



All-in Asia

BEYOND MACAU AND ITS OVERTAKING OF LAS VEGAS, **CASINOS IN ASIA** ARE PROVING TO BE BIG BUSINESS, WRITES MARK MOBIUS

TO SAY GAMBLING IN ASIA IS BIG is a huge understatement. Total gaming revenues this year in Asia are expected to reach US\$55b. The biggest industry remains in Macau, where total revenues were US\$33.5b in 2011. Next in line are Singapore (approximately US\$6b), Korea (US\$2.5b) and Malaysia (US\$1b). Compare this to annual Las Vegas gambling revenues of about US\$6b, and you'll see why Asia's quickly become a big deal.

Since opening in 2010 in Singapore, Marina Bay Sands and Resorts World Sentosa are already rated among the world's largest casinos by revenue.

Sheldon Adelson's Las Vegas Sands Corp made a US\$6.4b investment in Marina Bay Sands, which boasts over 2,300 machines and more than 700 table games. The resort brought in about US\$3b in gaming revenue in 2011 – roughly 50 per cent of the total take for the entire Las Vegas Strip in the same year.

Malaysia's Genting Group spent US\$5b on Resorts World Sentosa, which houses hotels, the 15,000sqft casino and the Universal Studios Singapore theme park. This year, the resort's EBITDA is expected to reach US\$1.3b.

Genting is the big name in Malaysia, and the grandfather of casinos in Southeast Asia is the Resorts World Genting casino-resort. It's a massive

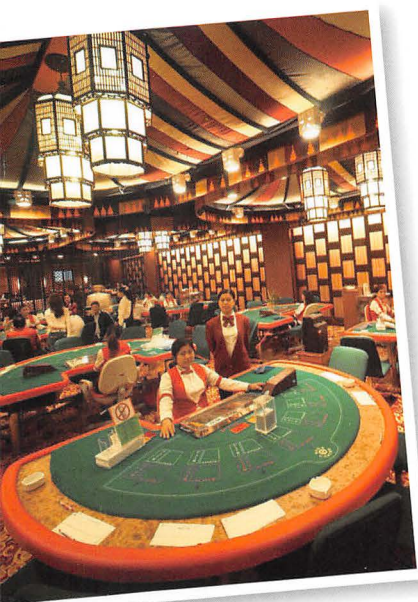
200,000sqft gaming space, with more than 3,000 machines and 500 table games.

In South Korea, the locals were barred from the casinos until the mid-1990s. There are less than 20 "foreigner-only" casinos scattered around the country, including those in Seoul, Incheon, Busan and Jeju Island, but most are small compared to the mega-casinos across Asia.

The country's most successful casino operation is the only one Koreans are allowed to enter. In 1995, the Special Act on the Assistance to the Development of Abandoned Mine Areas was passed. It specifically aimed to assist the underdeveloped province of Kangwon, where the main source of income, coal, was rapidly disappearing as the mines closed down.

The act licensed a casino that would allow Koreans to gamble. In 2000, Kangwon Land Hotel & Casino opened with 480 slot machines and 30 tables. Demand skyrocketed, and Kangwon Land expanded to meet demand – it now boasts 960 gaming machines and 132 table games. Other facilities were added, including a golf course, a ski resort and an indoor waterpark. Visitors now number three million annually, and 94 per cent of revenues come from casino operations.

North Korea has also embarked on casino operations in its search for much-needed foreign exchange. In 1999, Hong Kong-based Emperor



GAMING POWER

FROM TOP
Marina Bay Sands
in Singapore;
Cambodia's
NagaWorld
complex



Group opened the US\$180m Emperor Hotel & Casino in the Rason Special Economic Zone, near the Chinese and Russian borders. Gambling is illegal for locals, and this casino targets Chinese and Russian gamblers. At a reported 1.3 million square feet, it's imposingly huge. The US\$30m Casino Pyongyang in the basement of Yanggakdo International Hotel, opened in 1995 and owned in part by Macau-based SJM Holdings, is much smaller and courts foreign guests. There is rumoured to be a third casino in Sinuiju, across the border from the Chinese city of Dandong.

Gambling is serious business in Mainland Southeast Asia. Despite (or due to) various government policies and legal statuses, Cambodia, Vietnam and Laos are all fighting for a piece of the pie – primarily from foreign outflow in the region and from Mainland China. Though under debate, casino operations are currently illegal within Thailand. The country's national lottery is significant, as is racetrack betting, but most serious gamblers cross the border to Cambodia.

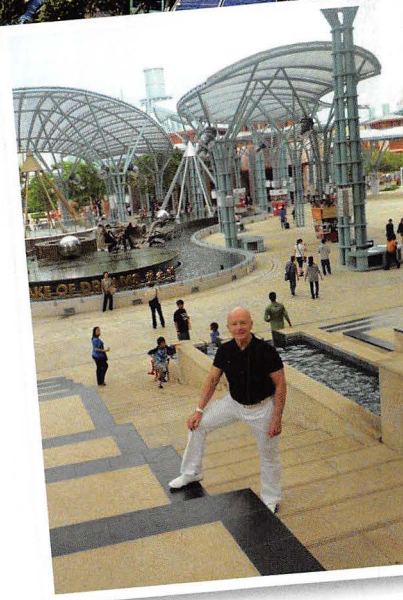
In Cambodia, NagaCorp holds a 70-year monopoly on casinos in Phnom Penh. NagaCorp is a Hong Kong-listed company headed by Malaysian casino magnate Chen Lip Keong, and the Cambodian government granted his company a basically restriction-free casino license till 2065. The NagaWorld complex includes a hotel, more than 100 gaming tables and 1,000 machines.

Outside Phnom Penh, one prominent company building casinos along the Thai and Vietnam borders is Entertainment Gaming Asia. The New York Stock Exchange-listed company's main business is securing long-term contracts to provide electronic gaming machines and related systems to hotels and other well-located gaming

venues. Retaining ownership of the machines, the company receives daily fees based on a percentage of the net win per machine. A subsidiary of the Hong Kong-listed Melco Group (the group behind Macau's City of Dreams and Altira Macau) holds about 39 per cent interest in Entertainment Gaming Asia, which recently opened Dreamworld Casino in the province of Pailin near the Thai border and has plans to launch further operations on the Thai and Vietnam borders.

Vietnam would like to stop some of the foreign exchange outflow to Cambodian casinos, and the government is looking into a mega-casino resort in the northern province of Quang Ninh to target foreign tourists and to keep Vietnamese gamblers at home. Gaming venues are already cropping up in Da Nang, Haiphong, Halong and Lao Cai.

As it borders Thailand, Cambodia and Vietnam, Laos doesn't want to miss out on the gaming opportunities, either. The Savan Vegas Hotel & Casino in Savannakhet, operated by Macau-based Sanum Investment, features a



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53,000sqft casino with more than 500 gaming machines and 80 table games.

The Philippines has casinos scattered across its islands, including numerous operations in Visayas and Mindanao. The largest are in Luzon's Metro Manila region, and of those, Resorts World Manila is king. Controlled by Malaysia's Genting Group, the integrated resort has 1,500 gaming machines and 300 table games.

The government-controlled Philippine Amusement and Gaming Corporation is also big business, and is one of the largest contributors of state revenue. It operates 13 casinos including Casino Filipino at the Hyatt Hotel and Casino Manila, and the Airport Casino Filipino across from Ninoy Aquino International Airport.

Global focus has shifted away from Las Vegas and, despite Asian regulators' attempts to deal with problem gamblers, the gaming industry is thriving throughout the region. As more casinos are built by the day, only time will tell if one of these competing markets will overtake Macau. **T**

POKER FACE

CLOCKWISE FROM LEFT

North Korea's Yanggakdo International Hotel, which houses Casino Pyongyang; Kangwon Land Hotel & Casino in South Korea; the sprawling Resorts World Genting in Malaysia; Mark Mobius at Resorts World Sentosa in Singapore