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MGM CHINA HOLDINGS LIMITED
美高梅中國控股有限公司

MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2282 and Debt Stock Codes: 6026, 6028, 40258, 40634)

INSIDE INFORMATION

UNAUDITED RESULTS FOR THE SECOND QUARTER AND THE FIRST HALF OF FISCAL 2022 OF MGM RESORTS INTERNATIONAL, OUR CONTROLLING SHAREHOLDER

This is an announcement made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rules 13.09 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our controlling shareholder, MGM Resorts International, has, on or about August 3, 2022 (4:30 p.m., New York time), released its unaudited results for the second quarter and the first half of fiscal 2022 which contain financial information about MGM China Holdings Limited prepared and presented herein under Generally Accepted Accounting Principles of the United States.

This is an announcement made by MGM China Holdings Limited (“MGM China”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rules 13.09 and 37.47B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKSE”).

MGM China’s controlling shareholder, MGM Resorts International, is a company listed on the New York Stock Exchange in the United States. As at the date of this announcement, MGM Resorts International beneficially owns approximately 56% of the issued share capital of MGM China.

MGM Resorts International has, on or about August 3, 2022 (4:30 p.m., New York time), released its unaudited results for the second quarter and the first half of fiscal 2022 (the “Earnings Release”). If you wish to review the Earnings Release prepared by MGM Resorts International and as filed with the United States Securities and Exchange Commission, please visit <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000789570&owner=exclude&count=40&hidefilings=0>. The Earnings Release contains financial information about MGM China and its subsidiaries (“we”, “our” or “Group”) which is available in the public domain.

The unaudited consolidated financial results of MGM Resorts International, including those contained in the Earnings Release, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“US GAAP”), which are different from International Financial Reporting Standards (“IFRS”), which, as a company listed on the Main Board of HKSE, we use to prepare and present our financial information.

The unaudited consolidated financial results of MGM Resorts International for the second quarter and the first half of fiscal 2022 included in the Earnings Release include the effect of its consolidation of MGM China, including purchase price adjustments and certain other adjustments to reflect the financial information of the Group in accordance with US GAAP. As such, our financial information in the Earnings Release is not directly comparable to our unaudited consolidated financial results to be disclosed by MGM China prepared in accordance with IFRS.

Our shareholders and potential investors are advised that the financial results in the Earnings Release are unaudited and have not been prepared or presented by MGM China and there is no indication or assurance from MGM China that our financial results will be the same as that presented in the Earnings Release.

The following table summarizes the Group's financial information under IFRS for the second quarter and the first half of fiscal 2022.

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
MGM Macau	662,346	1,338,374	1,842,395	2,656,495
MGM Cotai	459,734	1,073,859	1,373,461	2,054,562
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	1,122,080	2,412,233	3,215,856	4,711,057
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Adjusted EBITDA⁽¹⁾:				
MGM Macau ⁽²⁾	(107,661)	171,396	45,585	341,369
MGM Cotai	(274,772)	(55,407)	(382,272)	(141,017)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Adjusted EBITDA	(382,433)	115,989	(336,687)	200,352
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⁽¹⁾ Adjusted EBITDA is profit/loss before finance costs, income tax expense, depreciation and amortization, gain/loss on disposal/write-off of property and equipment and other assets, interest income, net foreign currency difference, share-based payments, pre-opening costs and corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

⁽²⁾ MGM Macau Adjusted EBITDA for the six months ended June 30, 2022 includes a reversal of provisions of HK\$60.6 million in March 2022, as result of the final settlement of certain litigations related to the Group's joint liability with gaming promoters as disclosed in MGM China's 2021 annual report.

Our shareholders and potential investors are advised to read the financial information presented herein in conjunction with the interim results announcement to be published by MGM China for the six months ended June 30, 2022 and are reminded that our financial information under IFRS presented herein relating to the Group has not been audited or reviewed by our auditor.

Summary Statistics

The following tables present certain selected income statement line items and certain other data of MGM Macau and MGM Cotai.

MGM Macau	Three Months Ended		Six Months Ended	
	June 30		June 30	
(in thousands, except for number of gaming units, percentage and revenue per available room (“REVPAR”))	2022 <i>HK\$’000</i> (Unaudited)	2021 <i>HK\$’000</i> (Unaudited)	2022 <i>HK\$’000</i> (Unaudited)	2021 <i>HK\$’000</i> (Unaudited)
Main floor table games drop	2,201,303	5,579,738	7,386,584	10,251,952
Main floor gross table games win ⁽¹⁾	517,073	1,132,547	1,586,444	2,113,169
Main floor table games win percentage	23.5%	20.3%	21.5%	20.6%
Average daily gross win per main floor gaming table	25.0	57.4	38.4	54.0
VIP table games turnover	2,355,922	13,569,465	5,904,045	23,968,054
VIP gross table games win ⁽¹⁾	75,541	277,715	156,267	646,700
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	3.21%	2.05%	2.65%	2.70%
Average daily gross win per VIP gaming table	27.4	45.0	23.1	52.7
Slot machine handle	2,140,796	3,831,924	5,021,927	7,359,126
Slot machine gross win ⁽¹⁾	87,275	136,774	219,266	279,530
Slot hold percentage	4.1%	3.6%	4.4%	3.8%
Average daily win per slot	1.1	2.2	1.4	2.3
Commissions, complimentary and other incentives ⁽¹⁾	(114,169)	(353,247)	(358,263)	(660,942)
Room occupancy rate	45.7%	85.9%	59.3%	83.5%
REVPAR	661	1,178	886	1,069

	As At June 30	
	2022	2021
	(Unaudited)	(Unaudited)
Gaming Units:		
Tables ⁽²⁾	294	287
Slot machines ⁽³⁾	895	724

MGM Cotai	Three Months Ended		Six Months Ended	
	June 30		June 30	
(in thousands, except for number of gaming units, percentage and REVPAR)	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Main floor table games drop	1,131,479	4,186,771	4,503,237	7,613,837
Main floor gross table games win ⁽¹⁾	308,204	828,085	1,106,369	1,631,095
Main floor table games win percentage	27.2%	19.8%	24.6%	21.4%
Average daily gross win per main floor gaming table	16.1	42.8	28.8	42.2
VIP table games turnover	3,008,285	6,541,170	6,974,571	14,549,020
VIP gross table games win ⁽¹⁾	113,230	274,762	209,164	511,962
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	3.76%	4.20%	3.00%	3.52%
Average daily gross win per VIP gaming table	56.6	58.6	43.8	54.9
Slot machine handle	1,271,870	2,953,469	3,997,582	6,946,003
Slot machine gross win ⁽¹⁾	54,744	107,436	117,026	201,040
Slot hold percentage	4.3%	3.6%	2.9%	2.9%
Average daily win per slot	0.7	1.6	0.8	1.6
Commissions, complimentary and other incentives ⁽¹⁾	(92,932)	(300,099)	(283,579)	(589,324)
Room occupancy rate	16.7%	56.6%	28.0%	51.9%
REVPAR	235	621	389	545

	As At June 30	
	2022	2021
	(Unaudited)	(Unaudited)
Gaming Units:		
Tables ⁽²⁾	258	265
Slot machines ⁽³⁾	848	751

Note: At the date of this announcement, certain safeguard measures, such as limiting the number of seats available at each table game, slot machine spacing, temperature checks, mask protection and health declarations submitted through the Macau Health Code system remain in effect, in addition to the various travel and entry restrictions in Macau, Hong Kong and mainland China including the temporary suspension of ferry services from Hong Kong to Macau, the nucleic acid test result certificate and mandatory quarantine requirements for visitors from Hong Kong, Taiwan and high risk areas in mainland China, and bans on entry or enhanced quarantine requirements on other visitors.

- ⁽¹⁾ The total of “main floor gross table games win”, “VIP gross table games win” and “slot machine gross win” is different to the casino revenue because casino revenue is reported net of commissions and certain sales incentives including the allocation of casino revenue to hotel rooms, food and beverage and other revenue for services provided to casino customers on a complimentary basis.
- ⁽²⁾ Permanent table count as at June 30, 2022 and 2021.
- ⁽³⁾ Due to social distancing measures as a result of the COVID-19 pandemic, the slot machines were operated at a reduced capacity.

With a view to ensuring that all shareholders and potential investors of MGM China have equal and timely access to the information pertaining to the Group, set forth below are the key highlights of financial information relevant to the Group published by MGM Resorts International in the Earnings Release. (Unless otherwise provided, all dollar amounts in the Earnings Release are denominated in United States dollars):

Extracts from the Earnings Release:

“Second Quarter 2022 Financial Highlights:

MGM China

- *Net revenues of \$143 million in the current quarter compared to \$311 million in the prior year quarter, a decrease of 54%. The current and prior year quarter were significantly impacted by travel and entry restrictions in Macau; and*
- *Adjusted Property EBITDAR loss of \$52 million in the current quarter compared to Adjusted Property EBITDAR of \$9 million in the prior year quarter.*

MGM China

The following table shows key gaming statistics for MGM China:

	<i>Three Months Ended</i>		
	<i>June 30</i>		
	<i>2022</i>	<i>2021</i>	<i>% change</i>
	<i>(Dollars in millions)</i>		
<i>Casino Revenue</i>	<i>121</i>	<i>271</i>	<i>(55)%</i>
<i>VIP Table Games Turnover</i>	<i>684</i>	<i>2,590</i>	<i>(74)%</i>
<i>VIP Table Games Win</i>	<i>24</i>	<i>71</i>	<i>(66)%</i>
<i>VIP Table Games Win %</i>	<i>3.5%</i>	<i>2.7%</i>	
<i>Main Floor Table Games Drop</i>	<i>425</i>	<i>1,258</i>	<i>(66)%</i>
<i>Main Floor Table Games Win</i>	<i>105</i>	<i>252</i>	<i>(58)%</i>
<i>Main Floor Table Games Win %</i>	<i>24.8%</i>	<i>20.1%</i>	

License fee expense was \$3 million in the current quarter and \$5 million in the prior year quarter.

MGM Resorts International and Subsidiaries
Supplemental Data – Net Revenues and Adjusted Property EBITDAR
(In thousands)
(Unaudited)

	Three Months Ended			Six Months Ended		
	June 30			June 30		
	2022	2021	2019	2022	2021	2019
MGM China net revenues	143,012	310,631	706,089	411,387	606,985	1,440,293
MGM China Adjusted Property EBITDAR	(52,091)	8,581	172,803	(77,747)	13,356	365,614

“Adjusted Property EBITDAR” is the Company’s reportable segment GAAP measure, which management utilizes as the primary profit measure for its reportable segments and underlying operating segments. Adjusted Property EBITDAR is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, property transactions, net, gain on REIT transactions, net, rent expense associated with triple net operating and ground leases, income from unconsolidated affiliates related to investments in real estate ventures, and also excludes corporate expense and stock compensation expense, which are not allocated to each operating segment, and rent expense related to the master lease with MGM Growth Properties, LLC (“MGP”) that eliminated in consolidation.

Our shareholders and potential investors are advised not to place undue reliance on the Earnings Release and are reminded that certain financial information of the Group presented herein has not been audited or reviewed by our auditor. Our shareholders and potential investors are advised to read this announcement in conjunction with the interim results announcement to be published by MGM China for the six months ended June 30, 2022 and to exercise caution in dealing in securities in MGM China.

By Order of the Board
MGM China Holdings Limited
Antonio MENANO
Company Secretary

Hong Kong, August 4, 2022

As at the date of this announcement, our directors are William Joseph HORNBUCKLE, Pansy Catilina Chiu King HO, Chen Yau WONG and John M. MCMANUS as executive directors, Kenneth Xiaofeng FENG, Daniel J. TAYLOR, Ayesha Khanna MOLINO and Jonathan S. HALKYARD as non-executive directors and Sze Wan Patricia LAM, Russell Francis BANHAM, Simon MENG and Chee Ming LIU as independent non-executive directors.