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Genting Hong Kong Limited

(Continued into Bermuda with limited liability)

(Stock Code: 678)

ANNOUNCEMENT OF CONSOLIDATED FINANCIAL RESULTS OF TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES FOR THE YEAR ENDED 31 DECEMBER 2016

This announcement is made by Genting Hong Kong Limited (“Genting HK”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Genting HK has been informed by Travellers International Hotel Group, Inc. (“Travellers” or the “Company”) that it has submitted an annual report to The Philippine Stock Exchange, Inc. and the Securities and Exchange Commission on 15 March 2017 reporting on its consolidated financial results as at and for the year ended 31 December 2016 (“2016”) which are prepared in accordance with the Philippine Financial Reporting Standards. Set out below is the financial information extracted from the consolidated results of Travellers for 2016:

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TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014 (Amounts in Philippine Pesos)

	2016	2015	2014
NET REVENUES			
Gaming	23,648,754,406	24,216,681,861	28,376,733,234
Non-gaming:			
Hotel, food, beverage and others	2,626,607,716	2,468,610,922	2,264,169,550
Other operating income	1,215,555,841	1,034,396,124	922,373,692
	27,490,917,963	27,719,688,907	31,563,276,476
Less: Promotional allowance	2,396,289,323	3,117,567,390	2,502,976,854
	25,094,628,640	24,602,121,517	29,060,299,622
DIRECT COSTS	10,616,130,623	10,490,666,045	10,755,169,639
GROSS PROFIT	14,478,498,017	14,111,455,472	18,305,129,983
GENERAL AND ADMINISTRATIVE EXPENSES	9,701,071,386	9,352,463,240	11,907,758,971
OPERATING PROFIT	4,777,426,631	4,758,992,232	6,397,371,012

	2016	2015	2014
OTHER INCOME (CHARGES)			
Finance costs	(1,458,618,238)	(775,371,564)	(1,026,706,225)
Finance income	86,434,568	116,287,960	190,144,735
Share in net profit (loss) of an associate and joint venture	57,598,061	(32,929,706)	(40,168,131)
	(1,314,585,609)	(692,013,310)	(876,729,621)
PROFIT BEFORE TAX	3,462,841,022	4,066,978,922	5,520,641,391
TAX EXPENSE	64,314,408	49,370,190	75,568,162
NET PROFIT FOR THE YEAR	3,398,526,614	4,017,608,732	5,445,073,229
OTHER COMPREHENSIVE INCOME (LOSS)			
Item that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) on remeasurement of retirement benefit obligation	(6,866,435)	21,946,326	(5,687,010)
Tax income (expense)	(5,426,341)	(3,454,432)	1,532,871
	(12,292,776)	18,491,894	(4,154,139)
Item that will be reclassified subsequently to profit or loss			
Net unrealized fair value gains (losses) on available-for-sale financial assets	6,220,000	1,992,730	(3,220,000)
	(6,072,776)	20,484,624	(7,374,139)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3,392,453,838	4,038,093,356	5,437,699,090
Earnings Per Share: Basic and diluted	0.22	0.26	0.35

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
(Based on the Financial Statements for the year ended December 31, 2016 and 2015)

<i>In Million Pesos</i>	2016	2015	% Change
NET REVENUES	25,094.6	24,602.1	2.0%
Gaming	23,648.8	24,216.7	-2.3%
Hotel, F&B	2,626.6	2,468.6	6.4%
Other Income	1,215.5	1,034.4	17.5%
Promotional Allowances	(2,396.3)	(3,117.6)	-23.1%
GROSS PROFIT	14,478.5	14,111.5	2.6%
OPERATING PROFIT	4,777.4	4,759.0	0.4%
NET PROFIT	3,398.5	4,017.6	-15.4%
EBITDA	6,420.5	6,161.9	4.2%

Net Revenues

Net revenue increased by P492.5 million to P25,094.6 million in 2016 compared to P24,602.1 million in 2015.

Gaming Revenues

The Company generated gross gaming revenue of P23,648.8 million in 2016 compared to P24,216.7 million in 2015.

The Company's Non-VIP segment drop volume increased by 8.3%, while the drop volume in the VIP segment contracted by 17.4%. Overall drop in 2016 decreased by 10.4% compared to 2015.

The Company's win rate improved to a blended rate of 5.2% compared to the 4.8% registered in 2015. The VIP segment win rate, likewise, improved to 3.0% in 2016 from 2.8% in the previous year.

Hotel, Food, Beverage & Others

Revenue from hotel, food, beverage and others increased by 6.4% to P2,626.6 million in 2016 from P2,468.6 million in 2015. All hotels registered high occupancy rates in 2016 as follows: Maxims at 81%, Remington at 88% and Marriott at 81%.

Complimentary and promo rooms for Maxims accounted for 71% of 2016 occupancy versus 64% in 2015. For Remington, complimentary and promo rooms accounted for 53% of occupancy in 2016 compared to 39% in 2015.

Food and beverage average revenue per cover increased by 1.0% in 2016, while non-complimentary revenue accounted for 40% of total food and beverage revenue.

Other Operating Income

Other operating income increased by P181.1 million to P1,215.5 million in 2016, compared to P1,034.4 million in 2015. The 17.5% increase was driven by higher revenue from theatre operations, mall and miscellaneous income. The retail and F&B tenant space remained at 90, with 96.8% occupancy in 2016.

Other operating income primarily consisted of income from Newport Performing Arts Theater, rental income for the mall and commercial office space rentals, income from cinema, laundry, spa and others.

Promotional Allowances

Promotional allowances decreased by 23.1% from P3,117.6 million in 2015 to P2,396.3 million in 2016, primarily due to a decrease in revenue sharing arrangements with junkets. Promotional allowance refers to the relative fair value of points earned by loyalty card members, revenue share and prizes.

Direct Costs

Directs costs increased by 1.2% to P10,616.1 million in 2016 compared to P10,490.7 million in 2015. The increase was primarily due to higher casino operating expenses incurred in 2016.

Gross Profit

Gross profit increased by 2.6% or P367.0 million to P14,478.5 million in 2016 compared to P14,111.5 million in 2015.

General & Administrative Expenses

General and administrative expenses amounted to P9,701.1 million in 2016 from P9,352.5 million in 2015. The P348.6 million increase was due to (a) full year depreciation for Marriott Grand Ballroom which was capitalized in December 2015; (b) increase in general marketing as a result of change in arrangement with junket operators from revenue sharing last year to the traditional rolling based commission; and (c) settlement of tax assessment from prior years.

Operating Profit

Operating profit remained flat at P4,777.4 million in 2016 compared to P4,759.0 million in 2015.

Other Income (Charges)

Finance cost amounted to P1,458.6 million in 2016 compared to P775.4 million in 2015. The increase was due to unrealized foreign exchange losses on the outstanding USD300.0 million bond given the depreciation of the Philippine peso.

Finance income decreased by P29.9 million from P116.3 million in 2015 to P86.4 million in 2016.

Investment in associate and joint venture resulted to share in net profit amounting to P57.6 million in 2016.

Profit Before Tax

Profit before tax amounted to P3,462.8 million in 2016, 14.9% lower than the P4,067.0 million in 2015.

Net Profit

Net profit amounted to P3,398.5 million in 2016.

Unrealized foreign exchange losses due to the outstanding bond amounted to P794.1 million.

EBITDA

EBITDA increased by 4.2% or P258.6 million to P6,420.5 million in 2016 compared to P6,161.9 million in 2015. The increase was due to higher revenue from hotel and other operating income coupled with disciplined cost management implemented during the year. Depreciation, on the other hand, increased from P1,402.9 million in 2015 to P1,643.1 million in 2016 primarily due to certain non-gaming assets becoming fully operational in 2016.

<i>In Million Pesos</i>	2016	2015
Operating Profit	4,777.4	4,759.0
Depreciation	1,643.1	1,402.9
EBITDA	6,420.5	6,161.9

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Shareholders of Genting HK should note that the above consolidated financial results pertain only to Travellers and not to Genting HK itself.

Travellers is a limited liability company incorporated in the Republic of the Philippines and following its initial listing of common shares on the Main Board of The Philippine Stock Exchange, Inc. on 5 November 2013 and the exercise of the Over-allotment Option, Genting HK's effective interest in the common shares of Travellers has been diluted from 50 per cent to 44.9 per cent. After listing, Travellers becomes an associate of Genting HK. Genting HK's effective interest in the Preferred B shares of Travellers remains unchanged at 50 per cent following the listing.

By Order of the Board
TAN SRI LIM KOK THAY
Chairman and Chief Executive Officer

Hong Kong, 15 March 2017

As at the date of this announcement, the Board of Directors of Genting HK comprises two Executive Directors, namely Tan Sri Lim Kok Thay and Mr. Lim Keong Hui and three Independent Non-executive Directors, namely Mr. Alan Howard Smith, Mr. Lam Wai Hon, Ambrose and Mr. Justin Tan Wah Joo.