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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 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 a report to The Philippine Stock Exchange, Inc. and the Securities and Exchange Commission on 11 August 2017 reporting on its consolidated financial results as at and for the six months ended 30 June 2017 (“1H 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 1H 2017:

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#### **TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016** *(Amounts in Philippine Pesos) (Unaudited)*

	<u>2017</u>	<u>2016</u>
<b>NET REVENUES</b>		
Gaming	<b>P 9,249,310,603</b>	P 11,806,697,086
Non-gaming:		
Hotel, food, beverage and others	<b>1,455,623,728</b>	1,241,736,683
Other operating income	<b>518,195,901</b>	659,521,039
	<b>11,223,130,232</b>	13,707,954,808
Less: Promotional allowance	<b>852,436,874</b>	1,249,248,245
	<b>10,370,693,358</b>	12,458,706,563
<b>DIRECT COSTS</b>	<b>4,751,703,487</b>	5,151,591,927
<b>GROSS PROFIT</b>	<b>5,618,989,871</b>	7,307,114,636
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>	<b>4,385,978,010</b>	5,134,267,814
<b>OPERATING PROFIT</b>	<b>1,233,011,861</b>	2,172,846,822

	<u>2017</u>	<u>2016</u>
<b>OTHER INCOME (CHARGES)</b>		
Finance costs	(565,466,218)	(280,915,015)
Loss from casualty, net of insurance claims	(158,829,931)	-
Finance income	67,661,953	132,125,259
Share in net loss of joint venture	(10,176,895)	(554,627)
	<u>(666,811,091)</u>	<u>(149,344,383)</u>
<b>PROFIT BEFORE TAX</b>	<b>566,200,770</b>	2,023,502,439
<b>TAX EXPENSE</b>	<b>193,223,145</b>	226,065,810
<b>NET PROFIT FOR THE PERIOD</b>	<b>372,977,625</b>	1,797,436,629
<b>OTHER COMPREHENSIVE INCOME</b>		
Unrealized fair value gains on available-for-sale financial assets	100,000	1,720,000
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>P 373,077,625</b>	<b>P 1,799,156,629</b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS**  
*(Based on the Financial Statements for the six months ended June 30, 2017 and 2016)*

<i>In Million Pesos</i>	<u>2017</u>	<u>2016</u>	<u>% Change</u>
NET REVENUES	10,370.7	12,458.7	-16.8%
Gaming	9,249.3	11,806.7	-21.7%
Hotel, Food, Beverage & Others	1,455.6	1,241.7	17.2%
Other Income	518.2	659.5	-21.4%
Promotional Allowance	(852.4)	(1,249.2)	-31.8%
GROSS PROFIT	5,619.0	7,307.1	-23.1%
OPERATING PROFIT	1,233.0	2,172.8	-43.3%
NET PROFIT	373.0	1,797.4	-79.2%
EBITDA	2,187.6	2,988.8	-26.8%

***Normalized operations for the six months ended June 30, 2017 and actual 2016.***

<i>In Million Pesos</i>	<b>2017</b>	<b>2016</b>
Adjusted NET PROFIT	2,030.2	1,797.4
Adjusted EBITDA	3,414.1	2,988.8

Normalized operations are based on applying VIP win percentage of 2.85% to the VIP volume for the quarter 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 quarter 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 quarter if the actual win percentage is outside the expected range of 6.8% to 7.2%. Due to the closure of the casino for most of June, the Company used volume and EBITDA and net income margin run-rate of January to May in translating the first half.

**Net revenues**

Net revenues for the six months ended June 30, 2017 declined to P10,370.7 million, while net revenues for the three months ended June 30, 2017 dropped to P4,552.0 million. The decline was 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. As a result, promotional allowance also declined over the six and three month period by 31.8% and 45.4%, respectively.

**Gaming revenues**

Gross gaming revenue for the six months ended June 30, 2017 reached P9,249.3 million from P11,806.7 million for the same period of 2016.

The decline was due to the closure of the casino in the month of June. Blended win rate for the first half of 2017 is at 5.4% compared to 4.8% for the same period last year while VIP remains even at 2.5%. Overall drop volume for the first half of 2017 is at P171,523 million versus P248,299 million in the same period last year.

Gross gaming revenue for the second quarter of 2017 ended at P3,987.7 million compared to P6,233.7 million in the same period last year.

On normalized basis, gross gaming revenues would have ended at P11,462.9 million for the six months ended June 30, 2017. Due to the closure of the casino in June, drop volume in the months of January to May 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 six months ended June 30, 2017 and 2016:

<b>Gaming Metrics</b>	<b>2017</b>	<b>2016</b>
Operating Days	154	182
Average Daily Property Visitation*	26,585	27,331
Average Gaming Units		
VIP Tables	134	138
Mass Tables	159	174
Slots	1,704	1,901
ETG	193	210
Gaming Units (as of period end)		
VIP Tables	113	145
Mass Tables	96	169
Slots	1,395	1,871
ETG	110	210

<b>Gaming Metrics</b>	<b>2017</b>	<b>2016</b>
Drop Volume (in PHPm)		
Total Drop	171,523	248,299
VIP Tables	107,269	173,245
Mass Tables	8,364	11,760
Slots	55,317	62,610
ETG	572	684
Win Rate, %		
Blended Win Rate	5.4%	4.8%
VIP Tables	2.5%	2.5%
Mass Tables	30.9%	24.9%
Slots	7.0%	7.0%
ETG	22.6%	23.0%

\* 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 six months ended June 30, 2017 and actual 2016:

<b>Gaming Metrics</b>	<b>2017</b>	<b>2016</b>
Drop Volume (in PHPm)		
Total Drop	204,522	248,299
VIP Tables	128,110	173,245
Mass Tables	9,952	11,760
Slots	65,779	62,610
ETG	681	684
Win Rate, %		
Blended Win Rate	5.6%	4.8%
VIP Tables	2.8%	2.5%
Mass Tables	30.5%	24.9%
Slots	7.0%	7.0%
ETG	22.7%	23.0%

#### **Hotel, Food, Beverage & Others**

Revenue from hotel, food, beverage and others for the first six months ended June 30, 2017 increased by 17.2% to P1,455.6 million compared to P1,241.7 million for the same period in 2016. The increase was primarily due to contributions from the Marriott West Wing's 228 additional rooms as well as increased revenues from the Marriott Grand Ballroom. Revenue from hotel, food, beverage and others contributed 13.0% to gross revenues for the six months ended June 30, 2017.

During the three months ended June 30, 2017, revenue from hotel, food, beverage and others ended at P643.8 million compared to P575.1 million for the same period in 2016. The percentage of gross revenues coming from non-gaming was 18.5% for the three months ended June 30, 2017.

The effect of the June 2, 2017 incident led to the closure of Maxims Hotel for 28 days in June resulting to a drop in overall hotel occupancy rates. By the end of the first half, all hotels registered occupancy rates averaging 80%. Occupancy for the three hotels are as follows: Maxims at 73%, Marriott at 73% and Remington at 87%.

**Other operating income**

Other operating income ended the first half of 2017 at P518.2 million from P659.5 million for the same period last year. The decline was primarily due to the 14-day closure of the mall, Newport Performing Arts Theater, cinema, parking, laundry and spa. As a result of the incident, foot traffic was soft after reopening.

Other operating income during the second quarter ended at P259.9 million compared to P344.5 million for the same period of 2016.

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.

Tenants count from retail and food and beverage is 88 for the six months ended June 30, 2017 versus 96 last year.

**Promotional Allowance**

Promotional allowance for the six months ended June 30, 2017 decreased by 31.8% to P852.4 million from P1,249.2 million, while promotional allowance for the three months ended June 30, 2017 decreased by 45.4% to P339.4 million from P622.1 million.

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 9.2% for the six months ended June 30, 2017 and 8.5% for the three months ended June 30, 2017, compared to 10.6% and 10.0% respectively for the same periods of 2016.

**Direct Costs**

Direct costs decreased by 7.8% to P4,751.7 million for the six months ended June 30, 2017 from P5,151.6 million for the same period of 2016. This was primarily due to the decrease in gaming license fees by P529.5 million. Gaming license fees consist of a percentage of gross gaming revenues which are directly remitted to the Philippine Amusement and Gaming Corporation.

Direct costs for the three months ended June 30, 2017 decreased by 15.5%, to P2,224.6 million from P2,633.6 million for the same period in 2016.

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**

During the six and three months ended June 30, 2017, gross profit dropped to P5,619.0 million and P2,327.4 million, respectively.

**General & Administrative Expenses**

General and administrative expenses for the six months ended June 30, 2017 decreased by 14.6%, to P4,386.0 million from P5,134.3 million for the same period of 2016, while figures during the three months ended June 30, 2017 decreased by 24.6% to P2,048.9 million from P2,716.9 million for the same period of 2016.

The decrease was primarily due to the 35.3% drop in general and marketing expense where commission from traditional rolling arrangement with junkets are booked.

Depreciation expense classified as general and administrative expense, however, increased by 20.4% to P729.6 million for the six months ended June 30, 2017 from P605.8 million for the same period of 2016. The increase was primarily due to the launch of the Marriott West Wing that added 228 rooms to the company's hotel portfolio.

**Operating Profit**

During the six and three months ended June 30, 2017, operating profit fell to P1,233.0 million and P278.6 million primarily due to the 27-day closure of the casino resulting to the decline in net revenue.

**Non-operating Income and Expenses**

Other costs increased by P517.5 million for the six months ended June 30, 2017 primarily due to higher interest expenses, foreign exchange losses, and recognition of loss from casualty.

Interest expense increased by P260.3 million to P513.8 million for the six months ended June 30, 2017, from P253.5 million for the same period of 2016. The increase was in connection to the increase in borrowings for the development of Phase 3.

Foreign exchange losses recognized for the six months ended June 30, 2017 amounted to P49.6 million compared to a foreign exchange gain of P87.0 million recognized in the same period of 2016. The Company has an outstanding USD300.0 million corporate bond which will mature in November 2017.

Other costs for the three months ended June 30, 2017 increased to P400.8 million compared to P320.0 million for the same period of 2016.

Losses from casualty as a result of the June 2, 2017 incident recognized as of June 30, 2017 amounted to P158.8 million.

**Profit Before Tax**

Profit before tax for six months ended June 30, 2017 amounted to P566.2 million.

**Tax Expense**

Tax expense for the six months ended June 30, 2017 was P193.2 million compared to P226.1 million for the same period of 2016. Second quarter tax expense for 2017 amounted to P189.8 million compared to P222.5 million for the same period of 2016.

**Net Profit**

Net profit for the six months ended June 30, 2017 was P373.0 million.

On normalized basis, net profit would have ended at P2,030.2 million for the six months ended June 30, 2017.

**EBITDA**

The Company's EBITDA for the six months ended June 30, 2017 was P2,187.6 million compared to P2,988.8 million for the same period last year. EBITDA for three months ended June 30, 2017 amounted to P767.3 million compared to P1,588.1 million for the same period in 2016.

On normalized basis, EBITDA would have ended at P3,414.1 million for the six months ended June 30, 2017. „

**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, 11 August 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.*