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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 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 a report to The Philippine Stock Exchange, Inc. and the Securities and Exchange Commission on 12 August 2016 reporting on its consolidated financial results as at and for the six months ended 30 June 2016 (“1H 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 1H 2016:

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**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015**
(Amounts in Philippine Pesos) (Unaudited)

	<u>2016</u>	<u>2015</u>
NET REVENUES		
Gaming	P 11,806,697,086	P 12,509,310,809
Non-gaming:		
Hotel, food, beverage and others	1,241,736,683	1,168,973,354
Other operating income	659,521,039	473,454,355
	13,707,954,808	14,151,738,518
Less: Promotional allowance	1,249,248,245	1,676,026,968
	12,458,706,563	12,475,711,550
DIRECT COSTS	5,151,591,927	5,235,952,865
GROSS PROFIT	7,307,114,636	7,239,758,685
GENERAL AND ADMINISTRATIVE EXPENSES	5,134,267,814	4,365,716,769
OPERATING PROFIT	2,172,846,822	2,874,041,916

	2016	2015
OTHER INCOME (CHARGES)		
Finance costs	(280,915,015)	(548,185,800)
Finance income	132,125,259	82,306,046
Share in net loss of joint venture	(554,627)	-
	(149,344,383)	(465,879,754)
PROFIT BEFORE TAX	2,023,502,439	2,408,162,162
TAX EXPENSE	226,065,810	44,390,991
NET PROFIT FOR THE PERIOD	1,797,436,629	2,363,771,171
OTHER COMPREHENSIVE INCOME		
Unrealised fair value gains (losses) on available-for-sale financial assets	1,720,000	(300,000)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	P 1,799,156,629	P 2,363,471,171

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS
(Based on the Financial Statements for the six months ended June 30, 2016 and 2015)

<i>In Million Pesos</i>	2016	2015	% Change
Net Revenues	12,458.7	12,475.7	-0.1%
Gaming	11,806.7	12,509.3	-5.6%
Hotel, Food & Beverage	1,241.7	1,169.0	6.2%
Other Income	659.5	473.5	39.3%
Promotional Allowance	(1,249.2)	(1,676.0)	25.5%
Gross Profit	7,307.1	7,239.8	0.9%
Operating Profit	2,172.8	2,874.0	-24.4%
Net Profit	1,797.4	2,363.8	-24.0%
EBITDA	2,988.8	3,528.0	-15.3%

Net Revenues

Net Revenues for the six months ended June 30, 2016 remain flat at P12,458.7 million. Net Revenues for the three months ended June 30, 2016, on the other hand, increased by 18.6% to P6,531.1 million compared to P5,505.4 million in the same period of 2015. Second quarter year-over-year movement is mainly due to increase in gross gaming revenues and decrease in promotional allowance.

Gaming Revenues

Gross Gaming Revenue for the six months ended June 30, 2016 is at P11,806.7 million from P12,509.3 million in the same period of 2015. The decline is due to a lower blended win rate of 4.8% compared to 5.2%. The Non-VIP gaming operations drove the increase in overall drops volume by 2.8%. In addition, VIP drop volume remains flat with a reduction of the win rate to 2.5% versus 3.3%.

Gross Gaming Revenue for the second quarter of 2016 increased by 9.1% to P6,233.7 million compared to P5,713.1 million in the same quarter of 2015. The increase is due to a higher blended win rate and a 4.1% increase in overall drop volume for the second quarter of 2016.

The table below presents key operating summary of the casino and gaming facilities for the six months ended June 30, 2016 and 2015:

Gaming Metrics	2016	2015
Operating Days	182	181
Average Daily Property Visitation	18,916	19,718
Average Gaming Units		
VIP Tables	138	128
Non-VIP Tables	174	169
Slots	1,901	1,840
ETG	210	210
Gaming Units (as of period end)		
VIP Tables	145	142
Non-VIP Tables	169	169
Slots	1,871	1,830
ETG	210	210
Drop Volume (in Million Pesos)		
Total Drop	248,299	241,492
VIP Tables	173,245	174,918
Non-VIP Tables	11,760	10,989
Slots	62,610	55,018
ETG	684	569
Win Rate, %		
Blended Win Rate	4.8%	5.2%
VIP Tables	2.5%	3.3%
Non-VIP Tables	24.9%	24.7%
Slots	7.0%	7.1%
ETG	23.0%	22.5%

Hotel, Food, Beverage & Others

Revenue from hotel, food, beverage and others for the first six months ended June 30, 2016 is at P1,241.7 million, 6.2% higher compared to P1,169.0 million in the same period in 2015. Contributing to the increase is Marriott Grand Ballroom's revenue from operations for the first half of 2016.

Second quarter revenue from hotel, food, beverage and others for 2016 is at P575.1 million or 6.4% lower compared to revenue for the same period in 2015.

All hotels registered high occupancy rates averaging 85%. Occupancy for the three hotels for the first half of 2016 is as follows: Maxims at 81%, Marriott at 83% and Remington at 87%.

Other Operating Income

Other Operating Income increased by 39.3% to P659.5 million in the first half of 2016 from P473.5 million in the same period last year. This was primarily driven by revenue increases in theater shows, mall rental revenues and miscellaneous revenues.

The year-over-year other operating income during the second quarter increased by 39.0% to P344.5 million compared to P247.8 million in the same period of 2015.

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.

The retail and food & beverage tenant space now stands at 96.

Promotional Allowances

The Company's Promotional Allowance for the first half of 2016 decreased by 25.5% to P1,249.2 million, while second quarter for 2016 is at P622.1 million or 41.8% lower compared to second quarter of 2015. The decrease was due to minimal revenue sharing contracts with junket operators.

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 is at 10.6% for the six months ended June 30, 2016 and 10.0% for the three months ended June 30, 2016, compared to 13.4% and 18.7% respectively in the same periods of 2015.

Direct Costs

The Company posted Direct Costs of P5,151.6 million for the six months ended June 30, 2016, a decrease of 1.6% versus P5,236.0 million reported in the same period last year. The decrease was attributable to lower gaming license fees for the six months ended June 30, 2016 amounting to P2,613.4 million comparing to P2,739.9 million in the same period last year. Gaming license fees consist of a percentage of Gross Gaming Revenues which are directly remitted to the Philippine Amusement and Gaming Corporation (PAGCOR).

Direct Costs for the three months ended June 30, 2016 amounted to P2,633.6 million, relatively flat versus P2,653.6 million reported in the same period last year.

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

Gross Profit increased to P7,307.1 million in the first half of 2016 from P7,239.8 million in the same period last year. Second quarter of 2016 Gross Profit also increased by 36.7% to P3,897.5 million from P2,851.8 million in the same period of 2015. The increase was due to lower promotional allowance and lower direct costs.

General & Administrative Expenses

General and Administrative Expenses increased by 17.6% to P5,134.3 million for the six months ended June 30, 2016 from P4,365.7 million in the same period in 2015, while three months ended June 30, 2016 figures increased by 31.7% to P2,716.9 million from P2,062.5 million in the same period in 2015. The increase was mainly due to increase in general marketing and depreciation expense. Increase in general marketing expense was due to the change in arrangements with junket operators from revenue sharing to the traditional rolling based commission, while increase in depreciation expense was due to additional depreciation for Marriott Grand Ballroom for the first six months of 2016. Such increase, however, was offset by the decrease in Promotional Allowance of 25.5% for the six months ended June 30, 2016 and 41.8% for the second quarter of 2016.

Depreciation expense classified as general and administrative expense increased by 38.4% to P605.8 million for the six months ended June 30, 2016, from P437.6 million for the same period in 2015.

Operating Profit

Operating Profit decreased to P2,172.8 million for the six months ended June 30, 2016 from P2,874.0 million in the same period in 2015. Second quarter year-over-year comparison showed Operating Profit increased by 49.6% to P1,180.6 million from P789.3 million in the same period of 2015. This was primarily driven by higher net revenues and lower promotional allowance for the second quarter of 2016. Although general and administrative expense for the second quarter of 2016 increased by 31.7% from the same period of 2015, such increase offset by the 41.8% decrease in promotional allowance on the same period.

Finance Costs & Finance Income

The Company booked P149.3 million in Other Costs for the six months ended June 30, 2016 compared to P465.9 million in the same period of 2015. The decrease was primarily due to lower interest expenses and recognized foreign exchange gains for the first six months of 2016.

Interest expense decreased by 36.6%, or P152.8 million, to P264.5 million for the six months ended June 30, 2016, from P417.3 million for the same period of 2015. The decrease was primarily due to the higher capitalization of borrowing costs in connection with higher capital expenditure for the ongoing developments of Phase 2 and Phase 3.

Foreign exchange gains recognized for the six months ended June 30, 2016 amounted to P87.0 million compared to a foreign exchange loss of P110.4 million recognized in the same period of 2015.

Finance Costs and Finance Income for the second quarter of 2016 is at P320.0 million compared to P133.0 million in the same period of 2015.

The Company has an outstanding USD 300.0 million corporate bond which will mature in November 2017.

Profit Before Tax

Profit before tax for the six months ended June 30, 2016 amounted to P2,023.5 million compared to P2,408.2 million reported in the same period last year, while second quarter Profit before tax was P860.6 million, 31.1% higher compared to P656.3 million reported in the same period last year.

Tax Expense

Tax expenses for the six months ended June 30, 2016 were P226.1 million versus P44.4 million in the same period of 2015. Second quarter Tax expense for 2016 amounted to P222.5 million compared to P37.3 million in the same period of 2015. The increase was primarily due to payment made to tax authority amounting to P185.3 million.

Net Profit

Net Profit reached P1,797.4 million for the six months ended June 30, 2016 from P2,363.8 million posted in the same period last year. Without the payment made to tax authority, net profit for the first six months of 2016 would have been P1,985.9 million.

Net profit for the second quarter of 2016 amounted to P638.2 million, 3.1% higher compared to P619.0 million posted in the same period last year.

EBITDA

The Company's EBITDA for the six months ended June 30, 2016 is at P2,988.8 million compared to P3,528.0 million in the same period last year. EBITDA for three months ended June 30, 2016 amounted to P1,588.1 million which is 41.9% higher compared to EBITDA for the same period in 2015 amounting to P1,119.4 million.

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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, 12 August 2016

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.