



## Flash Note: Gaming Sector

快讯：博彩行业

Noah Hudson  
 (86755) 2397 6684

noah.hudson@gjtjas.com.hk

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# Public Consultation on New Gaming Law Begins, Maintain "Neutral" Sector Outlook

将就新博彩法进行公开咨询，维持行业的“中性”展望

- Today (September 15), the Macau government began the public consultation process over Macau's new gaming law, with the aim to finish the new gaming law by the end of this year.** Macau currently has three gaming concessions and three sub-concessions, all issued in 2002 and good for 20 years. These will all expire in June 2022, unless the Macau government grants limited extensions, which can be in increments, up to a maximum of five years. The Macau government has not indicated whether or not it will extend the concessions. It has been known for some years that the Macau government intends to revise the current gaming law, which includes the number of gaming concessions, and that there will be new gaming laws under a new framework after the current concessions expire. As part of the process for rewriting the current gaming laws, Macau's gaming regulator will hold five consultation sessions, from 20 September to 19 October. The Macau government has aimed to finish the revision of the gaming law by 4Q2021, prior to submitting a final draft bill to Macau's Legislative Assembly.
- Today's news of future gaming law's elimination of sub-concessions and appointment of delegates does not warrant today's sell-off, in our view.** Macau gaming shares plunged today as it was reported that the new gaming law would not make use of the sub-concession mechanism, which we think this is a mere technicality. In 2002, Macau had chosen just three concessionaires to operate casinos. By law the maximum number of concessions was set at just three and cannot be changed under the current law. In order to allow three more concessionaires way back in 2002, the government decided to grant three sub-concessions as an ad-hoc work-around to its own law, in our view. Under the new law, the government will plan more carefully and issue full concessions without the need to use sub-concessions. Sub-concessions are not at all needed under the new law, since current sub-concession holders could be eligible to just obtain full concessions under the new gaming law. In addition, it was also announced that under the new gaming law, the Macau government would appoint delegates to oversee how gaming operators fulfil their concession duties. We think this might be amplifying today's sell-off. However, it was already expected that the Macau government would appoint delegates or have a similar mechanism, and so we do not think today's sell-off is warranted based on this.
- We do not see today's sell-off as a buying opportunity, and we maintain our current "Neutral" sector rating.** We think Macau gaming's greatest challenge and potential downside risk is not the new gaming law and new gaming concessions, but the ongoing governmental travel restrictions. We expect that in 4Q2021 and going into 2022, Macau travel restrictions and anti-pandemic special measures will be maintained or amplified. Globally, we expect the number of reported COVID cases to increase this fall and winter when the weather turns colder and flu/ COVID season begins in the northern hemisphere. We expect that in response, the Macau government will maintain or increase travel restrictions and anti-pandemic special measures, which will have a negative impact on Macau gaming.
- 澳门政府今（9月15日）就澳门新博彩法开始公开咨询程序，目标是在今年年底前完成新博彩法修订。**澳门目前有三个博彩特许经营权和三个次级特许经营权，均于2002年签发，有效期为20年。除非澳门政府批准有限制的延期（可以递增，最长可达五年），否则这些经营权将于2022年6月到期。澳门政府尚未表明是否会延长以上经营权的期限。多年来，澳门政府早已有意修订现行的博彩法，其中包括博彩特许经营权的数量以及在现有特许经营权期满后将在新的框架下出台新博彩法。澳门博彩监管当局将在9月20日至10月19日期间举行五场咨询会议，作为修改现行博彩法的部分程序。澳门政府目标是在2021年第四季度前完成博彩法的修订，然后向澳门立法会提交最终草案。
- 我们认为，今天关于未来博彩法将取消次级特许经营权新闻和委任代表新闻作为今天出现的抛售理由并不合理。**由于报道称根据新的博彩法澳门政府将取消次级特许经营权机制，澳门博彩股今日暴跌，我们认为这仅仅是一个技术问题。2002年，澳门只选择了三家特许运营商运营赌场。根据法律，经营权牌照授予最大数量被限定仅为三个，并且在现行法律下不能改变。我们认为，早

在 2002 年，政府为了再准入三家特许经营商，决定授予三个次级特许经营牌照，作为对其自身法律的临时变通。在新的法律下，政府将更仔细地规划以及授予完全特许经营牌照，而无需使用次级特许经营牌照。根据新的法律，完全不需要次级特许经营牌照，因为目前的次级特许经营牌照持有者有可能可以根据新博彩法获得完全特许经营权。此外，澳门政府还宣布，根据新博彩法，澳门政府将委任代表以监督博彩运营商履行特许权义务。我们认为这可能加剧了今天的抛售。不过，由于早已预期澳门政府将会委任代表或出台类似机制，因此我们并不认为这个信息作为今日的抛售原因是依据的。

- **我们不认为今天的抛售是“买入”的机会，我们维持目前的“中性”行业评级。**我们认为，澳门博彩业面临的最大挑战和潜在下行风险不是新博彩法以及新博彩特许经营权，而是目前政府对旅游的管控限制。我们预计 2021 年第四季度至 2022 年，澳门旅游限制和防疫特别措施将持续甚至扩大。在全球范围内，我们预计今年秋冬季随着天气变冷以及北半球流感或新冠流行季开始，报告新冠确诊病例数将增加。我们预计澳门政府会视情况维持或增加旅游限制及防疫特别措施，这将对澳门博彩业产生负面影响。

### Company Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Buy	买入	Relative Performance >15%; or the fundamental outlook of the company or sector is favorable.
Accumulate	收集	Relative Performance is 5% to 15%; or the fundamental outlook of the company or sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the company or sector is neutral.
Reduce	减持	Relative Performance is -5% to -15%; or the fundamental outlook of the company or sector is unfavorable.
Sell	卖出	Relative Performance <-15%; or the fundamental outlook of the company or sector is unfavorable.

### Sector Rating Definition

The Benchmark: Hong Kong Hang Seng Index

Time Horizon: 6 to 18 months

Rating		Definition
Outperform	跑赢大市	Relative Performance >5%; or the fundamental outlook of the sector is favorable.
Neutral	中性	Relative Performance is -5% to 5%; or the fundamental outlook of the sector is neutral.
Underperform	跑输大市	Relative Performance <-5%; or the fundamental outlook of the sector is unfavorable.

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 27/F., Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong.  
 Tel.: (852) 2509-9118 Fax: (852) 2509-7793  
 Website: www.gtja.com.hk