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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 2017

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. on 26 March 2018 reporting on its consolidated financial results as at and for the year ended 31 December 2017 (“2017”) 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 2017:

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TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017, 2016 AND 2015 (Amounts in Philippine Pesos)

	<u>2017</u>	<u>2016</u>	<u>2015</u>
NET REVENUES			
Gaming	17,115,322,152	23,648,754,406	24,216,681,861
Non-gaming:			
Hotel, food, beverage and others	2,850,695,985	2,626,607,716	2,468,610,922
Other operating income	1,166,998,511	1,215,555,841	1,034,396,124
	21,133,016,648	27,490,917,963	27,719,688,907
Less: Promotional allowance	1,874,089,153	2,396,289,323	3,117,567,390
	19,258,927,495	25,094,628,640	24,602,121,517
DIRECT COSTS	9,093,211,903	10,616,130,623	10,490,666,045
GROSS PROFIT	10,165,715,592	14,478,498,017	14,111,455,472
GENERAL AND ADMINISTRATIVE EXPENSES	8,639,316,326	9,701,071,386	9,352,463,240
OPERATING PROFIT	1,526,399,266	4,777,426,631	4,758,992,232

	2017	2016	2015
OTHER INCOME (CHARGES)			
Finance costs	(844,457,539)	(1,458,618,238)	(775,371,564)
Loss from casualty, net of insurance claims	(430,354,462)	-	-
Finance income	168,416,307	86,434,568	116,287,960
Share in net profit (loss) of an associate and joint venture	40,089,829	57,598,061	(32,929,706)
	(1,066,305,865)	(1,314,585,609)	(692,013,310)
PROFIT BEFORE TAX	460,093,401	3,462,841,022	4,066,978,922
TAX EXPENSE	218,395,439	64,314,408	49,370,190
NET PROFIT FOR THE YEAR	241,697,962	3,398,526,614	4,017,608,732
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain (loss) on remeasurement of retirement benefit obligation	(7,373,913)	(6,866,435)	21,946,326
Tax expense	(3,792,651)	(5,426,341)	(3,454,432)
	(11,166,564)	(12,292,776)	18,491,894
Item that will be reclassified subsequently to profit or loss			
Net unrealized fair value gains on available-for-sale financial assets	8,300,000	6,220,000	1,992,730
	(2,866,564)	(6,072,776)	20,484,624
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	238,831,398	3,392,453,838	4,038,093,356
Earnings Per Share: Basic and diluted	0.02	0.22	0.26

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

(Based on the Financial Statements for the years ended December 31, 2017 and 2016)

<i>In Million Pesos</i>	2017	2016	% Change
NET REVENUES	19,258.9	25,094.6	-23.3%
Gaming	17,115.3	23,648.8	-27.6%
Hotel, Food & Beverage & Others	2,850.7	2,626.6	8.5%
Other Income	1,167.0	1,215.5	-4.0%
Promotional Allowance	(1,874.1)	(2,396.3)	-21.8%
GROSS PROFIT	10,165.7	14,478.5	-29.8%
OPERATING PROFIT	1,526.4	4,777.4	-68.0%
NET PROFIT	241.7	3,398.5	-92.9%
EBITDA	3,458.3	6,420.5	-46.1%

Normalized operations for the year ended December 31, 2017 and actual results of 2016.

<i>In Million Pesos</i>	2017	2016
Adjusted NET PROFIT	1,952.9	3,398.5
Adjusted EBITDA	4,670.9	6,420.5

Normalized operations are based on applying VIP win percentage of 2.85% to the VIP volume for the year if the actual win percentage is outside the expected range of 2.7% to 3.0%, applying a win percentage of 29.0% to the Grind volume for the year if the actual win percentages are outside the expected ranges of 27.0% to 33.0%, and applying a win percentage of 7.0% to the Slot volume for the year if the actual win percentage is outside the expected range of 6.8% to 7.2%. Due to the temporary closure of the casino in June 2017, the Company used volume and EBITDA and net income margin run-rate of January to May 2017 in translating the first half.

Net Revenues

Net revenues for the year ended December 31, 2017 declined to P19,258.9 million due to the June 2, 2017 incident that led to the closure of the gaming area for 27 days and portions of the non-gaming segment.

Promotional allowance for the year ended December 31, 2017 decreased by 21.8% to P1,874.1 million from P2,396.3 million in 2016.

Promotional allowance refers to the fair value of points earned by loyalty card members, prize money for tournaments, and revenue share with junket operators. Promotional allowance as a percent of gaming revenue was 10.9% for the year ended December 31, 2017, compared to 10.1% in 2016.

Gaming Revenues

Gross gaming revenue for the year ended December 31, 2017 reached P17,115.3 million from P23,648.8 million in 2016. The decline was due to the temporary closure of the casino in the month of June 2017.

Blended win rate for the year ended December 31, 2017 was 5.6% compared to 5.2% for the same period last year. While the VIP segment's win rate was 2.8% compared to 3.0% of last year.

Overall drop volume for 2017 amounted to P304,532 million versus P453,412 million for 2016.

On normalized basis, gross gaming revenues would have ended at P19,300.1 million for the year ended December 31, 2017. Due to the temporary closure of the casino in June 2017, drop volume in the months of January to May 2017 translates into the drop volume run rate for the first half.

The table below presents key operating summary of the casino and gaming facilities for the years ended December 31, 2017 and 2016:

Gaming Metrics	Six Months Ended		FY 2017	Six Months Ended		FY 2016
	Jun 2017	Dec 2017		Jun 2016	Dec 2016	
Operating Days	154	184	338	182	184	366
Average Daily Property Visitation	26,585	24,922	25,747	27,331	27,701	27,517

Gaming Metrics	Six Months Ended		FY 2017	Six Months Ended		FY 2016
	Jun 2017	Dec 2017		Jun 2016	Dec 2016	
Average Gaming Units						
VIP Tables	129	101	115	138	140	139
Mass Tables	163	124	143	174	172	173
Slots	1,704	1,412	1,558	1,901	1,840	1,871
ETG	193	18	106	210	210	210
Gaming Units (as of period end)						
VIP Tables	113	120	120	145	134	134
Mass Tables	96	124	124	169	177	177
Slots	1,395	1,381	1,381	1,871	1,798	1,798
ETG	110	0	0	210	210	210
Drop Volume (in PHP Million)						
Total Drop	171,523	133,009	304,532	248,299	205,113	453,412
VIP Tables	107,269	74,778	182,047	173,245	130,309	303,554
Mass Tables	8,364	7,239	15,603	11,760	11,577	23,337
Slots	55,317	50,935	106,253	62,610	62,539	125,149
ETG	572	57	629	684	688	1,372
Win Rate, %						
Blended Win Rate	5.4%	5.9%	5.6%	4.8%	5.8%	5.2%
VIP Tables	2.5%	3.1%	2.8%	2.5%	3.6%	3.0%
Mass Tables	30.9%	29.5%	30.3%	24.9%	29.9%	25.8%
Slots	7.0%	6.6%	6.8%	7.0%	6.3%	6.7%
ETG	22.6%	21.4%	22.5%	23.0%	25.4%	24.2%

* Average property visitation includes RWM main entrances, Marriott Hotel Manila, Marriott Grand Ballroom, Remington Hotel, House Manila, and Jardin.

The table below presents the normalized operating summary of the casino and gaming facilities for the year ended December 31, 2017 and actual results of 2016:

Gaming Metrics	2017	2016
Drop Volume (in PHP Million)		
Total Drop	337,531	453,412
VIP Tables	202,888	303,554
Mass Tables	17,190	23,337
Slots	116,715	125,149
ETG	738	1,372
Win Rate, %		
Blended Win Rate	5.7%	5.2%
VIP Tables	2.8%	3.0%
Mass Tables	30.0%	25.8%
Slots	7.0%	6.7%
ETG	22.6%	24.2%

Hotel, Food, Beverage & Others

Revenue from Hotel, Food, Beverage and Others increased by 8.5% for the year ended December 31, 2017 to P2,850.7 million compared to P2,626.6 million in 2016. The increase was primarily due to the P476.5 million and P312.7 million revenue contribution of the Marriott West Wing and the Marriott Grand Ballroom, respectively. And with the Philippines hosting the 31st ASEAN summit in November 2017, overall foot traffic increased during the fourth quarter of 2017. Revenue from Hotel, Food, Beverage and Others contributed 13.5% to gross revenues in 2017.

All hotels registered high occupancy rates averaging at 79%. Occupancy for the three hotels is as follows: Maxims at 72%, Marriott at 71% and Remington at 89%.

Other Operating Income

Other operating income for the year ended December 31, 2017 amounted to P1,167.0 million compared to P1,215.6 million in 2016. The decline was primarily due to decrease in rental and parking fees as result of the temporary closure of the Newport Mall in June 2017.

Tenant count from retail and food and beverage is 91 for the year ended December 31, 2017 compared to 96 for the same period last year.

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

Direct Costs

Direct costs decreased by 14.3% to P9,093.2 million for the year ended December 31, 2017 from P10,616.1 million in 2016. This was primarily due to the decrease in gaming license fees by P1,342.9 million in 2017. Gaming license fees consist of a percentage of gross gaming revenues which are directly remitted to PACGOR in accordance with Provisional License Agreement.

Direct costs are costs directly associated with gaming, which include license fees, salaries, wages and employee benefits of casino employees, entertainment, amusement and recreation costs, complimentary costs and depreciation of gaming equipment; and costs directly associated with rendering of services for the hotels and its outlets, which include food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

Gross Profit

For the year ended December 31, 2017, gross profit amounted to P10,165.7 million.

General & Administrative Expenses

General and administrative expenses for the year ended December 31, 2017 decreased by 10.9% to P8,639.3 million from P9,701.1 million in 2016.

The decrease was primarily due to the 38.1% decrease in general and marketing expense, which mainly pertains to commission paid to junket operators.

Depreciation expense classified as general and administrative expenses increased by 24.0% to P1,505.0 million for the year ended December 31, 2017 from P1,213.9 million in 2016. The increase was primarily due to the full year depreciation for Marriott West Wing which was capitalized in November 2016.

Operating Profit

Operating profit fell to P1,526.4 million for the year ended December 31, 2017 from P4,777.4 million in 2016.

Non-operating Income and Expenses

Other costs decreased by P248.3 million to P1,066.3 million for the year ended December 31, 2017 from the P1,314.6 million in 2016. The decrease was primarily due to the maturity of the USD300.0 million bond in November 2017 which took away exposure in foreign exchange fluctuation and brought down interest expense.

Interest expense decreased by P14.0 million to P686.3 million for the year ended December 31, 2017, from P700.3 million in 2016.

Losses from casualty as a result of the June 2, 2017 incident recognized as of December 31, 2017 amounted to P430.4 million.

Profit Before Tax

Profit before tax for the year ended December 31, 2017 amounted to P460.1 million.

Tax Expense

Tax expense for the year ended December 31, 2017 amounted to P218.4 million compared to P64.3 million in 2016. The increase was due to the expiration of a previously recognized deferred tax asset in 2014.

Net Profit

Net profit for the year ended December 31, 2017 was P241.7 million.

On normalized basis, net profit would have ended at P1,952.9 million for the year ended December 31, 2017.

EBITDA

The Company's EBITDA for the year ended December 31, 2017 was P3,458.3 million compared to P6,420.5 million in 2016.

<i>In Million Pesos</i>	2017	2016
Operating Profit	1,526.4	4,777.4
Depreciation	1,931.9	1,643.1
EBITDA	3,458.3	6,420.5

On normalized basis, EBITDA would have ended at P4,670.9 million for the year ended December 31, 2017.

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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, 26 March 2018

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.