

THE BIG PICTURE

Sundown for Suncity

How Alvin Chau's Suncity empire touched casinos from Vladivostok to Melbourne, and what his downfall signifies for China, casinos and Macau.

BY ELIOT CHEN — DECEMBER 12, 2021

Credit: Philip Roeland/[Flickr](#)

Macau's junket king has fallen. Late last month, police in the gambling enclave [arrested](#) Suncity boss [Alvin Chau](#), whose company has for years led the market in funneling high-rolling Chinese gamblers to VIP suites across the region, for alleged links to illegal cross-border gambling. A day earlier, authorities in Wenzhou, China, accused him of “severe damage to the social order of the country” and issued a warrant for his arrest.

Junket operators like Suncity are more than just high-end travel agents. They play a crucial role in financing Macau's casinos, providing loans to Chinese customers whose money is tied up on the mainland — where gambling and its promotion are illegal — thanks to strict capital controls.

Chau's arrest could signal the end of the glory days for Macau's junket operators, another blow for the city that has already endured years of belt-tightening and close scrutiny from Xi Jinping's austere regime.

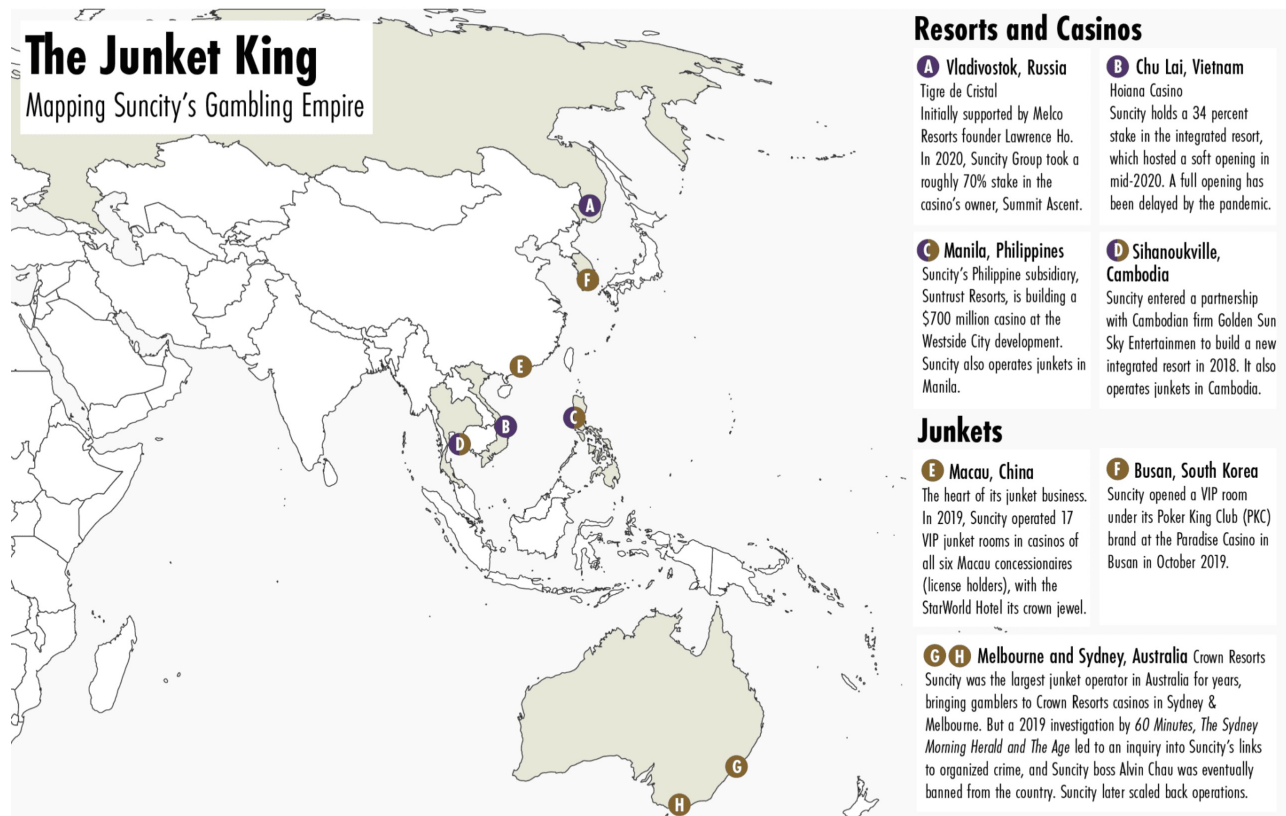
This week, *The Wire* looks at Alvin Chau and his Suncity empire, examining how his business brought high rollers and profits to casinos from Vladivostok to Melbourne, and what his downfall signifies for China and the casino business.

WHAT'S A JUNKET?

Suncity may have become the largest junket operator in Macau, but it didn't invent the system.

Stanley Ho, the Hong Kong tycoon who built Macau's first casinos, pioneered the junket model in the 1980s, designing it from the outset to help circumvent rules that currently limit Chinese citizens to buying just \$50,000 in foreign currency per year. Junkets “take care of the grey area between what the law says and the practicality of moving money, people, and enforcement from the mainland into Macau and elsewhere,” as [Steve Vickers](#), a former

commander of Hong Kong's criminal intelligence bureau, [told](#)  a state-led inquiry in Australia last year.



Data: Media reports, Suncity Group annual reports. Map credit: Freevectormaps

Suncity entered the junket scene around 2006, growing quickly despite tightening regulations around gambling in Macau. Chau's business began as an agent for the Diamond junket, serving the eponymous [Casino Diamond](#)¹. But it struck gold in its partnership with [Galaxy Entertainment Group's](#) five-star StarWorld Hotel, and expanded to become an independent junket operator itself. At its peak, Suncity had VIP rooms in the casinos of all six license holders in Macau. So important were its operations to Galaxy, it even had a dedicated floor and private VIP entrance.

"If you wanted to attract the VIPs and be seen as a part of the high end market, you needed Suncity," says [Ben Lee](#), managing partner at IGamiX, a gaming consultancy. Lee estimates the junket operator held as much as half of Macau's junket market share, bringing in more annual revenue than two of the city's six [concessionaires](#).²

Many of the Macau junkets have been suspected of links with Chinese triads over the years: some of their activities, such as transporting money and enforcing debt repayments, are often associated with organized crime. Suncity has long denied any such ties. Even so, the Australian authorities banned Chau from entering the country in 2019. [Evidence](#)  reviewed by a state inquiry into casinos alleged that Chau had links to the 14K, a Hong Kong triad.

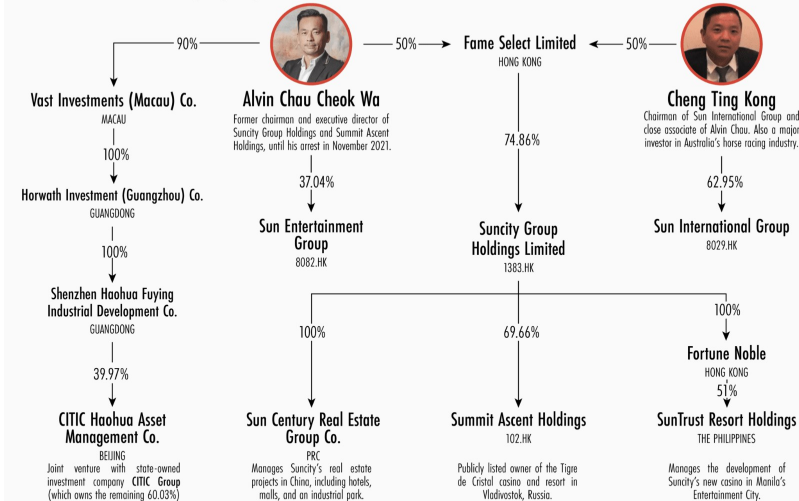
Representatives for Suncity could not be reached for comment. On Thursday, trading in Suncity Group and Summit Ascent was [suspended](#) in relation to a "possible loan default by an associate of the controlling shareholder of the company and possible enforcement of securities charged [*sic*]," according to a company statement.

DIVERSIFICATION

Chau has diversified Suncity's business into sectors including entertainment and real estate over the past decade. He holds significant personal stakes in three listed Suncity-affiliated companies in Hong Kong, the largest of which is Suncity Group, which engages in property development in mainland China and elsewhere, including gambling establishments.

What Suncity Owns

While Alvin Chau made his name operating junkets, his business interests quickly expanded beyond the gambling industry. Through a network of companies, several publicly listed, Suncity expanded into real estate, resorts, and entertainment. These are some of the companies controlled by Chau and his close associate Cheng Ting Kong.



WireScreen

Data: WireScreen, S&P Capital IQ, annual reports, C4ADS

Through businesses based in Cambodia and the Philippines, Suncity operated a massive online gambling platform targeting mainland users that drew a harsh [denunciation](#) from Chinese authorities in 2019. Still, Suncity has continued to expand its businesses in China's periphery. In October 2020, it acquired a controlling stake in Summit Ascent Holdings, which owns the [Tigre de Cristal casino](#) in Vladivostok, a Russian city near the Chinese border.

As Suncity's junkets business took off in Macau, Chau was making inroads in mainland China. Between 2013 and 2018, he served as a delegate to Guangdong's Chinese People's Political Consultative Conference. Records from 2019 reviewed by C4ADS, a Washington D.C. think-tank, found that Chau and sister Chau Sui Heng jointly owned a Macau-domiciled investment company, which in turn held a 40 percent stake in a joint venture with an asset management company controlled by CITIC, the state-owned Chinese conglomerate. The joint venture, CITIC Haohua, describes its main business lines as distressed asset investment, asset management, and the brokering of state-owned asset sales.

While Chau resigned as chairman and executive director of Suncity Group and Summit Ascent soon after he was arrested, company records show that he continues to hold significant stakes in both companies.

Suncity will probably sell off many of its gaming assets following the collapse of Suncity's core junkets business, IGamiX's Lee predicts — all of its VIP gaming rooms in Macau have been [closed](#).

JUNKET SUNSET

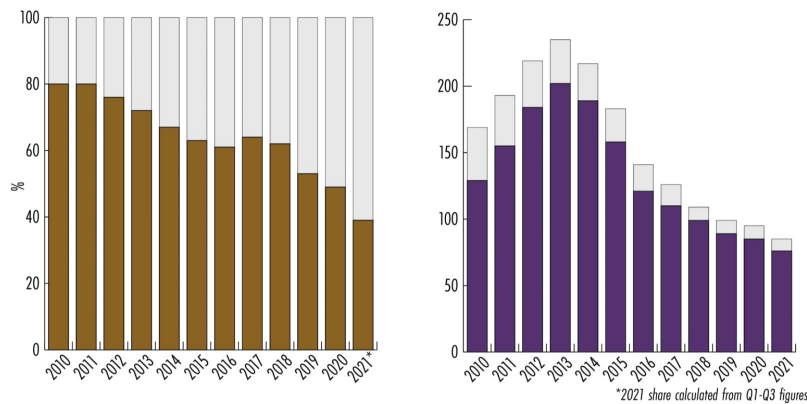
Macau's Gambling is Changing

Proportion of Macau's baccarat revenue from VIP and mass market (general public) gambling.

■ VIP ■ Mass Market

Number of licensed junket operators in Macau by year

■ Corporate Operator ■ Individual Operator



Data: Macau Gaming Inspection and Coordination Bureau ([DCU](#))

The junket crackdown hasn't stopped at Suncity: Macau's gaming regulator has recently ordered all operators to stop extending credit to customers, according to a note by the research firm Bernstein.

The end of junket lending could strike a death blow to Macau's VIP gaming business, leaving the future for Macau's casinos confined to mass market consumers and non-gaming revenue. At its peak, VIP gaming accounted for almost three-quarters of the major casinos' earnings, but the pandemic-related fall in travel had already reduced that proportion to about a quarter. China's economic slowdown, allied to Beijing's distaste for vice, may have encouraged the government to act against the industry now.

"In the past China supported Macau's explosive growth as a beacon to Taiwan and Hong Kong," Lee says. "But with the political situation in Hong Kong and Taiwan no longer what it used to be, and China's economic growth slowing down, tolerance of this huge leakage of funds is no longer desirable."



Eliot Chen is a Toronto-based staff writer at The Wire. Previously, he was a researcher at the Center for Strategic and International Studies' Human Rights Initiative and MacroPolo. [@eliotcxchen](#)

COVER STORY



Pole Position

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic

THE BIG PICTURE



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BY GARRETT O'BRIEN

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Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEOPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so

climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.



outspoken; and why he believes in China's comeback gene.



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