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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 THIRD QUARTER ENDED SEPTEMBER 30, 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 November 2, 2022 (4:30 p.m., New York time), released its unaudited results for the third quarter ended September 30, 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 November 2, 2022 (4:30 p.m., New York time), released its unaudited results for the third quarter ended September 30, 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 third quarter ended September 30, 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 third quarter and nine months ended September 30, 2022.

	Three Months Ended		Nine Months Ended	
	September 30		September 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	382,874	1,216,891	2,225,269	3,873,386
MGM Cotai	303,710	1,030,847	1,677,171	3,085,409
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Total Revenue	686,584	2,247,738	3,902,440	6,958,795
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Adjusted EBITDA⁽¹⁾:				
MGM Macau	(227,103)	126,771	(181,518)	468,140
MGM Cotai	(308,443)	(26,258)	(690,715)	(167,275)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Adjusted EBITDA	(535,546)	100,513	(872,233)	300,865
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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.

Our shareholders and potential investors are advised that the financial information of MGM China under IFRS presented herein relating to MGM China has not been audited or reviewed by MGM China's 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		Nine Months Ended	
	September 30		September 30	
(in thousands, except for number of gaming units, percentage and revenue per available room (“REVPAR”))	2022	2021	2022	2021
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Main floor table games drop	1,762,190	4,735,304	9,148,774	14,987,256
Main floor gross table games win ⁽¹⁾	351,978	889,235	1,938,422	3,002,404
Main floor table games win percentage	20.0%	18.8%	21.2%	20.0%
Average daily gross win per main floor gaming table	18.9	45.3	32.4	51.1
VIP table games turnover	1,123,368	9,039,520	7,027,413	33,007,574
VIP gross table games win ⁽¹⁾	6,163	358,946	162,430	1,005,646
VIP table games win percentage (calculated before commissions, complimentarys and other incentives)	0.5%	4.0%	2.3%	3.0%
Average daily gross win per VIP gaming table	2.5	57.8	17.6	54.4
Slot machine handle	1,227,651	3,005,368	6,249,578	10,364,494
Slot machine gross win ⁽¹⁾	51,579	117,942	270,845	397,472
Slot hold percentage	4.2%	3.9%	4.3%	3.8%
Average daily win per slot	0.7	1.8	1.2	2.1
Commissions, complimentarys and other incentives ⁽¹⁾	(98,672)	(285,644)	(456,935)	(946,586)
Room occupancy rate	35.8%	71.3%	51.4%	79.4%
REVPAR	559	1,161	775	1,100
			As At September 30	
			2022	2021
			(Unaudited)	(Unaudited)
Gaming Units:				
Tables ⁽²⁾			294	289
Slot machines ⁽³⁾			937	769

MGM Cotai	Three Months Ended		Nine Months Ended	
	September 30		September 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	1,002,046	3,374,100	5,505,283	10,987,937
Main floor gross table games win ⁽¹⁾	240,497	834,219	1,346,866	2,465,314
Main floor table games win percentage	24.0%	24.7%	24.5%	22.4%
Average daily gross win per main floor gaming table	15.3	43.0	24.9	42.5
VIP table games turnover	1,450,019	4,971,550	8,424,590	19,520,570
VIP gross table games win ⁽¹⁾	59,531	200,041	268,695	712,003
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	4.1%	4.0%	3.2%	3.6%
Average daily gross win per VIP gaming table	32.3	44.4	40.6	51.5
Slot machine handle	671,507	2,122,874	4,669,089	9,068,877
Slot machine gross win ⁽¹⁾	8,804	85,011	125,830	286,051
Slot hold percentage	1.3%	4.0%	2.7%	3.2%
Average daily win per slot	0.1	1.1	0.6	1.4
Commissions, complimentary and other incentives ⁽¹⁾	(67,980)	(236,760)	(351,559)	(826,084)
Room occupancy rate	14.0%	41.8%	23.5%	48.5%
REVPAR	226	575	337	555
			As At September 30	
			2022	2021
			(Unaudited)	(Unaudited)
Gaming Units:				
Tables ⁽²⁾			258	263
Slot machines ⁽³⁾			783	859

Note: In response to a COVID-19 outbreak in Macau in June 2022, the Macau Government ordered to suspend all industrial and commercial operations, including the closure of casino operations, from July 11, 2022 to July 22, 2022. Since August 2, 2022, most of the tightened safeguard measures were lifted, with other safeguard measures remaining in place. Subsequently on October 30, 2022, with a new COVID-19 case identified to be connected to MGM Cotai, the Group was ordered by the Macau Government to suspend the operation of casino, restaurants, retail shops and gathering activities at MGM Cotai. Admission of new hotel guests were suspended, and hotel guests and employees in MGM Cotai were isolated on site immediately for a period of 3 days up to November 1, 2022. MGM Cotai is expected to gradually resume operation beginning November 3, 2022. Although electronic applications of individual and group travel visas to Macau for mainland China residents resumed on November 1, 2022, citywide preventive measures has been retightened due to recent cases and 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 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 September 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:

“Third Quarter 2022 Financial Highlights:

MGM China

- Net revenues of \$87 million in the current quarter compared to \$289 million in the prior year quarter, a decrease of 70%. The current quarter was negatively affected by COVID-19 related property closures and was more significantly impacted by travel and entry restrictions in Macau compared to the prior year quarter; and
- Adjusted Property EBITDAR loss of \$70 million in the current quarter compared to Adjusted Property EBITDAR of \$7 million in the prior year quarter.

MGM China

The following table shows key gaming statistics for MGM China:

	Three Months Ended		% change
	September 30		
	2022	2021	
	<i>(Dollars in millions)</i>		
Casino revenue	70	252	(72)%
VIP table games turnover	328	1,800	(82)%
VIP table games win	8	72	(88)%
VIP table games win %	2.6%	4.0%	
Main floor table games drop	352	1,042	(66)%
Main floor table games win	75	222	(66)%
Main floor table games win %	21.4%	21.3%	

License fee expense was \$2 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		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
MGM China net revenues	87,486	289,059	498,873	896,044
MGM China Adjusted Property EBITDAR	(70,410)	6,996	(148,157)	20,352

“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 related to triple-net operating leases and ground leases, income from unconsolidated affiliates related to investments in real estate ventures, and also excludes gain on consolidation of CityCenter, net, gain related to CityCenter’s sale of Harmon land recorded within income from unconsolidated affiliates, 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 exercise caution in dealing in securities in MGM China.

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

Hong Kong, November 3, 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.