



**Press Release**

*For immediate release*

## **LET GROUP HOLDINGS LIMITED REPORTS ANNUAL RESULTS FOR FY2022 UPDATES ON PROJECT DEVELOPMENTS AND OUTLOOK**

Hong Kong, 30 March 2023 – LET Group Holdings Limited (“LET”, the “Group” or “Company”) (Hong Kong Stock Exchange code: 1383) today reported financial data for the year ended 2022. All amounts are expressed in Hong Kong dollars unless otherwise stated. For details of the annual 2022 financial results, please refer to the announcement published on the Hong Kong Stock Exchange.

### **FY2022 ANNUAL RESULTS HIGHLIGHTS**

#### **Group FY2022 Results: Asset Restructuring in Place; Focus on Westside City Project Development**

- FY2022 Group Total Revenue of HK\$394.3 million, up 34% YoY
- FY2022 Group Consolidated Adjusted EBITDA from continuing operations of HK\$77.5 million, versus approximately negative HK\$(13.3) million in FY2021
- FY2022 Loss for the year Attributable to Equity Holders of the Company of HK\$(138.4) million, versus a Loss Attributable to Equity Holders of the Company of HK\$(258.3) million in FY2021
- Through the Group’s subsidiary Suntrust, the Group will focus on the development Westside City Project as our top priority

#### **Development Updates**

- Philippines: Westside City Project construction works going ahead at full steam in Manila. Podium level construction is completed; Efforts are now pivoted to building the hotel tower upwards. Soft opening targeted to launch before the end of 2024. Grand opening to be in 2025.
- Russia: Given recent geopolitical tensions in Russia, the development of Phase II Tigre de Cristal is inevitably slowed down as a prudent business decision

### **A LETTER FROM THE CHAIRMAN**

*Dear valued shareholders and stakeholders,*

*I would like to express my sincere appreciation for your unwavering support of LET Group. As we navigate the complexities and opportunities of today's market, our Group is currently undergoing asset restructuring. Through restructuring our assets with the highest and best use principle in mind, we will concentrate our resources IN the Philippines gaming market, specifically on the development of the Westside City project. We firmly believe that this project is the cornerstone of our future success, as we strive to seize new growth opportunities in the*



*Philippine integrated resort market.*

*On the financing side, the project is going to secure a loan from a local financial institution through LET Group's subsidiary, Suntrust Resort Holdings, Inc., that provides the necessary capital to deliver a world-class integrated resort experience unparalleled in the region. A local bank's approval of the project, based on its familiarity with the local business environment, can be regarded as a vote of confidence that bolsters investor sentiment. This serves as a recognition for Westside City Project, as well as for the Group's managerial expertise and operational capabilities. Such resounding validation by the local industry is an indicator of the Project's promising prospects. By partnering with a preeminent local conglomerate, we can navigate the local landscape with care and cultural competence while bringing LET Group's unrivalled expertise in Asia gaming to the table.*

*Relative to more mature gaming markets in Asia, the Philippines presents significant potential for the growth of a novel destination for integrated resorts. Local Filipinos and expatriate patrons contribute more than a third of the Philippines' gross gaming revenue. On top of that, the country's proximity to major economies with a high propensity for spending including Japan, South Korea, and countries in Southeast Asia offers a competitive advantage to regional customers with considerable disposable income to spend. As the Asian middle class expands rapidly, demand for premium travel, leisure, and entertainment experiences is at an all-time high. It is our goal to capture a share of this burgeoning demand with a world-class integrated resort destination in the Philippines. By providing unparalleled quality, a range of amenities, and superior services, we aim to establish LET Group as the premier choice for Asia's patrons.*

*Westside City Project is our large-scale flagship development that will introduce a unique and unequalled mix of hospitality, gastronomy, retail, and gaming to Manila's Entertainment City. This project represents our most significant growth opportunity, underpinned by a compelling investment case — especially in light of challenges encountered at our other integrated resort in Vietnam. In contrast, the Philippines permits local Filipinos to frequent integrated resorts, conferring a degree of stability and resilience, which is why developing the mass market segment will be a key component of the Westside City Project. This effect has been evidenced at our Tigre de Cristal integrated resort in Russia. While we plan for the project's entertainment facilities and amenities, we emphasize the preferences of the mass market segment, aiming to position Westside City Project to become a leading iconic integrated resort in South East Asia that tailors to the tastes of the mass market. Westside City Project is exceptionally positioned to deliver strong and stable financial outcomes across our portfolio of integrated resorts in the future.*

*I would also like to reassure shareholders that the decision to slow down the development at Tigre de Cristal Phase II was a prudent business decision reached after careful consideration and analysis. The current commercial climate in Russia poses difficulties in guaranteeing a consistent return on investment to our parent company listed in Hong Kong. Our focus remains centred on identifying and capturing unique growth opportunities, and I am confident that the Philippine integrated resort market holds considerable promise for LET Group's future.*

*I recognise that investing in a company requires significant financial and time commitment to*



*realise returns. Nonetheless, I ask that you place your faith in our vision and join us on this exciting journey. With formidable gaming sector expertise, a gifted leadership and employee base, and compelling avenues for growth, LET Group stands ready to embark on a new chapter of success in Asian gaming with the opening of the Westside City Project soon.*

*Thank you for your enduring partnership and support.*

Sincerely,

**Mr. Lo Kai Bong**

Chairman

LET Group Holdings Limited

## **Market Overview**

### **Russia**

According to the International Monetary Fund (IMF), the World Bank and the Organization for Economic Cooperation and Development (OECD), Russia's Gross Domestic Product (GDP) contracted by an estimated 3.4% to 4.5%<sup>1</sup> in 2022. Despite the contraction, the country's economy performed better than initially expected due to the strong fiscal response and the increase in energy prices<sup>2</sup>. Meanwhile, the tourism industry was experiencing a recovery, with only approximately 73,000<sup>3</sup> visitors to Primorsky Krai for the full year of 2022. However, the long-term impact of the Western sanctions resulting from the Russia-Ukraine conflict remained a concern for the country's economy and its tourism industry.

### **The Philippines**

The Philippine economy continued to grow in 2022, with a 7.7% increase in GDP, reaching PHP19.9 trillion<sup>4</sup> (approximately US\$363.4 billion). The entertainment industry, particularly the integrated resorts in Manila, continued to benefit from local demand. According to the Philippine Amusement and Gaming Corporation (PAGCOR), The Gross Gaming Revenue ("GGR") from licensed casinos in the country grew by 91% year-on-year to PHP214.3 billion (approximately US\$3.9 billion) at the end of 2022<sup>5</sup>. In particular, Entertainment City casinos accounted for 87% of the Total Licensed Casino GGR in 2022, and has recovered to 93% of the level of GGR compared to 2019. In 2022, 2.65 million visitors arrived the Philippines, translating to PHP209.0 billion (approximately US\$3.7 billion) in tourism revenue for the country, a significant increase from 2021 as borders were closed back then<sup>6</sup>. The majority of tourists

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<sup>1</sup> Financial Times

<sup>2</sup> World Bank

<sup>3</sup> The Border Department of Russia (File separately attached)

<sup>4</sup> The Philippines Statistics Authority

<sup>5</sup> PAGCOR

<sup>6</sup> Department for Tourism, the Philippines



arrived from the United States, South Korea, Australia, Canada and the United Kingdom in 2022.

## **Vietnam**

Vietnam's economy grew by 8.02%<sup>7</sup> in 2022, the highest rate recorded in the 2011-2022 period<sup>8</sup>. The increase is three times the growth in 2021 and exceeded the target of 6-6.5% set by the Government. The country's tourism industry also continued to recover, with a total of 3.6 million foreign arrivals<sup>9</sup> for the full year of 2022, 23 times to that of 2021 yet this still only reflected approximately 20% of the total number of arrivals in 2019. 70% of foreign tourists are from Asia while the rest are from Europe and the US<sup>10</sup>.

## **Development Update**

### ***Westside City Project, Philippines***

The construction of the exterior of the podium which would hold the future gaming facilities has now been completed. The focus of the construction team is to continue building upward. The soft opening is targeted towards the end of 2024, with the grand opening aimed at 2025.

When all phases of the Westside City Project are ready, it will consist of:

- Approximately 300 tables
- Over 1,300 electronic gaming machines
- Over 450 five-star hotel rooms including state-of-the-art party rooms and suites
- All sorts of amenities that fit our LET theme Leisure, Entertainment and Taste, including the privileged LET Club, Cigar and Wine bars, night clubs, Wellness Spa, and a Director's Club
- Approximately 1,000 car park spaces

Westside City Project will be integrated with the shopping malls, theatres, restaurants, and shopping streets, etc. to be built by our local partner Westside/Travellers. They will also build additional hotel rooms, a shopping mall, a Grand Opera House, restaurants, a theatre district and an additional of approximately 2,000 car park spaces.

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<sup>7</sup> Socialist Government of Vietnam

<sup>8</sup> Vietnam Plus

<sup>9</sup> Socialist Government of Vietnam General Statistics Office

<sup>10</sup> VN Express



**L E T**  
LEISURE ENTERTAINMENT TASTE



Figure 1 Construction progress at Westside City Project in March 2023

***Tigre de Cristal, Russia***

Due to the unpredictable and volatile geopolitical tensions, the Company has made the difficult decision to slow down the development of Phase II Tigre de Cristal. We are now taking a conservative approach to investing in Russia.

The Company has been exploring alternative opportunities in other regions, as well as potentially looking for strategic partners who might be able to bring value in terms of operating the gaming and hotel business in Far East Russia.

***Hoiana, Vietnam***

In Hoiana, Hoiana Phase I including Hoiana Shores Golf Club, the casino, Hoiana Hotel & Suites and New World Hoiana Hotel are now operational.



## Outlook

2022 has proven itself to be a year of both promise and peril for the Group. While the gradual easing of travel restrictions and recovering consumer sentiment bode well for the Group's integrated resorts in Vietnam and the Philippines, geopolitical tensions and the ongoing public health crisis introduced a measure of uncertainty. However, despite formidable challenges, the Group has emerged resilient with a reinvigorated brand and a diverse portfolio of integrated resorts across Asia, affording us the ability to deliver maximum value to shareholders when difficult times turn its head away.

As a publicly listed company in Hong Kong with operations spanning across the Philippines, Vietnam, and Russia, the Group is well-positioned to mitigate risks through geographic diversification and has harnessed extensive expertise in integrated resort development. In comparison to other established Asian gaming markets, the Philippines gaming market represents a substantial potential for growth as an innovative luxury destination. With a considerable portion of GGR contributed by local and expatriate patrons, and its proximity to major regional economies with high disposable income, the Philippines offers a compelling value proposition in the growth of Asian gaming. As the Asian middle class grows at an incredible pace, demand for world-class integrated travel, leisure, and entertainment experiences has reached unprecedented heights.

In Suntrust Resorts Holdings, Inc., our Philippines team is actively recruiting seasoned gaming executives on the ground to bring this vision to fruition. Since the completion of the construction of the podium level where the main gaming halls will be located, efforts have pivoted to the construction of the hotel tower, with plans to launch a soft opening before the end of 2024 and a grand opening in 2025. By providing the finest quality, a range of lifestyle amenities, and exceptional services, the Group aims to cement its position as the preferred choice for regional gaming patrons. With the support of a local financial institution, the Group will obtain the necessary capital to execute this strategy. Through the partnership with a leading local conglomerate, the Group is set to deliver a unique blend of cultural sensitivity and Asian gaming prowess navigating through the business environment in the Philippines while offering an unmatched experience for regional patrons.

In Vietnam, Hoiana has seen a spike in business volumes and occupancy rates ever since its soft opening in mid-2020, breaking successive records month after month. As an integrated five-star resort offering a blend of a luxury beachside resort and an authentic Vietnamese cultural experience, Hoiana's unique value proposition serves as a magnet for foreign tourists and mass market gaming patrons alike. Although record performance is a notable achievement, its foreigner-only admission policy to the gaming floor currently acts as its key impediment to growth, with visitation hinging on the status of regional travel restrictions. However, as constraints ease and visitation regains momentum, we are confident that Hoiana will cement its stature as Vietnam's premier hospitality destination.

In Russia, Tigre de Cristal has seen a resurgence in the local mass gaming business and slots business in 2022, achieving company records since its first opening despite multiple challenges



in the operating environment. By procuring supplies locally and expanding into new markets such as Japan and South Korea, Tigre de Cristal is gradually adapting to persistent geopolitical tensions. However, due to the unpredictable business climate, the Group has adopted a cautious investment approach and has decided that inevitably, the development of Tigre de Cristal Phase II will be slowed down as a prudent business decision.

In summary, while we regard the future with prudent optimism, our primary focus remains at the Philippines integrated resort. With a dedicated team and the necessary funding ready to be deployed, we are confident in delivering a world-class experience and capturing the market's unique opportunities. We remain committed to our vision and will overcome challenges that may emerge.

#### **About LET Group Holdings Limited (HKEx stock code: 1383)**

LET Group Holdings Limited ("LET Group" or "the Group") develops and operates integrated resorts across Asia, including the Russian Federation, the Philippines and Vietnam. The Group also operates in the mall operation segment.

LET Group is the parent company of Summit Ascent Holdings Limited ("Summit Ascent", HKEx: 102). Summit Ascent is the operator of the largest integrated resort, in the Russian Federation, known as Tigre de Cristal, based in Vladivostok in the Far East. LET Group is also the parent company of Suntrust Resort Holdings, Inc. ("Suntrust", PSE: SUN), which is developing Westside City Project in the heart of Entertainment City in Manila, the Philippines. Hoiana is an integrated resort that LET Group jointly develops with our investment partners. Located in Central Vietnam, Hoiana Phase 1 is an integrated resort with over 1,000 rooms, an award-winning golf course and pristine beaches.

In addition, the Group operates a shopping mall in China.

For more information about LET Group, please visit <https://www.letgroupholdings.com/>

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