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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 2019

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. on 9 August 2019 reporting on its consolidated financial results as at and for six months ended 30 June 2019 (“1H 2019”) 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 2019:

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**TRAVELLERS INTERNATIONAL HOTEL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2019 AND 2018**
(Amounts in Philippine Pesos) (Unaudited)

	<u>2019</u>	<u>2018</u>
GROSS REVENUES		
Gaming	P 13,535,869,023	P 9,007,774,560
Less: Promotional allowances	(2,946,552,019)	(1,658,553,643)
	10,589,317,004	7,349,220,917
Non-gaming:		
Hotel, food, beverage and others	2,307,593,802	1,520,252,411
Other revenues - net	729,096,716	525,852,973
	13,626,007,522	9,395,326,301
DIRECT COSTS	7,100,503,017	5,164,083,778
GROSS PROFIT	6,525,504,505	4,231,242,523

	<u>2019</u>	<u>2018</u>
OTHER OPERATING EXPENSE		
General and administrative expenses	(5,147,036,763)	(3,663,677,961)
Other income - net	-	1,470,458,623
OPERATING PROFIT	<u>1,378,467,742</u>	<u>2,038,023,185</u>
OTHER INCOME (CHARGES)		
Finance costs	(982,491,917)	(43,909,920)
Finance income	106,143,560	191,179,224
Share in net income of joint venture and associate	402,996,091	39,270,236
	<u>(473,352,266)</u>	<u>186,539,540</u>
PROFIT BEFORE TAX	<u>905,115,476</u>	<u>2,224,562,725</u>
TAX EXPENSE	<u>62,539,651</u>	<u>536,716,163</u>
NET PROFIT FOR THE PERIOD	<u>842,575,825</u>	<u>1,687,846,562</u>
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss		
Net unrealized fair value gains on financial assets at fair value through other comprehensive income	20,000,000	22,400,000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>P 862,575,825</u>	<u>P 1,710,246,562</u>

Discussion of results of operations for the six months ended June 30, 2019 and 2018

<i>In Million Pesos</i>	<u>2019</u>	<u>2018</u>	<u>% Change</u>
NET REVENUES	13,626.0	9,395.4	45.0%
Gaming	13,535.9	9,007.8	50.3%
Promotional allowances	(2,946.6)	(1,658.6)	77.7%
	<u>10,589.3</u>	<u>7,349.2</u>	44.1%
Hotel, food, beverage and others	2,307.6	1,520.3	51.8%
Other revenues - net	729.1	525.9	38.6%
GROSS PROFIT	6,525.5	4,231.2	54.2%
OPERATING PROFIT	1,378.5	2,038.0	-32.4%
NET PROFIT	842.6	1,687.8	-50.1%
EBITDA	<u>2,878.8</u>	<u>1,570.6</u>	83.3%

Gross revenues

Gross revenues increased by 49.9% to P16,572.6 million for the six months ended June 30, 2019 compared to P11,053.9 million for the same period of 2018.

The increase was primarily attributable to improvement in volume in both the non-VIP and VIP segments as a result of the increase in gaming capacity as well as the 747 additional rooms from Hilton Manila Hotel and Sheraton Manila Hotel.

Gaming revenues

Gross gaming revenues increased by 50.3% for the six months ended June 30, 2019 to P13,535.9 million compared to P9,007.8 million for the same period of 2018.

Blended win rate for the first half of 2019 was 5.1% compared to 5.3% for the same period of 2018. VIP segment win rate for the first half of 2019 improved to 3.3% compared to 3.0% of the previous year. Overall drop volume for the first half of 2019 amounted to P263,319.0 million versus P170,649.0 million for the same period of 2018.

The following table presents key operating summary of the casino and gaming facilities for the six months ended June 30, 2019 and 2018:

Gaming Metrics	2019	2018
Operating Days	181	181
Average Daily Property Visitation*	35,626	25,670
Average Gaming Units		
VIP Tables	167	131
Mass Tables	129	126
Slots	1,822	1,449
ETG	100	0
Gaming Units (as of period end)		
VIP Tables	169	147
Mass Tables	132	137
Slots	1,802	1,648
ETG	100	0
Drop Volume (in PHPm)		
Total Drop	263,319	170,649
VIP Tables	186,196	111,638
Mass Tables	9,097	7,789
Slots	67,616	51,222
ETG	409	0
Win Rate, %		
Blended Win Rate	5.1%	5.3%
VIP Tables	3.3%	3.0%
Mass Tables	33.5%	31.0%
Slots	6.3%	6.4%
ETG	18.1%	0%

* Average property visitation includes RWM main entrances, Marriott Hotel Manila, Marriott Grand Ballroom, Holiday Inn Express Manila Newport City (formerly Remington Hotel), Hilton Manila Hotel, Sheraton Manila Hotel, and RunWay Manila.

Promotional allowances

Promotional allowances increased by 77.7% to P2,946.6 million for the six months ended June 30, 2019 compared to P1,658.6 million for the same period of 2018. The increase was primarily due to the increase in gaming activities during the first half of 2019.

Hotel, food, beverage and others

Revenue from hotel, food, beverage and others increased by 51.8% to P2,307.6 million for the six months ended June 30, 2019 compared to P1,520.3 million for the same period of 2018.

Revenue from hotel, food, beverage and others contributed 13.9% to gross revenues for the six months ended June 30, 2019. The increase was primarily due to the higher number of covers at restaurants, higher occupancy rates, 747 new hotel rooms as a result of the launch of Hilton Manila Hotel in the fourth quarter last year and Sheraton Manila Hotel in the previous quarter.

Occupancy rate for the five hotels was 78% with Maxims Hotel at 77%, Marriott Hotel Manila at 79%, Holiday Inn Express Manila Newport City (formerly Remington Hotel) at 88%, Hilton Manila Hotel at 70%, and Sheraton Manila Hotel at 56%. Total room count as of June 30, 2019 was 2,201.

The 326-room Courtyard by Marriott in Western Visayas located in Megaworld's township development in Iloilo registered an occupancy rate of 29% for the six months ended June 30, 2019.

Other revenues - net

Other revenues increased by 38.6% to P729.1 million for the six months ended June 30, 2019 compared to P525.9 million for the same period of 2018.

The increase was primarily due to higher revenue from theater operations, mall and cinema. Number of tenants for retail and food and beverage was at 91 as of June 30, 2019 compared to 90 for the same period of 2018.

Other revenues primarily consist 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 increased by 37.5% to P7,100.5 million for the six months ended June 30, 2019 compared to P5,164.1 million for the same period of 2018.

Direct costs are costs directly associated with gaming operations, which include gaming license fees, casino expenses, 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 their outlets, which include depreciation of hotel buildings, cost of food and beverage, salaries, wages and benefits of hotel personnel, supplies, parking, and other related expenses.

The increase was primarily due to the increase in gaming license fees, higher casino operating expenses as a result of the ramp up of the Grand Wing, and higher hotel operating expenses as a result of the opening of the Hilton Manila Hotel and Sheraton Manila Hotel.

Gross profit

Gross profit for the six months ended June 30, 2019 amounted to P6,525.5 million.

Other operating income and expenses

General and administrative expenses increased by 40.5% to P5,147.0 million for the six months ended June 30, 2019 compared to P3,663.7 million for the same period of 2018.

The increase was primarily due to the absence of the one-time recognition of the other income last year.

Operating profit

Operating profit for the six months ended June 30, 2019 amounted to P1,378.5 million.

Other income (charges)

Finance costs amounted to P982.5 million for the six months ended June 30, 2019 compared to P43.9 million for the same period of 2018 mainly due to additional drawdown from the Company's loan facility and higher interest rates in 2019 compared to previous year 2018. While finance income was P106.1 million for the six months ended June 30, 2019 compared to P191.2 million for the same period of 2018.

The Group also recognized its share in net profit of an associate during the first half of 2019.

EBITDA

EBITDA for the six months ended June 30, 2019 amounted to P2,878.8 million compared to P1,570.6 million.

Profit before tax

Profit before tax for the six months ended June 30, 2019 amounted to P905.1 million.

Tax expense

Tax expense for the six months ended June 30, 2019 amounted to P62.5 million.

Net profit

Net profit for the six months ended June 30, 2019 amounted to P842.6 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 2019

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.