

Suncity's Hoi An resort could help firm boost future presence in Macau



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Suncity's 34 percent stake in a new \$4bn Hoi An resort could be beneficial to the junket operator's activities in Macau, where the firm now looks well positioned to scoop up any future casino licences issued in the region.

If Suncity's latest \$4bn casino resort project in Vietnam is a success, it could have far-reaching effects on the operator's activities elsewhere in the South China Sea, potentially putting it first in line for any new licences issued in Macau, according to analysts.

In a memo sent out to clients, Union Gaming Securities Asia Ltd speculated that the Hoi An resort scheme, which has been branded Hoiana, would be viewed positively by Macau authorities because it would highlight Suncity's ability to attract VIP dollars back to the region.

In addition, the brokerage firm pointed to the fact that the SunCity is a Macau- based firm with “local roots”, adding to its appeal as a future beneficiary of Macau licences.

“In regards to the licence rebid process in Macau, Suncity’s Hoiana will put them in a better position to win a licence (in the event a seventh licence is issued) not only because Suncity will be a bonafide integrated resort operator with local roots, but that licensing Suncity would also repatriate VIP dollars to Macau where it provides a benefit to the local community (i.e. tax receipts),” Union Gaming analyst Grant Govertson said in the note.

Located in one of Vietnam’s most attractive tourist regions, the Hoiana resort is being funded by investments from three parties. In addition to junket operator Suncity, who own a 34 percent stake in the project, Vietnam-based closed end fund Vina Capital and Hong Kong based conglomerate Chow Tai Fook have also contributed to the project.

With Vietnam’s liberalised gambling regime, strong tourist economy and double-digit wage growth, experts speculate that the resort could become a high-profile gambling hub for the newly affluent classes and VIPs.

“That Suncity is transitioning from an agency to principal model makes sense to us, especially in light of strong VIP trends in Macau and regionally,” said Govertsen.

“Of course not all of this play would be diverted from Macau – e.g. some would be from SE Asian customers – but regardless, it could have a several hundred basis point impact on Macau VIP beginning later in 2019.”

According to Coskun, partner and president of casino operations at Macau-based consulting firm IGamiX, the Hoi An resort could also boost activity across Suncity’s other business ventures. As well as promoting nearby real estate sales, he said, Hoiana could direct VIP custom to other Suncity casinos by forming part of a trinity of tourist resorts spread across the region.

“I see SunCity creating a three-stop strategy for their players, Macau then Hoi An, then Van Don,” said Coskun.

“It could possibly be known as the South China Sea VIP Triangle. As most outsiders focus primarily on the gaming component, let’s not forget that Hoi An will also be a great opportunity for SunCity and VinaCapital to sell their Beach Villas, Golf Villas and Condos to VIP customers. These real estate sales could potentially fund the whole project.”

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