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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 SIX MONTHS ENDED 30 JUNE 2014

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 a quarterly report to The Philippine Stock Exchange, Inc. and the Securities and Exchange Commission (“SEC”) on 14 August 2014 reporting on its consolidated financial results as at and for the six months ended 30 June 2014 (“1H 2014”) 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 1H 2014:

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TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013 (Amounts in Philippine Pesos)

	<u>Note</u>	2014 (Unaudited)	2013 (Audited)
NET REVENUES			
Gaming		P 13,580,399,595	P 17,414,927,779
Non-gaming			
Hotel, food, beverage and others		1,121,821,746	1,359,052,376
Other operating income		566,660,911	390,741,999
		15,268,882,252	19,164,722,154
Less: Promotional allowance		776,340,839	1,169,930,547
		14,492,541,413	17,994,791,607
DIRECT COSTS		4,576,865,375	6,372,541,072
GROSS PROFIT		9,915,676,038	11,622,250,535
GENERAL AND ADMINISTRATIVE EXPENSES		6,022,037,343	8,251,478,815
OPERATING PROFIT		3,893,638,695	3,370,771,720

	<u>Note</u>	<u>2014</u> <u>(Unaudited)</u>	<u>2013</u> <u>(Audited)</u>
OTHER INCOME (CHARGES)			
Finance costs		(630,426,743)	(1,247,605,747)
Finance income		273,833,319	236,933,097
		(356,593,424)	(1,010,672,650)
PROFIT BEFORE TAX		3,537,045,271	2,360,099,070
TAX EXPENSE		655,950,044	50,276,024
NET PROFIT FOR THE PERIOD		2,881,095,227	2,309,823,046
OTHER COMPREHENSIVE INCOME			
Net unrealized fair value gains on available-for-sale financial assets		-	2,440,920
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		P 2,881,095,227	P 2,312,263,966
Earnings Per Share			
- Basic	11	P 0.18	P 0.72
- Diluted	11	P 0.18	P 0.48

**SELECTED EXPLANATORY NOTES TO CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013**

(With Comparative Figures for June 30, 2013)

(Amounts in Philippine Pesos)

(UNAUDITED)

11. EARNINGS PER SHARE

Earnings per share for the six months ended June 30 is computed as follows:

	<u>2014</u>	<u>2013</u>
Basic:		
Net profit	P 2,881,095,227	P 2,309,823,046
Divided by weighted average number of outstanding common shares	15,755,874,850	3,193,166,667
	P 0.18	P 0.48
Diluted:		
Net profit	P 2,881,095,227	P 2,309,823,046
Divided by weighted average number of outstanding common shares and potential dilutive common shares	15,755,874,850	4,859,833,333
	P 0.18	P 0.48

For the six months ended June 30, 2013, there are 1.7 billion potential dilutive common shares representing the weighted average number of the Company's 10.0 billion outstanding Preferred B shares convertible into common shares. On March 12, 2014, the SEC approved the amendment to the Company's articles of incorporation whereby the Company's Preferred A and Preferred B shares, previously convertible into common shares, became non-convertible preferred shares. There were no potentially dilutive shares as at June 30, 2014.

DISCUSSION AND ANALYSIS OF OPERATIONS

(Results of operations for the periods ended June 30, 2014 and 2013)

<i>In Million Pesos</i>	For the six months	
	2014	2013
NET REVENUES	P 14,492.5	P 17,994.8
Gaming	13,580.4	17,414.9
Hotel, F&B	1,121.8	1,359.1
Other income	566.7	390.7
Promotional allowance	(776.3)	(1,169.9)
GROSS PROFIT	9,915.7	11,622.3
OPERATING PROFIT	3,893.6	3,370.8
NET PROFIT	2,881.1	2,309.8
EBITDA	4,686.4	4,524.5

Net Revenues

Net Revenues declined by 19.5% primarily from lower Gross Gaming Revenue.

Gaming Revenues

Gross Gaming Revenue for the first half of 2014 is at P13,580.4 million. Drops volume improved across all segments and had an average of 4.4% growth over first half 2013. Significant growth in volume was experienced in the second quarter 2014 versus same period last year averaging at 18.4%. The growth in Drops however was offset by a decline in the win rate, which was below historical normal rate, particularly in the VIP segment. VIP rate for first half 2014 was at 2.2% compared to 3.7% in 2013.

Hotel, Food, Beverage & Others

Revenue from hotel, food, beverage and others is at P1,121.8 million or 17.5% lower compared to similar period in 2013. All hotels registered higher occupancy rates as the Company made full use of the facilities to drive gaming patronage. Occupancy rates for the three hotels for the first half of 2014 are as follows: Maxims is at 87%, Marriott is at 87%, and Remington is at 89%.

Other Operating Income

Other Operating Income increased by 45% from P390.7 million in 2013 to P566.7 million in 2014.

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

The retail and F&B tenant space now number 90, with 100% occupancy.

Promotional Allowances

Company's Promotional Allowances for first half 2014 reached P776.3 million, a 34% decline compared to the P1,169.9 million during the first half of 2013. Promotional Allowance refers to the relative fair value of points earned by loyalty card members, and prize money for tournaments.

Gross Profit

Gross Profit decreased from P11,622.3 million in first half 2013 to P9,915.7 million in first half 2014. The impact of the lower revenue is cushioned by improvement in direct costs which is down from P6,372.5 million in 2013 to P4,576.8 million for the same period in 2014.

Direct Costs

Direct Costs consist of costs associated directly with gaming revenues and costs directly associated with hotel, food, beverage and others. Costs directly associated with gaming are license fees, salaries, wages and employee benefits, entertainment, amusement and recreation costs, complementary costs. Costs directly associated to non-gaming on the other hand include food and beverage purchased and used, salaries and wages and benefits, supplies, parking and others. Direct costs also include depreciation associated to the respective activities.

Gaming license fees consist of a percentage of Gross Gaming Revenues which are directly remitted to the Philippine Amusement and Gaming Corporation (“PAGCOR”). This decreased from P3,641.3 million in 2013 to P2,388.3 million in 2014 as a function of decreased Gross Gaming Revenue and the decline of license fee rate from 15% and 25% to 5% and 15%, respectively, effective April 1, 2014.

Operating Profit

Operating Profit increased from P3,370.8 million to P3,893.6 million as a result of lower General and Administrative Expenses which decreased by 27% or P2,229.4 million.

General & Administrative Expenses

General and Administrative Expenses primarily consist of general marketing expenses (including commissions paid to gaming promoters and rebates paid to VIP patrons), shared services employee salaries and wages and benefits, management fees, utilities and communication expenses.

Commissions and rebates for first half 2014 amounted to P2,949.1 million as a result of the expansion in Drops volume in the VIP segment.

With the initiatives on cost management, General and Administrative Expenses went down from P8,251.5 million in the first half 2013 to P6,022.0 million in the same period 2014.

Profit Before Tax

Profit before tax for six months ended June 30, 2014 is P3,537.0 million, 49.9% higher than that of first half 2013 of P2,360.1 million.

Finance Costs & Finance Income

Finance Costs amounting to P630.4 million represents interest payment. Finance Income of P273.8 million helped reduce the impact. P172.2 million of this is from unrealized foreign exchange gain and the remaining P101.3 million from interest income.

The Company has an outstanding USD300 million corporate bond.

Net Profit

Net Profit is at P2,881.1 million, after deducting tax provision of P656.0 million. This is an improvement by 24.7% from the first half 2013 net profit of P2,309.8 million.

EBITDA

Company EBITDA for first half 2014 is at P4,686.4 million. The Company recorded depreciation expenses of P792.8 million for the six months in 2014. Depreciation decreased by 31.3% from first six months 2013 because of the Company’s change in estimate useful life of certain assets from 5 years to 8 years.

In Million Pesos	2014	2013
Operating Profit	3,893.6	3,370.8
Depreciation	792.8	1,153.7
EBITDA	4,686.4	4,524.5

Income Taxes

The Company is subject to 25% and 15% license fees, in lieu of all taxes, with reference to the income component of the gross gaming revenues, as provided under the Provisional License Agreement with PAGCOR. In April 2013, however, the Bureau of Internal Revenue (BIR) issued Revenue Memorandum Circular (RMC) 33-2013 declaring that PAGCOR, its contractees and its licensees are no longer exempt from corporate income tax under the National Internal Revenue Code of 1997, as amended.

On May 2014, PAGCOR issued Guidelines for a 10% Income Tax Allocation (ITA) measure whereby, effective April 1, 2014, the 25% and 15% license fees were effectively reduced to 15% and 5%, respectively, inasmuch as 10% of the license fees was allocated for income tax on gaming, subject to quarterly and annual true-up mechanisms obliging the licensees to remit to PAGCOR any savings from the excess of the 10% ITA over the actual income tax paid on the gaming revenues.

The 10% ITA measure is in keeping with the true spirit and intent of the terms of the Provisional License insofar as the license fees are intended and contemplated to be in lieu of all taxes with reference to the income component of the gross gaming revenues, while preserving at the same time the financial benefits of the Provisional License for the Philippine Government.

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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, Chief Executive Officer and
Acting-President*

Hong Kong, 14 August 2014

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. Heah Sieu Lay and Mr. Lam Wai Hon, Ambrose.