tei Mio Patane Mercy and Charity Association; and Wong Wa Keong, Chairman of the Patane Mutual Aid Association.

The museum is a joint project with the Patane Mutual Aid Association, which manages the Tou Tei Temple next door, which is Taoist. The museum and the temple are the two historical buildings left in the neighbourhood. The other structures have been demolished to make way for apartment buildings, shops and offices.

"There were many difficulties in the restoration," the guide said. "The craftsmen with the skills needed came from Hong Kong and Guangdong. They were people with 20-30 years’ experience who were very skillful and had worked on similar houses in Guangdong. It was difficult to find the appropriate people. They worked with the IC conservation team."

Another difficulty was to find the raw materials, like the blue bricks, that had been used in the original structure.

To find the raw materials they needed, the conservationists had to go to demolished sites to talk to those who wanted to salvage useful materials before they were taken away as trash to dumps or given to other people to re-use. The project involved both conservation and many other kinds of works, which is why it took three years.

Two local historians, Chan Shu-weng and Albert H.K. Lai, played an important role in collecting many items that they donated to the museum, including a water cannon, receipts and silver whistles.

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Two local historians, Chan Shu-weng and Albert H.K. Lai, played an important role in collecting many items that they donated to the museum, including a water cannon, receipts and silver whistles.
Everyone was poor, there was nothing to steal,” she said. The watchman was responsible for patrolling a designated area.

The many items on display in the museum include a chart that divided the night into five segments of two hours, starting at 19:00. That is when the watchman began his shift; he walked around his district, striking a metal gong to mark each two hours, with a different sound for each two hours. People did not have clocks or watches and relied on him to know the time and when they should get up and leave for work.

Each patrol lasted two hours. At 05:00, at the end of his shift, the watchman went to the local police station and gave a report of the night, using a book in which he made a record of what he saw and did. Then he went back to sleep in the watch house.

He watched out for fires, rising water and floods and burglaries; if he caught a thief – in later periods – he handed him over to the police, because he did not have the power to make an arrest. He played an important security role in the neighbourhood.

Among the items on display in the museum were a flat piece of wood and a brass gong. The watchman would strike both. He rang the gong to announce major events, like a fire or rising waters that were likely to cause flooding; to alert people, he also used whistles, of which several are on display.

He was also a fireman – on pictorial display were a water cart, water barrel and the tube used to pour the water onto the fire.

The museum contains the receipts the watchman provided when he was given money – he had no regular salary but had to rely on donations from shopkeepers and local residents for his income.

In a later period of history, he worked under the authority of the local police. He handed malefactors to the police for investigation and punishment. He wore a uniform, with an armband indicating his job.

“The work was not so dangerous,” the guide said. “People then were very poor. There was nothing to steal and there were no guns. The watchman also had a social role, dealing with problems in the lives of the residents, such as disputes within a family or a son who had run away.”

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The museum has six paintings by Poon Kam Ling, to illustrate the work of the watchman. One shows him on a small boat as he is doing his rounds among the fishermen who parked their vessels close to the shore. This was the job of the watchmen in Taipa; their areas included stretches of the sea where fishermen lived.

Another painting shows the watchman as fireman. A row of buildings is on fire. He pushes his water cart close to the scene and pours water onto the flames with his water cannon. A third shows him finding a burglar running away with his loot; he is holding a torchlight and blowing a whistle, to attract attention from residents.

A fourth shows him presenting a report to a policeman. The watchmen worked under the authority of the local police.

Two notices in the museum show government regulations, issued in 1936 and 1965, that set out in detail the duties of the watchmen.

In a video shown at the museum, Chung Man, 88, chairman of the Macao Patane Residents Association, remembers seeing the watchmen during his childhood. “It was an old profession. Those who took it on did it for their whole lives. It was a very hard job, so only men did it. I remember during my childhood, in the 1940s, there were still such people but the number was diminishing.”

It was a hard job that had to be done every day of the year, whatever the weather, with no fixed wage. In the video, Chung said: “The wages of the watchman came from shops and residents but there was no fixed salary. When I was small, I saw the watchman carry a bag and invite people in the streets to put in money. That was his income.”

Many people mistakenly think that the watchman only worked at night. But he was like a policeman or security guard who was on duty at night, patrolling and keeping order. It was an important job at a time when there were few policemen; he had to solve problems of the residents and spread information. For example, when the water levels were rising, he would tell residents to prepare to move to safer places.

The watch house was a centre for information and a place where residents would meet to help each other. Chong said: “Macao is a place where there is a strong feeling among people. When a resident had a problem, he would go to the watchman for help. When there was a fire, the watchman would ring his gong to inform people and bring them together to fight the fire.”

To be qualified, a watchman had to have the trust of the residents and be a moral person. He had to stay at his post and not go absent, not take bribes and be clean and well-mannered.

But now this profession has passed into the museums and the history books. It has been replaced by a larger and more efficient police force, patrol cars, mobile telephones and close-circuit security cameras. Gone with it was the bond of trust and friendship between the watchmen and the communities they served.

The museum can teach Macao residents and visitors about this profession that was an important part of the social fabric of the city but now has been largely forgotten.
In the heyday of its fishing industry in the 1970s and 1980s, Macao was one of southern China’s four major fishing hubs. Back then it had over 2,000 boats, most owned by local fishermen. It also was a major centre for building fishing boats.

However, with the subsequent decline of the industry, many piers and warehouses have been vacated, and the last ship was built in 2005. Today, there are no more than 300 fishing boats left in the harbour.

Many have left fishing behind to pursue more lucrative careers onshore, but some persist with this traditional way of life. They simply refuse to allow this aspect of Macao culture to disappear. During the fishing season, they go to the seas.

When they have their annual summer recess (also called the defeso) and the Chinese New Year holiday break, they rest on shore, repairing their weathered boats and preparing themselves and their vessels for the next fishing venture.
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