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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)

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

The Board of MGM China Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended December 31, 2022 as follows:

**FINANCIAL HIGHLIGHTS**

	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Casino revenue	<b>4,438,995</b>	8,223,054
Other revenue	<b>829,574</b>	1,187,760
	<hr/>	<hr/>
Operating revenue	<b>5,268,569</b>	9,410,814
Adjusted EBITDA (unaudited)	<b>(1,274,355)</b>	187,176
Operating loss	<b>(3,609,542)</b>	(2,348,629)
Loss for the year attributable to owners of the Company	<b>(5,231,911)</b>	(3,846,616)
Loss per Share		
— Basic	<b>(HK137.7 cents)</b>	(HK101.2 cents)
— Diluted	<b>(HK137.7 cents)</b>	(HK101.2 cents)

Loss attributable to owners of the Company increased from HK\$3,846.6 million for the year ended December 31, 2021 to HK\$5,231.9 million for the year ended December 31, 2022. This increase was attributable to the continuing adverse impacts of the global COVID-19 pandemic including outbreaks of COVID-19 cases in Macau and neighboring regions which led to travel restrictions to Macau. The easing of travel restrictions to Macau effective from December 2022 has seen a significant increase in visitation with Macau gross gaming revenue for the month of January 2023 being increased 232.6% to HK\$11.2 billion compared to prior month.

## **DIVIDENDS**

The Board did not recommend an interim dividend payment for the six months ended June 30, 2022.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2022.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>For the year ended December 31</b>	
	<i>NOTES</i>	<b>2022 HK\$'000</b>	<b>2021 HK\$'000</b>
<b>OPERATING REVENUE</b>			
Casino revenue	4	4,438,995	8,223,054
Other revenue	4	829,574	1,187,760
		<u>5,268,569</u>	<u>9,410,814</u>
<b>OPERATING COSTS AND EXPENSES</b>			
Gaming taxes		(2,303,302)	(4,242,245)
Inventories consumed		(332,234)	(443,773)
Staff costs		(3,053,018)	(3,147,909)
Loss allowance on trade receivable, net		(50,614)	(125,095)
Other expenses and losses	5	(1,105,336)	(1,642,947)
Depreciation and amortization		(2,033,607)	(2,157,474)
		<u>(8,878,111)</u>	<u>(11,759,443)</u>
Operating loss		(3,609,542)	(2,348,629)
Interest income		71,705	4,789
Finance costs	6	(1,665,261)	(1,383,508)
Net foreign currency loss		(13,072)	(100,653)
Loss before tax		(5,216,170)	(3,828,001)
Income tax expense	7	(15,741)	(18,615)
Loss for the year attributable to owners of the Company		<u>(5,231,911)</u>	<u>(3,846,616)</u>
<b>Other comprehensive (loss)/income:</b>			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(7,772)	2,213
Total comprehensive loss for the year attributable to owners of the Company		<u>(5,239,683)</u>	<u>(3,844,403)</u>
Loss per Share — Basic	9	<u>(HK137.7 cents)</u>	<u>(HK101.2 cents)</u>
Loss per Share — Diluted	9	<u>(HK137.7 cents)</u>	<u>(HK101.2 cents)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At December 31	
		2022	2021
	NOTES	HK\$'000	HK\$'000
<b>ASSETS</b>			
Non-current assets			
Property and equipment		21,690,904	23,397,105
Right-of-use assets		1,223,065	1,287,946
Sub-concession premium		—	46,274
Other assets		61,092	7,681
Prepayments, deposits and other receivables		29,330	31,679
Pledged bank deposits	11	971,262	—
		23,975,653	24,770,685
Total non-current assets			
Current assets			
Inventories		160,021	164,413
Trade receivables	10	239,522	269,712
Prepayments, deposits and other receivables		127,553	122,527
Amounts due from related companies		156	218
Cash and cash equivalents	11	6,706,591	3,112,020
		7,233,843	3,668,890
Total current assets			
<b>TOTAL ASSETS</b>		<b>31,209,496</b>	<b>28,439,575</b>

		<b>At December 31</b>	
		<b>2022</b>	2021
	<i>NOTES</i>	<b>HK\$'000</b>	<i>HK\$'000</i>
<b>EQUITY</b>			
Capital and reserves			
Share capital		<b>3,800,000</b>	3,800,000
Reserves and accumulated losses		<b>(7,796,421)</b>	(2,603,084)
		<hr/>	<hr/>
<b>TOTAL (DEFICIT)/EQUITY</b>		<b>(3,996,421)</b>	1,196,916
		<hr/>	<hr/>
<b>LIABILITIES</b>			
Non-current liabilities			
Borrowings	<i>12</i>	<b>32,725,136</b>	23,929,106
Lease liabilities		<b>170,759</b>	188,174
Payables and accrued charges	<i>13</i>	<b>6,520</b>	11,671
		<hr/>	<hr/>
Total non-current liabilities		<b>32,902,415</b>	24,128,951
		<hr/>	<hr/>
Current liabilities			
Lease liabilities		<b>21,078</b>	27,895
Payables and accrued charges	<i>13</i>	<b>2,252,202</b>	3,052,821
Amounts due to related companies		<b>22,474</b>	18,332
Income tax payable		<b>7,748</b>	14,660
		<hr/>	<hr/>
Total current liabilities		<b>2,303,502</b>	3,113,708
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		<b>35,205,917</b>	27,242,659
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>31,209,496</b>	28,439,575
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL

MGM China Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on July 2, 2010. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the operation of casino games of chance and other casino games and the related hotel and resort facilities, and the development of integrated resorts in Macau. The Group owns and operates MGM MACAU and MGM COTAI which opened on December 18, 2007 and February 13, 2018, respectively. The Company’s Shares were listed on the Hong Kong Stock Exchange on June 3, 2011. The Company’s immediate holding company is MGM Resorts International Holdings, Ltd., a company incorporated in the Isle of Man. The Company’s ultimate holding company is MGM Resorts International, a company incorporated in Delaware, the United States of America, which is listed on the New York Stock Exchange. The address of the registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is Avenida Dr. Sun Yat Sen, Edificio MGM MACAU, NAPE, Macau.

#### **Gaming Concession**

Gaming in Macau was administered by the Macau Government through concessions awarded to three different Concessionaires and three Sub-Concessionaires until December 31, 2022, of which a subsidiary of the Group, MGM Grand Paradise, was one Sub-Concessionaire. From January 1, 2023 up to December 31, 2032, it is administered through concessions awarded to six different Concessionaires, of which MGM Grand Paradise is one.

On June 23, 2022, the Sub-Concession Further Extension Contract was approved by the Macau Government and executed between SJM Resorts and MGM Grand Paradise, pursuant to which the gaming sub-concession of MGM Grand Paradise, which was due to expire on June 26, 2022, was extended for a further period up to December 31, 2022. MGM Grand Paradise paid the Macau Government MOP47 million (approximately HK\$45.6 million) for the extension and committed to provide within three months from the date of signing of the Sub-Concession Further Extension Contract a bank guarantee at first demand of not less than MOP880 million (approximately HK\$854.4 million), to secure the fulfilment of MGM Grand Paradise’s payment obligations towards its employees should MGM Grand Paradise be unsuccessful in tendering for a new concession contract after its Sub-Concession expired on December 31, 2022. A bank guarantee of MOP880 million (approximately HK\$854.4 million) was issued as a result of the Sub-Concession Further Extension Contract.

With the announcement of the opening of the public tender for the award of six concessions, the Group submitted a tender to the Macau Government on September 14, 2022 and on December 16, 2022, MGM Grand Paradise received the final award of the Gaming Concession by order of the Chief Executive and the Concession Contract was executed between the Macau Government and MGM Grand Paradise. The terms of the Concession Contract differ from those under the Sub-Concession Contract mainly in terms of changes in Macau gaming laws and different commercial arrangements. The duration of the Gaming Concession is 10 years starting from January 1, 2023 to December 31, 2032.

MGM Grand Paradise is entitled to operate a total of 750 gaming tables and 1,700 electric or mechanical gaming machines, including slot machines, under the Gaming Concession. During the term of the Concession Contract starting from January 1, 2023 to December 31, 2032, MGM Grand Paradise shall pay the Macau Government contributions in relation to special gaming tax, annual gaming premium and additional levies. In addition, MGM Grand Paradise has committed to certain investment projects totaling MOP16.7 billion (equivalent to approximately HK\$16.2 billion).

In December 2022, as required by the Concession Contract, MGM Grand Paradise has provided to the Macau Government two bank guarantees totaling MOP1 billion (equivalent to approximately HK\$0.97 billion), which are effective from January 1, 2023. These guarantees secure MGM Grand Paradise's legal and contractual obligations under the Concession Contract, including the payment of premiums, fines and indemnities for any failure to perform the Concession Contract and the fulfilment of MGM Grand Paradise's labor liabilities.

### **Capital Restructuring**

Under the Macau Gaming Law, among other requirements, the concessionaire is required to have a minimum capital of MOP5 billion (equivalent to approximately HK\$4.85 billion) (previously MOP200 million, equivalent to approximately HK\$194 million) and its managing director is required to be a Macau permanent resident holding at least 15% of the share capital in the concessionaire (previously 10%) throughout the term of the Concession. The net asset value of MGM Grand Paradise shall not be less than MOP5 billion (equivalent to approximately HK\$4.85 billion) throughout the term of the Concession Contract.

On August 21, 2022, the Company, Ms. Pansy Ho and MGM Grand Paradise entered into a contribution and share subscription agreement (the “Contribution and Share Subscription Agreement”), to restructure the share capital of MGM Grand Paradise (the “Capital Restructuring”), in order to comply with the Macau Gaming Law and the tender regulations. The Capital Restructuring was completed in December 2022, whereby (i) the Company injected MOP4.8 billion (equivalent to approximately HK\$4.66 billion) into MGM Grand Paradise; (ii) MGM Grand Paradise issued and allotted 4,070,000 Class A Subscribed Shares to the Company at an aggregate subscription price of MOP4.07 billion (equivalent to approximately HK\$3.95 billion) and 730,000 Class B Subscribed Shares to the Company at an aggregate subscription price of MOP730 million (equivalent to approximately HK\$709 million) (the “Share Subscription”), and the Company transferred 730,000 Class B Subscribed Shares to Ms. Pansy Ho for MOP1 (equivalent to approximately HK\$0.97) (the “Transfer”). No new shares were issued to MGM Resorts International. Upon completion of the Capital Restructuring, each of the Company, Ms. Pansy Ho and MGM Resorts International hold 84.6%, 15% and 0.4% of the issued share capital and voting rights of MGM Grand Paradise, respectively. A waiver from strict compliance with the Listing Rules was granted by the Stock Exchange in respect of the Contribution and Share Subscription Agreement and the transactions contemplated thereunder.

After the Capital Restructuring, the Company continues to have a 100% economic interest in MGM Grand Paradise through its ownership of all of the Class A shares. The Class B shares held by Ms. Pansy Ho and MGM Resorts International entitle them to voting rights but only de minimis economic rights (each holder of Class B shares will be entitled to receive a portion of dividends up to an amount of MOP1 only on each occasion upon which dividends are paid by MGM Grand Paradise to the holders of Class A shares).

### **Services Agreement**

On August 21, 2022, in order to comply with the Macau Gaming Law and the tender regulations, MGM Grand Paradise and Ms. Pansy Ho as the Managing Director entered into the Services Agreement, pursuant to which Ms. Pansy Ho will serve as the Managing Director of MGM Grand Paradise for the term of the Gaming Concession with a remuneration of US\$8 million (equivalent to approximately HK\$62 million) per annum and incentive payments up to an aggregate total amount of US\$95 million (equivalent to approximately HK\$741 million) for the term set out in the Services Agreement. The resolution of the Services Agreement was approved by the Shareholders at the Extraordinary General Meeting held on September 9, 2022.

### **Reversion of casino areas and relevant gaming equipment**

Pursuant to the Macau Gaming Law and the Sub-Concession Contract approved and authorized by the Macau Government and granted by SJM Resorts, S.A. on April 19, 2005, MGM Grand Paradise reverted the casino areas including casino support areas (the “Casino Areas”) in MGM MACAU and MGM COTAI with 59,355 square meters designated by DICJ and the relevant gaming equipment to the Macau Government without compensation and free of encumbrance (the “Property Transfer Agreements”) on December 31, 2022.

The Macau Government has agreed to the transfer of the Casino Areas and the relevant gaming equipment back to MGM Grand Paradise for use in its operation of games of chance or other games in MGM MACAU and MGM COTAI starting on January 1, 2023 and ending upon the expiration of the Concession Contract.

MGM Grand Paradise has continued to recognize the assets subject to the Property Transfer Agreements with a carrying amount of HK\$2.0 billion as at December 31, 2022 as property and equipment and continued to depreciate them over their estimated useful lives. The Group believes that the Property Transfer Agreements do not result in a transfer of control of the relevant assets and MGM Grand Paradise continues to have the ability to direct the use of, obtain substantially all of the benefits from and bear all of the risks arising from the use of the reverted property and equipment for their estimated useful lives.

In determining the estimated useful lives of property and equipment beyond the expiration of the Concession Contract, the Group considers the probability of the successful award of a new concession at the end of the Concession Contract.

MGM Grand Paradise will pay the Macau Government an annual amount calculated based on: (i) MOP750 (equivalent to approximately HK\$728) per square meter of the Casino Areas for the first year payable in March 2023, and adjusted annually in accordance with the average price index in Macau pursuant to the Macau Gaming Law for the second and third year payable in March 2024 and March 2025, respectively; and (ii) MOP2,500 (equivalent to approximately HK\$2,427) per square meter of the Casino Areas for the fourth year, payable in March 2026, and adjusted annually for the remaining years of the concession, payable in March each year in accordance with the average price index in Macau pursuant to the Macau Gaming Law.

Upon termination of the Concession Contract, the casinos, gaming equipment and utensils used for gaming businesses of the Concessionaire, including the gaming equipment and utensils located outside the casinos, shall automatically revert to the Macau Government at no consideration, free of liens or encumbrances.

### **Financial impact of the COVID-19 pandemic**

The COVID-19 pandemic continued to have significant impacts on our business, results of operations and financial condition during the reporting period. This is an unprecedented global public health crisis and we continue to place high importance on the health and safety of our employees, guests and all Macau citizens as the fight against this pandemic continues.

During the year, as local COVID-19 cases were reported in mainland China and Macau from time to time, in response to the risk of COVID-19 outbreak, tightened safeguard measures were reinforced on a temporary basis. Following the COVID-19 outbreak in June 2022, the Macau Government ordered that all industrial and commercial operations, including casinos, be suspended effective from July 11, 2022 to July 22, 2022, except for basic public services or services essential to the general public (including hotel and food and beverage operations). Most of the tightened safeguard measures were lifted in early August 2022. 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 was suspended, and hotel guests and employees in MGM COTAI were isolated on site for a period of 3 days up to November 1, 2022. MGM COTAI gradually resumed operation beginning November 3, 2022.

Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI were adversely impacted during the year due to outbreaks of COVID-19 cases in Macau and neighboring regions including mainland China which led to travel restrictions to Macau. Commencing December 2022, the Chinese Government announced a significant change in its COVID-19 policy which was also adopted by the Macau Government. These changes resulted in relaxation of travel restrictions to Macau. Following the easing of travel restrictions, total visitor arrivals have significantly increased, and Macau gross gaming revenue increased 232.6% to HK\$11.2 billion in January 2023, as compared to December 2022.

Further to the mitigating measures taken in 2020 and 2021 to address the adverse impact of the COVID-19 pandemic on the Group's financial position, on February 10, 2022, the Group entered into a fifth amendment to the financial covenants under the Revolving Credit Facility and a third amendment to the financial covenants under the Second Revolving Credit Facility pursuant to which waivers were received on all financial covenants through to maturity of the credit facilities on May 15, 2024.

In addition, the Group continued to undertake actions to minimize expenditures, including reducing or deferring of certain capital expenditures that we had planned to begin during the year and reducing payroll expenses to address the impact from the COVID-19 pandemic, while trying to preserve local jobs in response to requests of the Macau Government.

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRS on the historical cost basis of accounting. Historical cost is generally based upon fair value of the consideration given in exchange for goods and services. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and the Hong Kong Companies Ordinance. The consolidated financial statements are presented in HK\$, which is the functional currency of the Company and its subsidiaries.

### Application of amendments to IFRS

In the current year, the Group has applied for the first time the following amendments to IFRS:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018 — 2020

The application of the above amendments to IFRS in the current year have had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

## 3. SEGMENT INFORMATION

The Group has determined its operating segments based upon the reports reviewed by the chief operating decision-maker when allocating resources and assessing performance of the Group.

The Group's principal operating activities occur in Macau, which is the primary geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its properties being MGM MACAU and MGM COTAI. Each of the properties derives its revenue primarily from casino, hotel rooms, food and beverage and retail operations. MGM MACAU and MGM COTAI have been aggregated into one reportable segment on the basis that they have similar economic characteristics, customers, services and products provided, and the regulatory environment in which they operate.

Adjusted EBITDA is considered to be the primary profit/loss measure for the reportable segment. 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.

The following table presents the reconciliation of the adjusted EBITDA of the Group's reportable segment to loss for the year attributable to owners of the Company:

	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Adjusted EBITDA (unaudited)	<b>(1,274,355)</b>	187,176
Share-based payments	<b>(46,346)</b>	(51,642)
Corporate expenses (unaudited)	<b>(240,747)</b>	(287,782)
Pre-opening costs (unaudited)	<b>(1,130)</b>	(19,364)
Loss on disposal/write-off of property and equipment and other assets	<b>(13,357)</b>	(19,543)
Depreciation and amortization	<b>(2,033,607)</b>	(2,157,474)
	<hr/>	<hr/>
Operating loss	<b>(3,609,542)</b>	(2,348,629)
Interest income	<b>71,705</b>	4,789
Finance costs	<b>(1,665,261)</b>	(1,383,508)
Net foreign currency loss	<b>(13,072)</b>	(100,653)
	<hr/>	<hr/>
Loss before tax	<b>(5,216,170)</b>	(3,828,001)
Income tax expense	<b>(15,741)</b>	(18,615)
	<hr/>	<hr/>
Loss for the year attributable to owners of the Company	<b><u>(5,231,911)</u></b>	<b><u>(3,846,616)</u></b>

Almost all of the non-current assets of the Group are located in Macau.

#### 4. CASINO AND OTHER REVENUE

Casino revenue represents the aggregate net difference between gaming wins and losses, net of commissions, complimentaries and other incentives. Casino revenue comprises:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Main floor gross table games win	4,472,426	7,506,977
VIP gross table games win	580,773	2,112,353
Slot machine gross win	525,152	911,598
	<u>5,578,351</u>	<u>10,530,928</u>
Gross casino revenue	5,578,351	10,530,928
Commissions, complimentaries and other incentives	(1,139,356)	(2,307,874)
	<u>4,438,995</u>	<u>8,223,054</u>

Other revenue comprises:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Food and beverage	385,873	532,356
Hotel rooms	338,087	516,946
Retail and other	105,614	138,458
	<u>829,574</u>	<u>1,187,760</u>

#### 5. OTHER EXPENSES AND LOSSES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Repairs and maintenance	232,785	258,350
Utilities and fuel	229,348	240,540
Advertising and promotion	220,501	390,970
Other support services	183,744	180,780
License fees	92,200	164,689
Loss on disposal/write-off of property and equipment and other assets	13,357	19,543
Auditor's remuneration	8,753	8,332
Other <sup>(1)</sup>	124,648	379,743
	<u>1,105,336</u>	<u>1,642,947</u>

<sup>(1)</sup> Other expenses for the year ended December 31, 2021 includes provisions of HK\$202.7 million related to the expected losses for the Group's joint liability with gaming promoters. During the year ended December 31, 2022, the Group reached a final settlement of certain litigation related to the Group's joint liability with gaming promoters and made a reversal of the liability recorded at December 31, 2021 of HK\$60.6 million. Further details are disclosed in Note 15.

## 6. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on unsecured senior notes	1,145,333	1,067,883
Interest on unsecured credit facilities	373,822	189,667
Amortization of debt finance costs	103,123	92,204
Bank fees and charges	21,813	20,978
Interest on lease liabilities	12,795	12,776
Standby charges on MGM Resorts International Revolving Credit Facility ( <i>Note 12</i> )	8,375	—
	<u>1,665,261</u>	<u>1,383,508</u>

## 7. INCOME TAX EXPENSE

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax expense:		
Macau Dividend Withholding Tax	14,796	14,660
Mainland China Income Tax	945	1,070
Under provision in prior year	—	2,885
	<u>15,741</u>	<u>18,615</u>

Pursuant to approval notices issued by the Macau Government, MGM Grand Paradise, the Group's principal operating subsidiary, has been exempted from Macau Complementary Tax for income generated from gaming operations for the period from January 1, 2017 to December 31, 2022, the date upon which the Sub-Concession Further Extension Contract expired (see Note 1). MGM Grand Paradise's non-gaming profit and the Group's other subsidiaries that carry on business in Macau remain subject to the Macau Complementary Tax, which is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior years.

The Company is subject to Macau Complementary Tax at a progressive rate of up to a maximum of 12% on dividends it receives from MGM Grand Paradise. However, pursuant to extended tax concession arrangements issued by the Macau Government, MGM Grand Paradise was required to pay a dividend withholding tax which amounted to MOP15,100,000 (equivalent to approximately HK\$14,660,000) for the year ended December 31, 2021 and MOP7,390,000 (equivalent to approximately HK\$7,175,000) for the period from January 1, 2022 to June 26, 2022 in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. In October 2022, MGM Grand Paradise applied for an extension of this agreement through December 31, 2022, the date the Sub-Concession Further Extension Contract expired. In January 2023, the Macau Government confirmed to MGM Grand Paradise the terms of the extended tax concession arrangement. MGM Grand Paradise was required to pay a dividend withholding tax of MOP7,850,000 (equivalent to approximately HK\$7,621,000) for the period from June 27, 2022 to December 31, 2022 as payment in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. Such tax payments were required regardless of whether dividends were actually distributed or whether MGM Grand Paradise had distributable profits in the relevant years.

Hong Kong Profits Tax is calculated at the maximum rate of 16.5% of the estimated assessable profit for the current and prior years. Taxation assessable on profit generated in mainland China has been provided at the rates of taxation prevailing in the areas in which those profit arose ranging from 15% to 20%.

## **8. DIVIDENDS**

The Board did not recommend an interim dividend payment for the six months ended June 30, 2022 and 2021, nor a final dividend payment for the year ended December 31, 2021.

The Board does not recommend the payment of a final dividend for the year ended December 31, 2022.

## 9. LOSS PER SHARE

The calculation of basic and diluted loss per Share is based upon the following:

	2022	2021
<b>Loss</b>		
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per Share (HK\$'000)	<u><b>(5,231,911)</b></u>	<u>(3,846,616)</u>
<b>Weighted average number of Shares</b>		
Weighted average number of Shares for the purpose of basic loss per Share ('000)	<b>3,800,000</b>	3,800,531
Number of dilutive potential Shares arising from exercise of share options ('000) <sup>(1)</sup>	<u>—</u>	<u>—</u>
Weighted average number of Shares for the purpose of diluted loss per Share ('000)	<u><b>3,800,000</b></u>	<u>3,800,531</u>
Loss per Share — Basic	<u><b>(HK137.7 cents)</b></u>	<u>(HK101.2 cents)</u>
Loss per Share — Diluted	<u><b>(HK137.7 cents)</b></u>	<u>(HK101.2 cents)</u>

<sup>(1)</sup> The computation of the diluted loss per share for the years ended December 31, 2022 and 2021 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

## 10. TRADE RECEIVABLES

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<b>441,412</b>	513,818
Less: Loss allowance	<u><b>(201,890)</b></u>	<u>(244,106)</u>
	<u><b>239,522</b></u>	<u>269,712</u>

Trade receivables mainly consist of casino receivables. The Group issues markers and credit to approved gaming customers ("VIP gaming customers") and gaming promoters following background checks and assessments of creditworthiness. The Group generally allows a credit period up to 14 days to VIP gaming customers and 30 days on issuance of markers to gaming promoters.

Trade receivables are unsecured and non-interest bearing. The carrying amount of the trade receivables approximates their fair value.

Trade receivables from hotel customers are not significant at the end of the reporting period.

The following is an analysis of trade receivables, net of loss allowance, by age presented based upon marker issuance date or invoice date:

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	<b>133,230</b>	107,210
31 — 90 days	<b>29,289</b>	27,959
91 — 180 days	<b>744</b>	52,634
Over 180 days	<b>76,259</b>	81,909
	<b>239,522</b>	269,712

## 11. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

Cash and cash equivalents include bank deposits of MOP5 billion (equivalent to approximately HK\$4.85 billion) in relation to the increase in share capital of MGM Grand Paradise (see Note 1) which was not available for use until the commencement of term of the Concession Contract, being January 1, 2023.

Pledged bank deposits of MOP1 billion (equivalent to HK\$0.97 billion) were provided in relation to the bank guarantees provided to the Macau Government for the Concession Contract (see Note 1). The Group has been applying to its banks to amend the terms of the bank guarantees into unsecured guarantees which will release the pledged bank deposits. In March 2023, the pledge for the bank deposit of MOP300 million (equivalent to HK\$291 million) has been released. The application for the remaining pledged bank deposit of MOP700 million (equivalent to HK\$680 million) is subject to approval and the pledge has not been released at the date of this announcement.

## 12. BORROWINGS

During the year ended December 31, 2022, the Company entered into the following significant refinancing transactions:

- a fifth amendment to the financial covenants under the Revolving Credit Facility and a third amendment to the financial covenants under the Second Revolving Credit Facility, to revise the permitted leverage ratio and permitted interest coverage ratio; and
- a loan agreement with MGM Resorts International on November 10, 2022, pursuant to which MGM Resorts International agreed to make available a subordinated revolving loan facility of up to US\$750 million due November 10, 2024.

At December 31, 2022, the Group's unsecured borrowings included senior notes and credit facilities.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Unsecured senior notes repayable:		
Over one year but not exceeding two years	5,851,200	—
Over two years but not exceeding three years	3,900,800	5,847,450
Over three years but not exceeding four years	5,851,200	3,898,300
Over four years but not exceeding five years	5,851,200	5,847,450
Over five years	—	5,847,450
	<u>21,454,400</u>	<u>21,440,650</u>
Less: Debt finance costs	<u>(160,725)</u>	<u>(214,079)</u>
	<u><b>21,293,675</b></u>	<u><b>21,226,571</b></u>
Unsecured credit facilities repayable:		
Over one year but not exceeding two years	11,500,000	—
Over two years but not exceeding three years	—	2,810,000
	<u>11,500,000</u>	<u>2,810,000</u>
Less: Debt finance costs	<u>(68,539)</u>	<u>(107,465)</u>
	<u><b>11,431,461</b></u>	<u><b>2,702,535</b></u>
Current	—	—
Non-current	<u>32,725,136</u>	<u>23,929,106</u>
	<u><b>32,725,136</b></u>	<u><b>23,929,106</b></u>

### Unsecured Senior Notes

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility and for general corporate purposes. Interest on the 2024 Notes and 2026 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2019.

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million due June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2025 Notes is payable semi-annually in arrears on each June 18 and December 18, commencing on December 18, 2020.

On March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2027 Notes is payable semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2022.

The 2024 Notes and the 2026 Notes were issued pursuant to an indenture, dated May 16, 2019, between the Company and U.S. Bank National Association, as trustee. The 2025 and the 2027 Notes were issued pursuant to an indenture, dated June 18, 2020 and March 31, 2021, respectively, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The Unsecured Senior Notes are general unsecured obligations of the Company. The Unsecured Senior Notes rank equally in right of payment with all of the Company's existing and future unsecured senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness to the extent of the value of the collateral securing any such debt and rank senior to all of the Company's future subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the Unsecured Senior Notes.

The Unsecured Senior Notes contain covenants that limit the ability of the Company to, among other things, whether directly or indirectly, (1) consolidate or merge with or into another entity; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries.

The Unsecured Senior Notes provide for certain events of default, including certain insolvency related proceedings relating to the Group. If the Company experiences a change of control and a ratings event, each holder of the Unsecured Senior Notes will have the right to require the Company to repurchase all or any part of that holder's Unsecured Senior Notes at 101% of their principal amount plus accrued and unpaid interest, if any, and any additional amount, if any, to, but not including the date of such repurchase in accordance with the terms of the Indentures. The circumstances that will constitute a change of control include the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than to MGM Resorts International or a related party thereof as described in the Indentures; (2) the adoption of a plan relating to the liquidation or dissolution of the Company or any successor thereto; (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than MGM Resorts International and any of its related parties (as described in the Indentures) becomes the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests; or (4) the first day on which the Company ceases to own, directly or indirectly, at least 60% of the outstanding equity interests of (and at least a 60% economic interest in) MGM Grand Paradise.

Under the Indentures, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, may result in a special put option triggering event. If the special put option triggering event occurs, each holder of the Unsecured Senior Notes will have the right to require the Group to repurchase all or any part of such holder's Unsecured Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts (as defined in the Indentures), if any, calculated up to, but not including, the date of repurchase. Within ten days following the occurrence of a special put option triggering event, the Company shall mail a notice to each holder of the Unsecured Senior Notes stating the repurchase date which shall be no earlier than ten days nor later than sixty days from the date such notice is mailed.

As at the date of this announcement, the Company has no secured indebtedness and no subordinated indebtedness.

## **Unsecured Credit Facilities**

### ***Overview***

On August 12, 2019, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024. The Revolving Credit Facility became effective on August 14, 2019.

On May 26, 2020, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company a second unsecured revolving credit facility in an aggregate amount of HK\$2.34 billion with a final maturity date of May 15, 2024. The Company has the option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions. The Second Revolving Credit Facility is available for drawdown from the date of the agreement to and including the date falling one month prior to the final maturity date, subject to satisfaction of conditions precedent, including evidence that the Revolving Credit Facility (in an aggregate amount of HK\$9.75 billion) has been fully drawn. The proceeds of the Second Revolving Credit Facility are used for ongoing working capital needs and general corporate purposes of the Group. On June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

As at December 31, 2022, the Group had total available undrawn unsecured credit facilities of HK\$1.37 billion (2021: HK\$10.06 billion).

### ***Principal and Interest***

The Revolving Credit Facility and the Second Revolving Credit Facility bear interest at a fluctuating rate per annum based on HIBOR plus a margin (in the range of 1.625% to 2.75%), which will be determined by the Company's leverage ratio.

As at December 31, 2022, HK\$9.75 billion of the Revolving Credit Facility and HK\$1.75 billion of the Second Revolving Credit Facility were drawn. HK\$1.37 billion of the Second Revolving Credit Facility was undrawn and available for utilization up to and including the date falling one month prior to the final maturity date, on May 15, 2024. Each drawdown is to be repaid in full no later than May 15, 2024. As at December 31, 2022, the Group paid interest at HIBOR plus 2.75% per annum (2021: HIBOR plus 2.75% per annum).

### ***General Covenants***

The Revolving Credit Facility and the Second Revolving Credit Facility contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the “Restricted Group”) from incurring liens or engaging in certain asset dispositions. With the approval of the lenders there are certain permitted exceptions to these restrictions.

### ***Financial Covenants***

The leverage ratio under the Revolving Credit Facility was required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group was required to maintain an interest coverage ratio of no less than 2.5 to 1.0 at each quarter end. Under the Second Revolving Credit Facility, the Company was to ensure that the leverage ratio does not, on each accounting date occurring on and after September 30, 2021, exceed 4.50 to 1.00. In addition, the Company was to ensure that, on any accounting date occurring on and after September 30, 2021, the interest coverage ratio is not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into an amendment of the financial covenants on February 21, 2020, a second amendment on April 9, 2020, a third amendment on October 15, 2020, a fourth amendment on February 24, 2021 and a fifth amendment on February 10, 2022 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020, a second amendment on February 24, 2021 and a third amendment on February 10, 2022 under the Second Revolving Credit Facility.

Subsequent to the execution of the amendments referred to above, the permitted leverage ratio and the permitted interest coverage ratio under the Revolving Credit Facility and under the Second Revolving Credit Facility are as follows:

<b>Accounting Date</b>	<b>Interest Coverage Ratio</b>	<b>Leverage Ratio</b>
March 31, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(1)</sup>
June 30, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(2)</sup>
September 30, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
December 31, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
March 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
June 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
September 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
December 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
Each quarter ended on and after March 31, 2023 through maturity	Not Applicable <sup>(6)</sup>	Not Applicable <sup>(6)</sup>

<sup>(1)</sup> Amendment on February 21, 2020 under the Revolving Credit Facility.

<sup>(2)</sup> Amendment on April 9, 2020 under the Revolving Credit Facility.

<sup>(3)</sup> Amendment on October 14, 2020 under the Second Revolving Credit Facility.

<sup>(4)</sup> Amendment on October 15, 2020 under the Revolving Credit Facility.

<sup>(5)</sup> Amendment on February 24, 2021 under the Revolving Credit Facility and the Second Revolving Credit Facility.

<sup>(6)</sup> Amendment on February 10, 2022 under the Revolving Credit Facility and the Second Revolving Credit Facility.

### ***Compliance with Covenants***

The Group has complied with the general and financial covenants under the Revolving Credit Facility for the years ended December 31, 2022 and 2021.

### ***Cancellation***

Pursuant to the Revolving Credit Facility and the Second Revolving Credit Facility, the total commitments shall be cancelled immediately and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents shall become immediately due and payable if a Change of Control occurs or there is a sale of all or substantially all of the assets or business of the Group. Change of Control is defined as: MGM Resorts International fails to be the legal and beneficial owner, directly or indirectly, of more than 50% of the capital stock of the Company having ordinary voting rights; or the Company ceases to be the beneficial owner directly or indirectly of all of the share capital of MGM Grand Paradise (other than any portion of the share capital of MGM Grand Paradise with only nominal economic interests created for the purposes of complying with Macanese ownership requirements).

### ***Events of Default***

The Revolving Credit Facility and the Second Revolving Credit Facility contain certain events of default and certain insolvency related proceedings relating to the Group. If the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance for a period of ten consecutive days or more and such event has a material adverse effect on the financial condition or business, or in case of termination, rescission, revocation or modification of any gaming sub-concession which has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the Macau Government in connection with the granting or renewal of any gaming concession; provided that such renewal, tender or other process results in the granting or renewal of the relevant gaming concession, an event of default will be triggered. Under the applicable acceleration provisions, if an event of default is outstanding, the facility agent may, and must if so instructed by the majority lenders, by notice to the Company, cancel all or any part of the total commitments; or declare that all or part of any amounts outstanding under the finance documents are immediately due and payable; or payable on demand by the facility agent acting on the instructions of the majority lenders.

### ***Security and Guarantees***

No security or guarantees were provided in relation to the Revolving Credit Facility and the Second Revolving Credit Facility.

### **MGM Resorts International Revolving Credit Facility**

On November 10, 2022, the Company entered into an agreement with MGM Resorts International pursuant to which that entity agreed to make available to the Company an unsecured revolving credit facility of US\$750 million (equivalent to approximately HK\$5.85 billion) with a final maturity date on November 10, 2024.

The interest rate on funded amounts will be the greater of 4.0% per annum and the prevailing market rate. The Company is also required to pay a commitment fee based upon the undrawn amount of the facility. The commitment fee rate on undrawn amounts will be based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

As at December 31, 2022, the MGM Resorts International Revolving Credit Facility of HK\$5.85 billion was undrawn and available for utilization and a commitment fee rate of 1% has been applied.

### 13. PAYABLES AND ACCRUED CHARGES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer advances and other	679,004	725,440
Accrued staff costs	496,210	480,692
Other payables and accrued charges	401,596	718,756
Outstanding chips liabilities	226,656	366,993
Gaming taxes payables	226,163	442,198
Loyalty programs liabilities	129,535	160,192
Construction payables and accruals	50,039	91,967
Construction retention payable	31,119	37,471
Trade payables	14,381	34,437
Other casino liabilities	4,019	6,346
	<u>2,258,722</u>	<u>3,064,492</u>
Current	2,252,202	3,052,821
Non-current	<u>6,520</u>	<u>11,671</u>
	<u>2,258,722</u>	<u>3,064,492</u>

The following is an analysis of trade payables by age based upon the invoice date:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 30 days	12,857	33,276
31 — 60 days	1,197	536
61 — 90 days	245	92
91 — 120 days	1	436
Over 120 days	81	97
	<u>14,381</u>	<u>34,437</u>

The average credit period on purchases of goods and services is one month.

## 14. GUARANTEES

As at December 31, 2022, the Group has given bank guarantees totaling HK\$1,153.5 million (2021: HK\$1,095.2 million) to certain parties, of which HK\$1,145.7 million (2021: HK\$1,087.4 million) was issued in favor of the Macau Government as required in the Sub-Concession Contract, the Sub-Concession Extension Contract and the Sub-Concession Further Extension Contract, HK\$4.0 million (2021: HK\$4.0 million) was issued in favor of the Macau Government as required in the land-concession contract in respect of MGM COTAI as well as other regulatory requirements, HK\$0.6 million (2021: HK\$0.6 million) was issued in favor of a company in which one of the Directors of the Company has non-controlling beneficial interests and HK\$3.2 million (2021: HK\$3.2 million) was issued in favor of certain vendors.

As described in Note 1, the Group has provided two bank guarantees to the Macau Government totaling MOP1 billion (equivalent to approximately HK\$0.97 billion), which are effective from January 1, 2023, as required by the Concession Contract. The bank guarantees of HK\$1,145.7 million (2021: HK\$1,087.4 million) issued in favor of the Macau Government as required in the Sub-Concession Contract, the Sub-Concession Extension Contract and the Sub-Concession Further Extension Contract were cancelled in January 2023.

## 15. LEGAL PROCEEDINGS

### a) Legal proceedings related to cash deposits with gaming promoters

The Group was named as a defendant in legal proceedings filed in the Macau courts against two independent Macau gaming promoters by individuals who claimed to have placed cash deposits with gaming promoters who had operations at MGM MACAU and the gaming promoters failed to honor the withdrawal of such cash deposits. The Group was sued in these proceedings based solely on the joint liability of the concessionaire for the actions and conducts of the gaming promoters engaged by it at its casinos, as contemplated in article 29 of Administrative Regulation no. 6/2002, governing the licensing and activities of gaming promoters.

The Group defended its position that it was not liable with respect to these claims. In February 2022, the Group's appeal to the Court of Final Appeal for one of the legal proceedings was dismissed, confirming the decision that the gaming promoter was liable for the refund of the deposits claimed by the plaintiffs and that the Group was jointly and severally liable for the fulfilment of the gaming promoter's monetary obligation. As there were no further appeals available to the Group and given the Group's assessment of the gaming promoter's inability to honor its financial obligation as ordered by the Court, the Group was required to make the payment directly to the plaintiffs of the principal amount of HK\$80 million plus interest. The

interest calculated up to the end of the reporting period of December 31, 2021 amounted to HK\$37 million. Upon payment to the plaintiffs, the Group would be entitled to claim from the gaming promoter the reimbursement, in all or in part, of the amount paid, in a separate lawsuit, to be filed by the Group against the gaming promoter. In light of the developments impacting the gaming promoter's activities, it was assessed that the ability to recover the loss suffered through the payments to be made by the Group is remote. Consequently, considering the similar nature of the legal proceedings, the Group estimated the possible financial loss arising from these legal proceedings and recognized a liability of HK\$202.7 million at December 31, 2021 in payables and accrued charges.

During the year ended December 31, 2022, the Group reached a final settlement of certain litigation related to the Group's joint liability with gaming promoters and made a reversal of the liability recorded at December 31, 2021 of HK\$60.6 million.

For the outstanding litigation related to the Group's joint liability with gaming promoters, management has made estimates for potential litigation costs and recognized liabilities based upon consultation with legal counsel. While actual outcomes might differ from these estimates, the management considered that such litigation and claims will not have a significant impact on the results of operations, financial position and cash flows of the Group.

**b) Legal proceedings related to criminal activities by a gaming promoter**

During the year ended December 31, 2022, a criminal charge was made in the Macau court against an independent Macau gaming promoter and individuals associated with the independent Macau gaming promoter for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023, the verdict of the Court of the First Instance was released and the Macau Government and five of the six gaming concessionaires/sub-concessionaires are entitled to compensation for damages for losses caused by the criminal activities, with MGM Grand Paradise being entitled to compensation of HK\$349 million. Both the prosecutor and defendants have appealed against the verdict. No contingent asset was recognized as the Group assessed that the possibility to recover these losses is remote.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

We are a leading developer, owner and operator of two integrated casino, hotel and entertainment resorts in Macau, MGM MACAU and MGM COTAI, where we offer high-quality gaming, hospitality and entertainment experiences to attract and retain our customers. MGM Grand Paradise, our subsidiary, holds one of the six gaming concessions permitted by the Macau Government to operate casinos or gaming areas in Macau.

The Company's Shares have been listed on the Hong Kong Stock Exchange since June 3, 2011. The Company's immediate holding company is MRIH, a company incorporated in the Isle of Man. The Company's ultimate holding company is MGM Resorts International, a company incorporated in Delaware, the United States of America, which is listed on the New York Stock Exchange. MGM Resorts International is our controlling Shareholder (with an interest in 55.95% of our issued share capital) and Ms. Pansy Ho and her controlled companies are our substantial Shareholders (with an interest in 22.49% of our issued share capital). We benefit from the complementary expertise of MGM Resorts International and Ms. Pansy Ho.

### **MGM MACAU**

MGM MACAU opened in December 2007. The casino floor offers approximately 23,283 square meters, with 926 slot machines, 294 gaming tables, and multiple VIP and private gaming areas as at December 31, 2022. The hotel comprises a 35-story tower with 585 hotel rooms, suites and villas, and we have a service agreement with the Mandarin Oriental Hotel, through which they supplement our room offerings with additional room availability when there is excess demand by our customers. In addition, the resort offers luxurious amenities, including 8 diverse restaurants, retail outlets, world-class pool and spa facilities, and approximately 1,600 square meters of convertible convention space. The resort's focal point is the signature Grande Praça and features Portuguese-inspired architecture, dramatic landscapes and a glass ceiling rising 25 meters above the floor of the resort. MGM MACAU is directly connected to the One Central complex, which features many of the world's leading luxury retailers and includes Mandarin Oriental Hotel and serviced apartments.

## **MGM COTAI**

MGM COTAI opened on February 13, 2018. The resort is conveniently located with multiple access points from other Cotai hotels and public amenities. The casino floor offers approximately 24,549 square meters, with 934 slot machines and 258 gaming tables as at December 31, 2022. The hotel comprises two towers with 1,418 hotel rooms, suites and skylofts, 12 diverse restaurants and bars, retail outlets, approximately 2,870 square meters of meeting space and other non-gaming offerings. The scale of MGM COTAI allows us to capitalize on our international expertise in providing exciting and diversified entertainment offerings. The Spectacle, situated at the heart of MGM COTAI, is enriched with experiential technology elements to entertain our guests. MGM COTAI offers Asia's first dynamic theater introducing advanced and innovative entertainment to Macau. MGM COTAI also features The Mansion, an ultra-exclusive resort within a resort which is available only to our most selective guests. Emerald Villa, the winner of the 5-star accolade in the category of Best Hotel Interior Macau — Asia Pacific 2022 at the world-renowned International Property Awards, is our latest addition to the luxurious accommodation at MGM COTAI.

## **Recent Developments**

### ***Gaming Concession***

Gaming in Macau was administered by the Macau Government through concessions awarded to three different Concessionaires and three Sub-Concessionaires until December 31, 2022, of which a subsidiary of the Group, MGM Grand Paradise, was one Sub-Concessionaire. From January 1, 2023 up to December 31, 2032, it is administered through concessions awarded to six different Concessionaires, of which MGM Grand Paradise is one.

On June 23, 2022, the Sub-Concession Further Extension Contract was approved by the Macau Government and executed between SJM Resorts and MGM Grand Paradise, pursuant to which the gaming sub-concession of MGM Grand Paradise, which was due to expire on June 26, 2022, was extended for a further period up to December 31, 2022. MGM Grand Paradise paid the Macau Government MOP47 million (approximately HK\$45.6 million) for the extension and committed to provide within three months from the date of signing of the Sub-Concession Further Extension Contract a bank guarantee at first demand of not less than MOP880 million (approximately HK\$854.4 million), to secure the fulfilment of MGM Grand Paradise's payment obligations towards its employees should MGM Grand Paradise be unsuccessful in tendering for a new concession contract after its Sub-Concession expired on December 31, 2022. A bank guarantee of MOP880 million (approximately HK\$854.4 million) was issued as a result of the Sub-Concession Further Extension Contract.

With the announcement of the opening of the public tender for the award of six concessions, the Group submitted a tender to the Macau Government on September 14, 2022 and on December 16, 2022, MGM Grand Paradise received the final award of the Gaming Concession by order of the Chief Executive and the Concession Contract was executed between the Macau Government and MGM Grand Paradise. The terms of the Concession Contract differ from those under the Sub-Concession Contract mainly in terms of changes in Macau gaming laws and different commercial arrangements. The duration of the Gaming Concession is 10 years starting from January 1, 2023 to December 31, 2032.

MGM Grand Paradise is entitled to operate a total of 750 gaming tables and 1,700 electric or mechanical gaming machines, including slot machines, under the Gaming Concession. During the term of the Concession Contract, MGM Grand Paradise shall pay the Macau Government the following contributions, which are common to all concessionaires:

Special gaming tax	35% of gross gaming revenue
Annual gaming premium	<p>Fixed premium of MOP30 million (equivalent to approximately HK\$29 million) per annum;</p> <p>Variable premium<sup>(1)(2)</sup> depending upon the number of gaming tables and electric or mechanical gaming machines, including slot machines in operation:</p> <ul style="list-style-type: none"> <li>— MOP300 thousand (equivalent to approximately HK\$291 thousand) per annum per gaming table reserved to certain games and players, including gaming tables in special gaming rooms or special gaming areas;</li> <li>— MOP150 thousand (equivalent to approximately HK\$146 thousand) per annum per gaming table not reserved to certain games and players; and</li> <li>— MOP1 thousand (equivalent to approximately HK\$0.97 thousand) per annum per electric or mechanical gaming machines, including slot machines.</li> </ul>

Additional levies<sup>(3)</sup>

Annual payment of an amount corresponding to 2% of gross gaming revenue which will be given to a public foundation whose object is the promotion, development or study of cultural, social, economic, educational, scientific, academic, and charity activities;

Annual payment of an amount corresponding to 3% of gross gaming revenue which will be used for urban development and construction, promotion of tourism and social security.

- (1) The variable premium shall not be less than the amount payable with respect to the operation of 500 gaming tables and 1,000 electric or mechanical gaming machines, including slot machines.
- (2) By order of the Chief Executive no. 162/2022, the minimum annual gross gaming revenue per gaming table is MOP7 million (equivalent to approximately HK\$6.8 million); the minimum annual gross gaming revenue per electric or mechanical gaming machines, including slot machines, is MOP300 thousand (equivalent to approximately HK\$291 thousand). Pursuant to Article 20 of the Gaming Law, if the average gross revenue arising of the operation of gaming tables or electric or mechanical gaming machines, including slot machines, does not reach the minimum limit fixed by order of the Chief Executive, the concessionaire will have to pay a special premium, of an amount corresponding to the difference between the amounts of the special gaming tax payable on the average gross revenue, and the one that would be payable if this minimum limit had been achieved. The average gross revenue is calculated according to the maximum number of gaming tables and electric or mechanical gaming machines, including slot machines, authorized for the concessionaire in the year to which it relates, with the exception of the number of gaming tables and electric or mechanical gaming machines, including slot machines authorized to operate temporarily.
- (3) The additional levies, subject to approval of the Macau Government's Chief Executive, may be reduced or exempted for expansion of overseas customer markets by the concession holders.

Pursuant to the Concession Contract, MGM Grand Paradise has committed to certain investments in gaming and non-gaming projects. The investment committed by MGM Grand Paradise is MOP16.7 billion (equivalent to approximately HK\$16.2 billion), of which MOP15 billion (equivalent to approximately HK\$14.6 billion) is in non-gaming projects. In case the market-wide Macau gross gaming revenue reaches MOP180 billion (equivalent to approximately HK\$175 billion) in any one year (“Triggering event”), MGM Grand Paradise is required to increase, in the following years, the investment in non-gaming projects in an amount corresponding to 20% of the base non-gaming investment. The 20% increase is subject to a deduction of 4% per year if the Triggering event occurs on or after 2028 (the sixth year of the Concession Contract). The maximum potential additional investment is estimated at MOP3 billion (equivalent to approximately HK\$2.91 billion).

In December 2022, as required by the Concession Contract, MGM Grand Paradise has provided to the Macau Government two bank guarantees totaling MOP1 billion (equivalent to approximately HK\$0.97 billion), which are effective from January 1, 2023. These guarantees secure MGM Grand Paradise’s legal and contractual obligations under the Concession Contract, including the payment of premiums, fines and indemnities for any failure to perform the Concession Contract and the fulfilment of MGM Grand Paradise’s labor liabilities.

### ***Capital Restructuring***

Under the Macau Gaming Law, among other requirements, the concessionaire is required to have a minimum capital of MOP5 billion (equivalent to approximately HK\$4.85 billion) (previously MOP200 million, equivalent to approximately HK\$194 million) and its managing director is required to be a Macau permanent resident holding at least 15% of the share capital in the concessionaire (previously 10%) throughout the term of the Concession. The net asset value of MGM Grand Paradise shall not be less than MOP5 billion (equivalent to approximately HK\$4.85 billion) throughout the term of the Concession Contract.

On August 21, 2022, the Company, Ms. Pansy Ho and MGM Grand Paradise entered into a contribution and share subscription agreement (the “Contribution and Share Subscription Agreement”), to restructure the share capital of MGM Grand Paradise (the “Capital Restructuring”), in order to comply with the Macau Gaming Law and the tender regulations. The Capital Restructuring was completed in December 2022, whereby (i) the Company injected MOP4.8 billion (equivalent to approximately HK\$4.66 billion) into MGM Grand Paradise; (ii) MGM Grand Paradise issued and allotted 4,070,000 Class A Subscribed Shares to the Company at an aggregate subscription price of MOP4.07 billion (equivalent to approximately HK\$3.95 billion) and 730,000 Class B Subscribed Shares to the Company at an aggregate subscription price of MOP730 million (equivalent to approximately HK\$709 million) (the “Share Subscription”), and the Company transferred 730,000 Class B Subscribed Shares to Ms. Pansy Ho for MOP1 (equivalent to approximately HK\$0.97) (the “Transfer”). No new shares were issued to MGM Resorts International. Upon completion of the Capital Restructuring, each of the Company, Ms. Pansy Ho and MGM Resorts International hold 84.6%, 15% and 0.4% of the issued share capital and voting rights of MGM Grand Paradise, respectively. A waiver from strict compliance with the Listing Rules was granted by the Stock Exchange in respect of the Contribution and Share Subscription Agreement and the transactions contemplated thereunder.

After the Capital Restructuring, the Company continues to have a 100% economic interest in MGM Grand Paradise through its ownership of all of the Class A shares. The Class B shares held by Ms. Pansy Ho and MGM Resorts International entitle them to voting rights but only de minimis economic rights (each holder of Class B shares will be entitled to receive a portion of dividends up to an amount of MOP1 only on each occasion upon which dividends are paid by MGM Grand Paradise to the holders of Class A shares).

### *Services Agreement*

On August 21, 2022, in order to comply with the Macau Gaming Law and the tender regulations, MGM Grand Paradise and Ms. Pansy Ho as the Managing Director entered into the Services Agreement, pursuant to which Ms. Pansy Ho will serve as the Managing Director of MGM Grand Paradise for the term of the Gaming Concession with a remuneration of US\$8 million (equivalent to approximately HK\$62 million) per annum and incentive payments up to an aggregate total amount of US\$95 million (equivalent to approximately HK\$741 million) for the term set out in the Services Agreement. The Company established an Independent Board Committee comprising Sze Wan Patricia Lam, Russell Francis Banham, Simon Meng and Chee Ming Liu, being all of the independent non-executive Directors, to advise and provide a recommendation to the Shareholders (other than Ms. Pansy Ho and her associates) on the Services Agreement and the transactions contemplated thereunder, and to advise the Shareholders (other than Ms. Pansy Ho and her associates) on how to vote. The resolution of the Services Agreement was approved by the Shareholders at the Extraordinary General Meeting held on September 9, 2022.

### ***Reversion of Casino Areas and Relevant Gaming Equipment***

Pursuant to the Macau Gaming Law and the Sub-Concession Contract approved and authorized by the Macau Government and granted by SJM Resorts, S.A. on April 19, 2005, MGM Grand Paradise reverted the casino areas including casino support areas (the “Casino Areas”) in MGM MACAU and MGM COTAI with 59,355 square meters designated by DICJ and the relevant gaming equipment to the Macau Government without compensation and free of encumbrance (the “Property Transfer Agreements”) on December 31, 2022.

The Macau Government has agreed to the transfer of the Casino Areas and the relevant gaming equipment back to MGM Grand Paradise for use in its operation of games of chance or other games in MGM MACAU and MGM COTAI starting on January 1, 2023 and ending upon the expiration of the Concession Contract. MGM Grand Paradise will pay the Macau Government an annual amount calculated based on: (i) MOP750 (equivalent to approximately HK\$728) per square meter of the Casino Areas for the first year payable in March 2023, and adjusted annually in accordance with the average price index in Macau pursuant to the Macau Gaming Law for the second and third year payable in March 2024 and March 2025, respectively; and (ii) MOP2,500 (equivalent to approximately HK\$2,427) per square meter of the Casino Areas for the fourth year, payable in March 2026, and adjusted annually for the remaining years of the concession, payable in March each year in accordance with the average price index in Macau pursuant to the Macau Gaming Law.

Upon termination of the Concession Contract, the casinos, gaming equipment and utensils used for gaming businesses of the Concessionaire, including the gaming equipment and utensils located outside the casinos, shall automatically revert to the Macau Government at no consideration, free of liens or encumbrances.

### ***Financial Impact of the COVID-19 Pandemic***

The COVID-19 pandemic continued to have significant impacts on our business, results of operations and financial condition during the reporting period. This is an unprecedented global public health crisis and we continue to place high importance on the health and safety of our employees, guests and all Macau citizens as the fight against this pandemic continues.

During the year, as local COVID-19 cases were reported in mainland China and Macau from time to time, in response to the risk of COVID-19 outbreak, tightened safeguard measures were reinforced on a temporary basis. Following the COVID-19 outbreak in June 2022, the Macau Government ordered that all industrial and commercial operations, including casinos, be suspended effective from July 11, 2022 to July 22, 2022, except for basic public services or services essential to the general public (including hotel and food and beverage operations). Most of the tightened safeguard measures were lifted in early August 2022. 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 was suspended, and hotel guests and employees in MGM COTAI were isolated on site for a period of 3 days up to November 1, 2022. MGM COTAI gradually resumed operation beginning November 3, 2022.

Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI were adversely impacted during the year due to outbreaks of COVID-19 cases in Macau and neighboring regions including mainland China which led to travel restrictions to Macau. Commencing December 2022, the Chinese Government announced a significant change in its COVID-19 policy which was also adopted by the Macau Government. These changes resulted in relaxation of travel restrictions to Macau. Following the easing of travel restrictions, total visitor arrivals have significantly increased, and Macau gross gaming revenue increased 232.6% to HK\$11.2 billion in January 2023, as compared to December 2022.

Further to the mitigating measures taken in 2020 and 2021 to address the adverse impact of the COVID-19 pandemic on the Group's financial position, on February 10, 2022, the Group entered into a fifth amendment to the financial covenants under the Revolving Credit Facility and a third amendment to the financial covenants under the Second Revolving Credit Facility pursuant to which waivers were received on all financial covenants through to maturity of the credit facilities on May 15, 2024.

In addition, the Group continued to undertake actions to minimize expenditures, including reducing or deferring of certain capital expenditures that we had planned to begin during the year and reducing payroll expenses to address the impact from the COVID-19 pandemic, while trying to preserve local jobs in response to requests of the Macau Government.

## **Our Competitive Strengths and Operating Strategies**

We have a number of competitive strengths including:

- Strong leadership from our Managing Director of MGM Grand Paradise, Ms. Pansy Ho;
- Extensive distribution network of MGM Resorts International for sourcing customers;
- Experienced management team with a proven track record;
- Continuous focus on “Tourism +” with diversified resort offerings including innovative entertainment and art attractions;
- One of the most recognizable resort brands in the industry;
- Unique strategic position towards the premium mass market segment;
- Dedicated commitment to Macau community such as small and medium-sized enterprises and local talent development; and
- Comprehensive corporate governance and legal compliance standards.

To build on our competitive strengths, operationally we focus on continuously improving customer experience through product and service enhancement, greater asset utilization and the maximization of operational efficiencies in all areas of our business including sales and marketing, VIP and mass markets development, and entertainment. We conduct business with a focus on creating economic benefits across both our properties on the Macau Peninsula and Cotai. Notwithstanding the continued muted market environment in Macau during the year caused by significant restrictions on visitation as a result of the COVID-19 pandemic, we continued to implement the following business strategies to enhance our position as the leading developer and operator of integrated casino, hotel and entertainment resorts in Macau:

- Develop and diversify our offerings to cater to different market segments;
- Continuously improve scale of operations to create optimal financial performance;
- Position The Mansion, Mansion One and Emerald Villa to attract ultra-high end customers, while maintaining our focus on the high margin mass market gaming segment; and
- Identify innovative investment opportunities on gaming and non-gaming facilities.

Our competitive strengths and operating strategies are aligned with the Macau Government's emphasis on developing international tourist markets and non-gaming offerings. MGM Grand Paradise has committed to make a total investment of MOP16.7 billion (equivalent to approximately HK\$16.2 billion) over the next 10 years, of which MOP15 billion (equivalent to approximately HK\$14.6 billion) (approximately 90%) will be directed towards the development of international tourist markets and non-gaming projects. We will leverage the extensive sales network of MGM Resorts International to expand international tourist markets. We will also increase our non-gaming offerings in terms of entertainment, art, gastronomy, MICE and wellness tourism through redesign and upgrade of facilities in MGM MACAU and MGM COTAI.

In the coming decade, we will continue to work together with all sectors of society to promote the economic diversification of Macau, with an aim to consolidate Macau's position as a World Center of Tourism and Leisure.

### **Factors Affecting Our Results of Operations and Financial Position**

Our results of operations and the year-to-year comparability of our financial condition are affected by a number of factors, including:

#### **Macau Gaming Market and Tourism**

Macau is one of the largest casino gaming markets in the world. Additional capacity has been added in recent years with several new large-scale integrated resorts being opened in Cotai. Infrastructure investment and growth in room supply support increased visitation, including overnight visitors, to Macau.

Customers travelling to Macau are typically from nearby regions in Asia including mainland China, Hong Kong, Taiwan, South Korea and Japan. According to the DSEC, approximately 70.9% of visitors to Macau in 2019 before the COVID-19 pandemic, were from mainland China.

The COVID-19 pandemic had a dramatic impact on the Macau gaming market commencing from early 2020. Continued outbreaks during the year of COVID-19 cases in Macau and neighboring regions including mainland China led to travel restrictions to Macau, with total visitor arrivals decreasing by 26.0% and total visitation from mainland China to Macau decreasing by 27.5% for the year ended December 31, 2022, respectively, over 2021. Macau gross gaming revenue decreased by 51.4% to HK\$41.0 billion for the year ended December 31, 2022 over 2021. Total visitor arrivals and Macau gross gaming revenue for the year ended December 31, 2022 were 85.5% and 85.6% lower than the pre-pandemic comparable period in 2019, respectively. Following the easing of travel restrictions to Macau which began in late 2022, total visitor arrivals have significantly increased and Macau gross gaming revenue increased 232.6% to HK\$11.2 billion in January 2023, as compared to December 2022.

Aside from the effect of the COVID-19 pandemic as described above, a number of factors have adversely impacted the Macau gaming market commencing from the second half of 2014 as a result of the effect of certain mainland China and Macau Government policies. Major factors impacting the Macau gaming market include economic disruption or uncertainty in mainland China; changes in gaming laws and regulations in Macau; global trade tensions; restriction on exit visas from mainland China for travel to Macau and Hong Kong; anti-smoking legislation; anti-corruption campaigns; currency transfer restrictions; depreciation of the renminbi against the US\$; introduction of a border currency declaration system; monetary outflow policies and legislation on cross-border gambling. These factors may continue to affect the number of visitors and amount of capital outflow from mainland China to Macau. Outbreaks of highly infectious diseases and extreme weather conditions such as typhoons also affect the number of visitors to Macau.

We remain optimistic about the long-term growth of the Macau market due to:

- The financial investments made or committed for the term of the Gaming Concession by gaming Concessionaires in providing superior and diversified non-gaming offerings to enhance the position of Macau as a world class tourism center;
- Infrastructure improvements in Macau and the Greater Bay area, such as the opening of the Hong Kong-Zhuhai-Macau bridge; the expansion of the Macau Airport; the opening of Qingmao border and Hengqin border 24-hour checkpoints; the opening of the Macau Light Rapid Transit (“Macau LRT”) System; the development of extension of Macau LRT route to Hengqin Island; the ongoing expansion of the China High Speed Rail routes to Zhuhai border gate from key cities in mainland China. All are expected to facilitate more convenient travel to Macau;
- Development of Hengqin into a tourism island which, together with Macau, have been designated as a key tourism hub by the Chinese Government;
- The continuous growth of mainland China outbound tourism, particularly in light of the growing middle class; and
- The strong efforts to promote Macau as a safe and quality tourism destination by the Macau Government.

## **Competition**

There are six gaming operators in Macau and as at December 31, 2022, there were 30 casinos in Macau. Our overall gaming market share was 9.5% for the year ended December 31, 2019 before the COVID-19 pandemic. Driven by the premium mass market which both MGM MACAU and MGM COTAI are well positioned to capture, our overall gaming market share increased to 13.7% for the year ended December 31, 2022.

Our competition is not geographically limited to the Macau market. We compete with similar businesses in other parts of the world including, but not limited to, integrated resorts in Cambodia, Vietnam, South Korea, Singapore, the Philippines, Australia and Las Vegas.

## **Gaming Patrons**

Our results of operations are substantially dependent upon casino revenue in the main floor gaming, VIP gaming and slot machines gaming operations. Our gaming patrons include main floor players, in-house VIP players and gaming promoters.

### ***Main Floor Table Gaming Operations***

Main floor table gaming operations in the Macau market are also referred to as the “mass market gaming operation”. Main floor players, including the premium mass market players we aim to attract, come to our properties for a variety of reasons, including our dual locations in the Macau market, direct marketing efforts, brand recognition, the quality and comfort of our mass market gaming floors, and our non-gaming offerings. The main floor business is the most profitable part of our operations as well as for the Macau gaming market as a whole. Unlike VIP players, main floor players, including premium and mass market players, do not receive commissions from the Group.

We have made continuous efforts to improve the gaming experience of our premium and mass market players by renovating the dedicated exclusive gaming spaces for their use. Subject to DICJ’s approval, we continued to reallocate tables from VIP gaming to our main floor gaming areas to maximize our yield. We leveraged our Golden Lion Club as a vehicle to attract and retain those high value main floor players through exclusive customer service and promotions.

## *VIP Gaming Operations*

### *In-house VIP Players*

In-house VIP players are sourced directly through our own marketing channels. These in-house VIP players typically receive a commission and an allowance for hotel rooms, food and beverage based upon a percentage of their rolling chip turnover. We selectively grant credit to certain in-house VIP players whose level of play and financial resources meet our approval criteria.

### *Gaming Promoters*

A portion of our VIP casino play is referred to us by gaming promoters, who introduce high-end VIP players to us and normally assist those customers with their travel and entertainment arrangements. In exchange for their services, like in-house VIP players, the gaming promoters receive a commission and an allowance based upon a percentage of the table games turnover they generate. The allowance can be applied to hotel rooms, food, beverage and other discretionary customer-related expenses. On a case-by-case basis, we grant credit to certain gaming promoters, based on their performance and financial background, to facilitate their working capital requirements.

In December 2021, the Group suspended VIP operations with our primary gaming promoters. Since then, the Group did not have any revenue sharing arrangements with any gaming promoters. Historically, a significant portion of the Group's casino revenue was generated by VIP casino play referred by our gaming promoters. The contribution of VIP operations with gaming promoters to our casino revenue was HK\$4,410.2 million, HK\$753.9 million and HK\$657.6 million for the years ended December 31, 2019, 2020 and 2021, representing 22%, 17% and 8% of casino revenue for the respective years.

The Macau Gaming Law introduced in June 2022 contains certain restrictions relating to gaming promoters, including (1) each gaming promoter can only exercise the activity of gaming promotion in one concessionaire; (2) gaming promoters are prohibited to share, in any way or agreement, with the concessionaires, the revenues from casinos; and (3) gaming promoters are restricted to providing support only to the concessionaires in the promotion of casino gaming activities, through commissions.

We continue to review our business relationship with each of our gaming promoters and identify potential new gaming promoters having particular regard to their financial performance and management capability. We have established procedures to screen prospective gaming promoters prior to their engagement and conduct periodic checks that are designed to ensure that the gaming promoters with whom we associate meet suitability standards.

### *Credit risk with In-house VIP Players and Gaming Promoters*

In order to minimize the credit risk with in-house VIP players and gaming promoters, the Group has a designated management team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover all receivables. We conduct a number of credit checking procedures including the receipt of various signed documents from each credit recipient. If permitted by applicable laws, these documents may aid in legally enforcing collections in countries where the VIP players and gaming promoters reside. The Group has a legally enforceable right to set off the receivables against the deposits, commissions and incentives liabilities that are to be settled simultaneously. We generally do not charge interest for credit granted but require a personal cheque or other acceptable form of security. The Group regularly reviews the recoverable amount of each individual debt to ensure that adequate loss allowances are made for irrecoverable amounts. We have been successful in collecting some receivables previously considered to be at risk of recoverability.

### **GGR Mix**

With our focus on premium mass gaming, the Company is strategically positioned to leverage the gaming market's recovery and growth potential. Driven by the premium mass market and cessation of VIP operations with our revenue-sharing gaming promoters, our proportion of GGR from the mass and VIP market was 90% and 10%, respectively, for the year ended December 31, 2022 compared to 80% and 20% for the year ended December 31, 2021, respectively.

### **Non-gaming Attractions and Branding Activities**

We recognize the importance of brand awareness in growing our business. We have enhanced our marketing activities to take advantage of our internationally recognized brand. Brand-building initiatives are driven through promotions, events, strategic alliances and public relations activities. We continue to improve our customer experience by enhancing our hotel rooms, food, beverage, retail and entertainment offerings, and expanding and refurbishing our non-gaming areas.

MGM MACAU was designed to blend both East and Western design cues and pay homage to Macau's multi-faceted history. Our property features colorful hand-blown glass adornments by Dale Chihuly, including the massive "Fiori di Paradiso" chandelier, which is located at the hotel lobby. Artworks including lion sculptures and paintings by local and international artists are located elsewhere on the grounds. MGM MACAU's centerpiece, the 1,088 square meter Grande Praça features a 25-meter high glass skydome and European-inspired facades, including the main facade which is fashioned after the Estação Rossio, Lisbon's central rail station. The Grande Praça is visible from a number of restaurants and is host to a variety of special exhibitions, shows, displays and various special occasions and events. The Grande Praça, with its aquarium tower in the center and seasonal decorations, has become a major tourist attraction in Macau.

Following the opening of MGM COTAI on February 13, 2018, we continue to deliver exciting and memorable events at our properties for the benefit of our customers in support of the Macau Government’s vision for diversification. MGM COTAI was designed as the “Jewelry Box” of Cotai. The building is designed to redefine the way people experience art and entertainment through innovative technology. Such elements include our innovative Spectacle, which is the world’s largest area of permanent indoor LED screens showcasing an exclusive array of digital art collected from around the globe and our MGM Theater, which is Asia’s first dynamic theater featuring multi-dimensional sensory experience enriched with experiential technology elements which we believe can break the boundaries between imagination and reality to delight and captivate our guests. The MGM Cotai Art Collection features over 300 captivating and thought-provoking works seamlessly integrated with MGM COTAI’s public spaces. Headlining the MGM Cotai Art Collection are 28 Chinese imperial carpets dating from Qing Dynasty that once adorned the Forbidden City in Beijing. In addition, our Chairman’s Collection, comprised of highly-collectible artworks — paintings, sculptures and installations at MGM COTAI, provides a stunning visual complement to MGM COTAI. The Chairman’s Collection demonstrates our commitment to create world-class destinations that epitomize entertainment, creativity and style.

Supporting the diversification goal of the Macau Government, we have been an advocate of cultural tourism and we have actively promoted originality, creativity and innovation. Despite the restrictions related to COVID-19, we successfully organized the following activities in our properties during 2022:

- “Curling Go!” event to promote winter sport experience under the Spectacle at MGM COTAI;
- Utilized the advanced technology of MGM Theater to present “Macao: Back to Common Roots Narrative Film”, which chronicles the transformation of Macau over the past centuries;
- Presented “A Landscape of Metamorphosis: No End to End”, the large-scale interdisciplinary art installation by Jennifer Wen Ma who is an internationally acclaimed visual artist. The installation harmoniously complements the Spectacle in MGM COTAI;
- Organized “Oktoberfest Macau at MGM 2022” on the most advanced high-tech stage with authentic German beer and foods at MGM Theater; and
- Organized 9th “MGM Lion Dance Championship — Southern Lion Dance Invitational 2022” which features competitive art and traditional Lingnan culture where Chinese lion dance was originated.

In addition, we sponsored and supported the following events organized by the Macau Government relevant to its diversification goals:

- Supported and sponsored the “2022 MGM Macao International Regatta”, which not only to promote maritime sports, present the vitality and charm of Macau’s coastline, but also to bring a new spectating activity to Macau residents and tourists;
- Supported the “2022 Chinese New Year Parade”, with the float that incorporated Awakening Lion elements and traditional Lingnan culture;
- Joined hands with Cultural Affairs Bureau to present “Film Concert Der Rosenkavalier” for the Macau Arts Festival;
- Supported the 69th Macau Grand Prix and sponsored the “MGM Macau Touring Car Cup”;
- Supported “Crunch and Munch Fair-Fiesta for Five”, with MGM themed booth’s cutting-edged naked eye 3D animation at the L-shaped screen that illustrated the sense of technology and attracted audiences;
- Supported the spectacular “Light Up Macau Drone Gala 2022” organized by the Macau Government Tourism Office; and
- Supported the “Light Up Macao 2022”, by a 60,000-LED lighting system on the MGM COTAI’s hotel façade.

In December 2022, with the final award of the Gaming Concession, MGM Grand Paradise has announced its development directions and investment plan for the next 10 years that will further consolidate Macau’s position as a World Center of Tourism and Leisure. With the five themed areas as follows, we will help to build Macau into the city with the highest quality-price and price-performance ratio in Asia and establish the most diversified “Tourism+” ecosystem.

- Building an “Incubator Base for Arts & Culture Business Industries” - a “Culture + Business + Industry” ecosystem;
- Establishing original performing and entertainment zone to open new tourism dimensions;
- Creating a health and wellness landmark “Urban Oasis”;

- Developing high-quality, high-end “distinctive exhibition area” and
- Strengthening community tourism.

During the year, we continued developing our residency show “MGM 2049” created by the world-renowned Chinese director Zhang Yimou and Beijing Dang Hong Qi Tian International Culture and Development Group Co., Ltd. MGM Theater will undergo an upgrade with technical expansion to prepare for the launch of the show which is planned for 2024. We will introduce our multimedia space in MGM COTAI, combining integrating art and entertainment experience with Extended Reality (“XR”) interactive technology. A new multi-functional conference and exhibition area will also be developed.

### **Segment Information**

The Group has determined its operating segments based upon the reports reviewed by the chief operating decision-maker when allocating resources and assessing performance of the Group.

The Group’s principal operating activities occur in Macau, which is the primary geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its properties being MGM MACAU and MGM COTAI. Each of the properties derives its revenue primarily from casino, hotel rooms, food and beverage and retail operations. MGM MACAU and MGM COTAI have been aggregated into one reportable segment on the basis that they have similar economic characteristics, customers, services and products provided, and the regulatory environment in which they operate. Adjusted EBITDA is considered to be the primary profit/loss measure for the reportable segment.

### **Adjusted EBITDA**

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.

The following table presents the reconciliation of the Group's adjusted EBITDA to loss attributable to owners of the Company for the years ended December 31, 2022 and 2021:

	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the year attributable to owners of the Company</b>	<b>(5,231,911)</b>	<b>(3,846,616)</b>
Income tax expense	<b>15,741</b>	18,615
Net foreign currency loss	<b>13,072</b>	100,653
Finance costs	<b>1,665,261</b>	1,383,508
Interest income	<b>(71,705)</b>	(4,789)
	<hr/>	<hr/>
<b>Operating loss</b>	<b>(3,609,542)</b>	<b>(2,348,629)</b>
Depreciation and amortization	<b>2,033,607</b>	2,157,474
Loss on disposal/write-off of property and equipment and other assets	<b>13,357</b>	19,543
Pre-opening costs (unaudited)	<b>1,130</b>	19,364
Corporate expenses (unaudited)	<b>240,747</b>	287,782
Share-based payments	<b>46,346</b>	51,642
	<hr/>	<hr/>
<b>Adjusted EBITDA (unaudited)</b>	<b>(1,274,355)</b>	187,176
	<hr/> <hr/>	<hr/> <hr/>
<b>MGM MACAU Adjusted EBITDA<sup>(1)</sup> (unaudited)</b>	<b>(274,238)</b>	360,899
<b>MGM COTAI Adjusted EBITDA (unaudited)</b>	<b>(1,000,117)</b>	(173,723)

<sup>(1)</sup> MGM MACAU Adjusted EBITDA includes provisions of HK\$202.7 million for the year ended December 31, 2021 related to the expected losses for the Group's joint liability with gaming promoters. During the year ended December 31, 2022, the Group reached a final settlement of certain litigation related to the Group's joint liability with gaming promoters and made a reversal of the liability recorded at December 31, 2021 of HK\$60.6 million. Further details are disclosed in Note 15 to the consolidated financial statements.

## Discussion of Results of Operations

**Financial results for the year ended December 31, 2022 compared to financial results for the year ended December 31, 2021**

### Operating Revenue

The following table sets forth the operating revenue for the years ended December 31, 2022 and 2021.

	For the year ended	
	December 31	
	2022	2021
	HK\$'000	HK\$'000
<b>MGM MACAU</b>	<b>3,066,371</b>	5,180,280
Casino revenue	2,637,716	4,608,499
Other revenue	428,655	571,781
	<hr/>	<hr/>
<b>MGM COTAI</b>	<b>2,202,198</b>	4,230,534
Casino revenue	1,801,279	3,614,555
Other revenue	400,919	615,979
	<hr/>	<hr/>
<b>Operating revenue</b>	<b>5,268,569</b>	9,410,814
	<hr/> <hr/>	<hr/> <hr/>

Operating revenue of HK\$5,268.6 million for the year ended December 31, 2022 was 44.0% lower than the prior year. The decrease was primarily due to the continued adverse impacts of COVID-19 which led to travel restrictions to Macau as well as the cessation of VIP operations with our revenue-sharing gaming promoters. Our operating revenue for the year ended December 31, 2022 was 76.9% lower than in 2019 before the COVID-19 pandemic.

## Summary Statistics

The following table presents the key measurements we use to evaluate operating revenue.

<b>MGM MACAU</b>	<b>For the year ended</b>	
	<b>December 31</b>	
(in thousands, except for number of gaming units, percentage and REVPAR)	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)
Main floor table games drop	<b>12,391,712</b>	20,299,155
Main floor gross table games win <sup>(1)</sup>	<b>2,722,172</b>	4,125,052
Main floor table games win percentage	<b>22.0%</b>	20.3%
Average daily gross win per main floor gaming table	<b>33.5</b>	52.2
VIP table games turnover	<b>9,312,367</b>	41,078,818
VIP gross table games win <sup>(1)</sup>	<b>190,707</b>	1,198,775
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	<b>2.0%</b>	2.9%
Average daily gross win per VIP gaming table	<b>13.6</b>	48.3
Slot machine handle	<b>7,884,837</b>	13,276,317
Slot machine gross win <sup>(1)</sup>	<b>351,914</b>	504,795
Slot hold percentage	<b>4.5%</b>	3.8%
Average daily win per slot	<b>1.1</b>	1.9
Commissions, complimentaries and other incentives <sup>(1)</sup>	<b>(627,077)</b>	(1,220,123)
Room occupancy rate	<b>54.2%</b>	79.8%
REVPAR	<b>824</b>	1,155
	<b>As at December 31</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
Gaming Units:		
Tables <sup>(2)</sup>	<b>294</b>	289
Slot machines	<b>926</b>	845

<b>MGM COTAI</b>  (in thousands, except for number of gaming units, percentage, and REVPAR)	<b>For the year ended</b>	
	<b>December 31</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	(unaudited)
Main floor table games drop	<b>7,249,594</b>	14,747,578
Main floor gross table games win <sup>(1)</sup>	<b>1,750,254</b>	3,381,925
Main floor table games win percentage	<b>24.1%</b>	22.9%
Average daily gross win per main floor gaming table	<b>23.9</b>	43.5
VIP table games turnover	<b>13,802,412</b>	24,981,565
VIP gross table games win <sup>(1)</sup>	<b>390,066</b>	913,578
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	<b>2.8%</b>	3.7%
Average daily gross win per VIP gaming table	<b>38.8</b>	50.9
Slot machine handle	<b>5,758,673</b>	12,015,749
Slot machine gross win <sup>(1)</sup>	<b>173,238</b>	406,803
Slot hold percentage	<b>3.0%</b>	3.4%
Average daily win per slot	<b>0.6</b>	1.4
Commissions, complimentaries and other incentives <sup>(1)</sup>	<b>(512,279)</b>	(1,087,751)
Room occupancy rate	<b>25.2%</b>	47.2%
REVPAR	<b>355</b>	569
	<b>As at December 31</b>	
	<b>2022</b>	2021
	<b>(unaudited)</b>	(unaudited)
Gaming Units:		
Tables <sup>(2)</sup>	<b>258</b>	263
Slot machines	<b>934</b>	839

<sup>(1)</sup> Reported casino revenue is different to the total of “main floor gross table games win”, “VIP gross table games win” and “slot machine gross win” because casino revenue is reported net of commissions, complimentaries and other incentives. The following table sets forth a reconciliation of the gaming wins to casino revenue.

<sup>(2)</sup> Permanent table count as at December 31, 2022 and 2021. MGM Grand Paradise is entitled to operate a total of 750 gaming tables starting from January 1, 2023.

## Casino Revenue

	For the year ended	
	December 31	
	2022	2021
	HK\$'000	HK\$'000
Main floor gross table games win	4,472,426	7,506,977
VIP gross table games win	580,773	2,112,353
Slot machine gross win	525,152	911,598
	<hr/>	<hr/>
Gross casino revenue	5,578,351	10,530,928
Commissions, complimentaries and other incentives	(1,139,356)	(2,307,874)
	<hr/>	<hr/>
Casino revenue	4,438,995	8,223,054
	<hr/> <hr/>	<hr/> <hr/>

Casino revenue decreased by 46.0% to HK\$4,439.0 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The decrease is explained above in operating revenue. The components of our gaming operations were:

### *Main Floor Table Gaming Operations*

Main floor gross table games win decreased by 40.4% to HK\$4,472.4 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. Similarly, main floor table games drop in MGM MACAU and MGM COTAI decreased by 39.0% to HK\$12,391.7 million and 50.8% to HK\$7,249.6 million during the current year, respectively.

### *VIP Gaming Operations*

VIP gross table games win decreased by 72.5% to HK\$580.8 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. Similarly, VIP table games turnover in MGM MACAU and MGM COTAI decreased by 77.3% to HK\$9,312.4 million and 44.7% to HK\$13,802.4 million during the current year, respectively.

### *Slot Machine Gaming Operations*

Slot machine gross win decreased by 42.4% to HK\$525.2 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. Similarly, slot machine handle in MGM MACAU and MGM COTAI decreased by 40.6% to HK\$7,884.8 million and 52.1% to HK\$5,758.7 million during the current year, respectively.

## Other Revenue

Other revenue includes hotel rooms, food, beverage, retail and entertainment and decreased by 30.2% to HK\$829.6 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The decrease was primarily due to COVID-19 related travel restrictions as discussed above.

## Operating Costs and Expenses

The major operating costs and expenses for the years ended December 31, 2022 and 2021 were:

	For the year ended	
	December 31	
	2022	2021
	HK\$'000	HK\$'000
Gaming taxes	2,303,302	4,242,245
Inventories consumed	332,234	443,773
Staff costs	3,053,018	3,147,909
Loss allowance on trade receivable, net	50,614	125,095
Other expenses and losses	1,105,336	1,642,947
Depreciation and amortization	2,033,607	2,157,474
Finance costs	1,665,261	1,383,508
Income tax expense	15,741	18,615

### *Gaming taxes*

Gaming taxes decreased by 45.7% to HK\$2,303.3 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. This decrease was attributable to the lower gross gaming revenue generated during the current year.

### *Inventories consumed*

Inventories consumed decreased by 25.1% to HK\$332.2 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The decrease resulted from decreased business activities in light of decreased number of visitors due to COVID-19 related travel restriction as discussed above.

### ***Staff costs***

Staff costs slightly decreased by 3.0% to HK\$3,053.0 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. To mitigate the impact of the COVID-19 pandemic, we have undertaken a number of measures to reduce payroll expenses, including limiting staff on-site, implementing a hiring freeze and streamlining the organizational structure, and introducing voluntary unpaid leave, while preserving local jobs in response to requests of the Macau Government.

### ***Loss allowance on trade receivables, net***

Loss allowance on trade receivables, net, decreased by 59.5% to HK\$50.6 million in 2022. The decrease was due to the increase in recoveries of casino receivables compared to 2021 and the loss allowance recognized during the year ended December 31, 2021 for receivables from a gaming promoter.

### ***Other expenses and losses***

Other expenses and losses decreased by 32.7% to HK\$1,105.3 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021, which mainly resulted from:

*Advertising and promotion expense.* Advertising and promotion expense decreased by 43.6% from HK\$391.0 million for the year ended December 31, 2021 to HK\$220.5 million for the year ended December 31, 2022. The decrease resulted from decreased marketing activities being organized during the current year in light of decreased number of visitors due to COVID-19 related travel restrictions as discussed above.

*Provision for litigation.* Provisions of HK\$202.7 million were made during the year ended December 31, 2021 related to the expected losses for the Group's joint liability with gaming promoters. During the year ended December 31, 2022, the Group reached a final settlement of certain litigation related to the Group's joint liability with gaming promoters and made a reversal of the liability recorded at December 31, 2021 of HK\$60.6 million.

*License fee and marketing fees.* License fee and marketing fees due to related companies decreased by 44.4% from HK\$168.1 million for the year ended December 31, 2021 to HK\$93.4 million for the year ended December 31, 2022. This decrease primarily resulted from lower revenue generated during the current year.

### ***Depreciation and amortization***

Depreciation and amortization decreased by 5.7% to HK\$2,033.6 million for the year ended December 31, 2022 as compared to the year ended December 31, 2021. The decrease was attributable to the impact of full depreciation of certain assets in the current year.

### ***Finance costs***

Total finance costs increased from HK\$1,383.5 million for the year ended December 31, 2021 to HK\$1,665.3 million for the year ended December 31, 2022. The increase was primarily due to a HK\$184.2 million increase in interest expense attributable to unsecured credit facilities following the drawdown for the capital restructuring of MGM Grand Paradise and the increase in weighted average interest rate from 2.9% to 4.6% as a result of the increase in HIBOR. There is also a HK\$77.5 million increase in interest expense attributable to unsecured senior notes for the year ended December 31, 2022 as compared to the year ended December 31, 2021 due to full year interest expense incurred in the current year for the 2027 Notes issued on March 31, 2021.

### **Loss attributable to owners of the Company**

Loss attributable to owners of the Company increased from HK\$3,846.6 million for the year ended December 31, 2021 to HK\$5,231.9 million for the year ended December 31, 2022. This increase was attributable to the continuing adverse impacts of the global COVID-19 pandemic including outbreaks of COVID-19 cases as discussed above.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Capital Resources**

As at December 31, 2022, our cash and cash equivalents, available undrawn unsecured credit facilities and MGM Resorts International Revolving Credit Facility were HK\$6.71 billion, HK\$1.37 billion and HK\$5.85 billion respectively. These balances are available for operations and implementation of our investment plan.

## Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by equity plus net debt. Net debt comprises borrowings, net of debt finance costs, less cash and cash equivalents and pledged bank deposits. Equity comprised all capital and reserves of the Group. The following table presents the calculation of the Group's gearing ratio as at December 31, 2022 and 2021.

	As at	
	December 31 2022 <i>HK\$'000</i>	December 31 2021 <i>HK\$'000</i>
Borrowings, net of debt finance costs	32,725,136	23,929,106
Less: cash and cash equivalents pledged bank deposits	(6,706,591) (971,262)	(3,112,020) —
Net debt	<u>25,047,283</u>	<u>20,817,086</u>
Total (deficit)/equity	<u>(3,996,421)</u>	<u>1,196,916</u>
Total capital <sup>(1)</sup>	<u><u>21,050,862</u></u>	<u><u>22,014,002</u></u>
Gearing ratio	<u><u>119.0%</u></u>	<u><u>94.6%</u></u>

<sup>(1)</sup> Total capital represents the sum of net debt and total equity.

## Group Cash Flows

The following table presents a summary of the Group's cash flows for the years ended December 31, 2022 and 2021.

	For the year ended	
	December 31	
	2022	2021
	HK\$'000	HK\$'000
Net cash used in operating activities	(2,113,878)	(449,607)
Net cash used in investing activities	(1,320,931)	(518,489)
Net cash generated from financing activities	7,037,130	1,442,561
	<hr/>	<hr/>
Net increase in cash and cash equivalents	3,602,321	474,465
Cash and cash equivalents at the beginning of the year	3,112,020	2,635,511
Effect of foreign exchange rate changes, net	(7,750)	2,044
	<hr/>	<hr/>
Cash and cash equivalents at the end of the year	<u>6,706,591</u>	<u>3,112,020</u>

### *Net cash used in operating activities*

The increase in net cash used in operating activities for the year ended December 31, 2022 compared to year ended December 31, 2021 was caused primarily by a decrease in cash generated from operating activities due to COVID-19 related travel restriction as discussed above.

### *Net cash used in investing activities*

Net cash used in investing activities was HK\$1,320.9 million for the year ended December 31, 2022 compared to HK\$518.5 million for the year ended December 31, 2021. The major components of the cash flow used in investing activities related to the placement of pledged bank deposits of HK\$971.3 million related to the issuing of bank guarantees for the Concession Contract during the current year and payments for development and renovation works at our properties as well as purchase of property and equipment, and other assets in total amounting to HK\$304.1 million and HK\$527.7 million for the years ended December 31, 2022 and 2021, respectively. A payment was also made during the current year of HK\$45.6 million related to the Sub-concession Further Extension for the period up to December 31, 2022.

### *Net cash generated from financing activities*

Net cash generated from financing activities was HK\$7,037.1 million for the year ended December 31, 2022 compared to HK\$1,442.6 million for the year ended December 31, 2021.

Net cash generated from financing activities for the year ended December 31, 2022 was primarily due to the net impact of:

- HK\$8,690.0 million of net drawdowns on the Revolving Credit Facility, which included drawdowns for the capital restructuring of MGM Grand Paradise; and
- HK\$1,618.9 million of interest payments.

Net cash generated from financing activities for the year ended December 31, 2021 was primarily due to the net impact of:

- HK\$5,813.0 million of proceeds from the issuance of the 2027 Notes;
- HK\$3,160.0 million of net repayments on the Revolving Credit Facility; and
- HK\$1,063.2 million of interest payments.

### **Capital Commitments**

As at December 31, 2022, the Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the consolidated financial statements:

	<b>As at</b>	
	<b>December 31</b>	<b>December 31</b>
	<b>2022</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Contracted but not accounted for	<b>373,120</b>	<b>102,538</b>

## **Guarantees**

As at December 31, 2022, the Group had given bank guarantees totaling HK\$1,153.5 million (2021: HK\$1,095.2 million), in relation to the sub-concession, land concession and other operating purposes, of which HK\$1,145.7 million (2021: HK\$1,087.4 million) was issued in favor of the Macau Government as required in the Sub-Concession Contract and the Sub-Concession Extension Contract and the Sub-Concession Further Extension Contract (such bank guarantees will be cancelled in case the gaming Sub-Concession is not renewed, subject to authorization of the Macau Government). The Group has provided two bank guarantees to the Macau Government totaling MOP1 billion (equivalent to approximately HK\$0.97 billion), which are effective from January 1, 2023, as required by the Concession Contract. The bank guarantees of HK\$1,145.7 million (2021: HK\$1,087.4 million) issued in favor of the Macau Government as required in the Sub-Concession Contract, the Sub-Concession Extension Contract and the Sub-Concession Further Extension Contract were cancelled in January 2023.

## **Legal Proceedings**

### *Legal proceedings related to cash deposits with gaming promoters*

The Group was named as a defendant in legal proceedings filed in the Macau courts against two independent Macau gaming promoters by individuals who claimed to have placed cash deposits with gaming promoters who had operations at MGM MACAU and the gaming promoters failed to honor the withdrawal of such cash deposits. The Group was sued in these proceedings based solely on the joint liability of the concessionaire for the actions and conducts of the gaming promoters engaged by it at its casinos, as contemplated in article 29 of Administrative Regulation no. 6/2002, governing the licensing and activities of gaming promoters.

The Group defended its position that it was not liable with respect to these claims. In February 2022, the Group's appeal to the Court of Final Appeal for one of the legal proceedings was dismissed, confirming the decision that the gaming promoter was liable for the refund of the deposits claimed by the plaintiffs and that the Group was jointly and severally liable for the fulfilment of the gaming promoter's monetary obligation. As there were no further appeals available to the Group and given the Group's assessment of the gaming promoter's inability to honor its financial obligation as ordered by the Court, the Group was required to make the payment directly to the plaintiffs of the principal amount of HK\$80 million plus interest. The interest calculated up to the end of the reporting period of December 31, 2021 amounted to

HK\$37 million. Upon payment to the plaintiffs, the Group would be entitled to claim from the gaming promoter the reimbursement, in all or in part, of the amount paid, in a separate lawsuit, to be filed by the Group against the gaming promoter. In light of the developments impacting the gaming promoter's activities, it was assessed that the ability to recover the loss suffered through the payments to be made by the Group is remote. Consequently, considering the similar nature of the legal proceedings, the Group estimated the possible financial loss arising from these legal proceedings and recognized a liability of HK\$202.7 million at December 31, 2021 in payables and accrued charges.

During the year ended December 31, 2022, the Group reached a final settlement of certain litigation related to the Group's joint liability with gaming promoters and made a reversal of the liability recorded at December 31, 2021 of HK\$60.6 million.

For the outstanding litigation related to the Group's joint liability with gaming promoters, management has made estimates for potential litigation costs and recognized liabilities based upon consultation with legal counsel. While actual outcomes might differ from these estimates, the management considered that such litigation and claims will not have a significant impact on the results of operations, financial position and cash flows of the Group.

#### ***Legal proceedings related to criminal activities by a gaming promoter***

During the year ended December 31, 2022, a criminal charge was made in the Macau court against an independent Macau gaming promoter and individuals associated with the independent Macau gaming promoter for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023, the verdict of the Court of the First Instance was released and the Macau Government and five of the six gaming concessionaires/sub-concessionaires are entitled to compensation for damages for losses caused by the criminal activities, with MGM Grand Paradise being entitled to compensation of HK\$349 million. Both the prosecutor and defendants have appealed against the verdict. No contingent asset was recognized as the Group assessed that the possibility to recover these losses is remote.

## Indebtedness

	As at	
	December 31 2022 HK\$'000	December 31 2021 HK\$'000
Unsecured Senior Notes	21,454,400	21,440,650
Unsecured Credit Facilities	11,500,000	2,810,000
Less: debt finance costs	(229,264)	(321,544)
Total borrowings	<u>32,725,136</u>	<u>23,929,106</u>

### *Unsecured Senior Notes*

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility and for general corporate purposes. Interest on the 2024 Notes and 2026 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2019.

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million due June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2025 Notes is payable semi-annually in arrears on each June 18 and December 18, commencing on December 18, 2020.

On March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2027 Notes is payable semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2022.

The 2024 Notes and the 2026 Notes were issued pursuant to an indenture, dated May 16, 2019, between the Company and U.S. Bank National Association, as trustee. The 2025 and the 2027 Notes were issued pursuant to an indenture, dated June 18, 2020 and March 31, 2021, respectively, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The Unsecured Senior Notes are general unsecured obligations of the Company. The Unsecured Senior Notes rank equally in right of payment with all of the Company's existing and future unsecured senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness to the extent of the value of the collateral securing any such debt and rank senior to all of the Company's future subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the Unsecured Senior Notes.

The Unsecured Senior Notes contain covenants that limit the ability of the Company to, among other things, whether directly or indirectly, (1) consolidate or merge with or into another entity; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries.

The Unsecured Senior Notes provide for certain events of default, including certain insolvency related proceedings relating to the Group. If the Company experiences a change of control and a ratings event, each holder of the Unsecured Senior Notes will have the right to require the Company to repurchase all or any part of that holder's Unsecured Senior Notes at 101% of their principal amount plus accrued and unpaid interest, if any, and any additional amount, if any, to, but not including the date of such repurchase in accordance with the terms of the Indentures. The circumstances that will constitute a change of control include the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than to MGM Resorts International or a related party thereof as described in the Indentures; (2) the adoption of a plan relating to the liquidation or dissolution of the Company or any successor thereto; (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than MGM Resorts International and any of its related parties (as described in the Indentures) becomes the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests; or (4) the first day on which the Company ceases to own, directly or indirectly, at least 60% of the outstanding equity interests of (and at least a 60% economic interest in) MGM Grand Paradise.

Under the Indentures, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, may result in a special put option triggering event. If the special put option triggering event occurs, each holder of the Unsecured Senior Notes will have the right to require the Group to repurchase all or any part of such holder's Unsecured Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts (as defined in the Indentures), if any, calculated up to, but not including, the date of repurchase. Within ten days following the occurrence of a special put option triggering event, the Company shall mail a notice to each holder of the Unsecured Senior Notes stating the repurchase date which shall be no earlier than ten days nor later than sixty days from the date such notice is mailed.

As at the date of this announcement, the Company has no secured indebtedness and no subordinated indebtedness.

### ***Unsecured Credit Facilities***

#### *Overview*

On August 12, 2019, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024. The Revolving Credit Facility became effective on August 14, 2019.

On May 26, 2020, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company a second unsecured revolving credit facility in an aggregate amount of HK\$2.34 billion with a final maturity date of May 15, 2024. The Company has the option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions. The Second Revolving Credit Facility is available for drawdown from the date of the agreement to and including the date falling one month prior to the final maturity date, subject to satisfaction of conditions precedent, including evidence that the Revolving Credit Facility (in an aggregate amount of HK\$9.75 billion) has been fully drawn. The proceeds of the Second Revolving Credit Facility are used for ongoing working capital needs and general corporate purposes of the Group. On June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

As at December 31, 2022, the Group had total available undrawn unsecured credit facilities of HK\$1.37 billion.

### *Principal and Interest*

The Revolving Credit Facility and the Second Revolving Credit Facility bear interest at a fluctuating rate per annum based on HIBOR plus a margin (in the range of 1.625% to 2.75%), which will be determined by the Company's leverage ratio.

As at December 31, 2022, HK\$9.75 billion of the Revolving Credit Facility and HK\$1.75 billion of the Second Revolving Credit Facility were drawn. HK\$1.37 billion of the Second Revolving Credit Facility was undrawn and available for utilization up to and including the date falling one month prior to the final maturity date, on May 15, 2024. Each drawdown is to be repaid in full no later than May 15, 2024. As at December 31, 2022, the Group paid interest at HIBOR plus 2.75% per annum.

### *General Covenants*

The Revolving Credit Facility and the Second Revolving Credit Facility contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the "Restricted Group") from incurring liens or engaging in certain asset dispositions. With the approval of the lenders there are certain permitted exceptions to these restrictions.

### *Financial Covenants*

The leverage ratio under the Revolving Credit Facility was required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group was required to maintain an interest coverage ratio of no less than 2.5 to 1.0 at each quarter end. Under the Second Revolving Credit Facility, the Company was to ensure that the leverage ratio does not, on each accounting date occurring on and after September 30, 2021, exceed 4.50 to 1.00. In addition, the Company was to ensure that, on any accounting date occurring on and after September 30, 2021, the interest coverage ratio is not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into an amendment of the financial covenants on February 21, 2020, a second amendment on April 9, 2020, a third amendment on October 15, 2020, a fourth amendment on February 24, 2021 and a fifth amendment on February 10, 2022 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020, a second amendment on February 24, 2021 and a third amendment on February 10, 2022 under the Second Revolving Credit Facility.

Subsequent to the execution of the amendments referred to above, the permitted leverage ratio and the permitted interest coverage ratio under the Revolving Credit Facility and under the Second Revolving Credit Facility are as follows:

<b>Accounting Date</b>	<b>Interest Coverage Ratio</b>	<b>Leverage Ratio</b>
March 31, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(1)</sup>
June 30, 2021	Not Applicable <sup>(2)</sup>	Not Applicable <sup>(2)</sup>
September 30, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
December 31, 2021	Not Applicable <sup>(3)(4)</sup>	Not Applicable <sup>(3)(4)</sup>
March 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
June 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
September 30, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
December 31, 2022	Not Applicable <sup>(5)</sup>	Not Applicable <sup>(5)</sup>
Each quarter ended on and after March 31, 2023 through maturity	Not Applicable <sup>(6)</sup>	Not Applicable <sup>(6)</sup>

<sup>(1)</sup> Amendment on February 21, 2020 under the Revolving Credit Facility.

<sup>(2)</sup> Amendment on April 9, 2020 under the Revolving Credit Facility.

<sup>(3)</sup> Amendment on October 14, 2020 under the Second Revolving Credit Facility.

<sup>(4)</sup> Amendment on October 15, 2020 under the Revolving Credit Facility.

<sup>(5)</sup> Amendment on February 24, 2021 under the Revolving Credit Facility and the Second Revolving Credit Facility.

<sup>(6)</sup> Amendment on February 10, 2022 under the Revolving Credit Facility and the Second Revolving Credit Facility.

### *Compliance with Covenants*

The Group has complied with the general and financial covenants under the Revolving Credit Facility for the years ended December 31, 2022 and 2021.

### *Cancellation*

Pursuant to the Revolving Credit Facility and the Second Revolving Credit Facility, the total commitments shall be cancelled immediately and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents shall become immediately due and payable if a Change of Control occurs or there is a sale of all or substantially all of the assets or business of the Group. Change of Control is defined as: MGM Resorts International fails to be the legal and beneficial owner, directly or indirectly, of more than 50% of the capital stock of the Company having ordinary voting rights; or the Company ceases to be the beneficial owner directly or indirectly of all of the share capital of MGM Grand Paradise (other than any portion of the share capital of MGM Grand Paradise with only nominal economic interests created for the purposes of complying with Macanese ownership requirements).

### *Events of Default*

The Revolving Credit Facility and the Second Revolving Credit Facility contain certain events of default and certain insolvency related proceedings relating to the Group. If the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance for a period of ten consecutive days or more and such event has a material adverse effect on the financial condition or business, or in case of termination, rescission, revocation or modification of any gaming sub-concession which has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the Macau Government in connection with the granting or renewal of any gaming concession; provided that such renewal, tender or other process results in the granting or renewal of the relevant gaming concession, an event of default will be triggered. Under the applicable acceleration provisions, if an event of default is outstanding, the facility agent may, and must if so instructed by the majority lenders, by notice to the Company, cancel all or any part of the total commitments; or declare that all or part of any amounts outstanding under the finance documents are immediately due and payable; or payable on demand by the facility agent acting on the instructions of the majority lenders.

### *Security and Guarantees*

No security or guarantees were provided in relation to the Revolving Credit Facility and the Second Revolving Credit Facility.

### ***MGM Resorts International Revolving Credit Facility***

On November 10, 2022, the Company entered into an agreement with MGM Resorts International pursuant to which that entity agreed to make available to the Company an unsecured revolving credit facility of US\$750 million (equivalent to approximately HK\$5.85 billion) with a final maturity date on November 10, 2024.

The interest rate on funded amounts will be the greater of 4.0% per annum and the prevailing market rate. The Company is also required to pay a commitment fee based upon the undrawn amount of the facility. The commitment fee rate on undrawn amounts will be based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

As at December 31, 2022, the MGM Resorts International Revolving Credit Facility of HK\$5.85 billion was undrawn and available for utilization and a commitment fee rate of 1% has been applied.

### **OFF BALANCE SHEET ARRANGEMENTS**

The Group has not entered into any transactions with special purpose entities nor do we engage in any transactions involving derivatives that would be considered speculative positions. The Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity.

### **OTHER LIQUIDITY MATTERS**

In the ordinary course of business, in response to market demands, we continue to incur capital expenditures on enhancements and refinements to our resorts.

Taking into consideration our financial resources, including the Group's cash and cash equivalents, Revolving Credit Facility, Second Revolving Credit Facility, MGM Resorts International Revolving Credit Facility and internally generated funds, we believe that we have sufficient available funds to meet our financial obligations, including our committed investment under the Concession Contract, for the following 12 months.

### **EMPLOYEES AND REMUNERATION POLICY**

As at December 31, 2022, the Group employed 9,788 (2021: 10,117) full-time and part-time employees in Macau, Hong Kong and Zhuhai which includes MGM MACAU, MGM COTAI and shared services team members.

The Group’s remuneration philosophy is a market-based job compensation grading approach, which we believe is the best strategy to fulfill the Company’s fundamental goal of attracting and retaining a diverse and highly skilled workforce. To accomplish this, the Company intends our remuneration system to be:

- Competitive — in the local labor market, considering both MGM China’s market niche and the larger industries in which we compete for talent.
- Comprehensive — to be viewed through the lens of total rewards, including, among others, base pay, health benefits, incentive pay, bonus, equity and retirement plans.
- Objective — to be consistent with local market rates.
- Developmental — to encourage career and professional development within the workforce and retain quality talents.

A group-wide performance based incentive program has been implemented since 2011 for all managerial level employees. The objective of developing such an incentive bonus program is to focus all members of the team in creating and sustaining the enterprise value of the Group. The program consists of several components designed to encourage targeted individuals and groups based upon clear and measurable objectives designed to support the Group’s strategy.

In addition to the above performance incentives, it is customary in Macau to provide additional months of salary to line staff during the Chinese New Year period as a gratuity for their hard work during the year. Such additional bonus is subject to the Board’s discretion.

## **DISCLOSURE OF FINANCIAL RESULTS IN MACAU**

In March 2023, MGM Grand Paradise, our subsidiary and the holder of our gaming Sub-concession, will file its statutory consolidated financial statements in accordance with Financial Reporting Standards of Macau Special Administrative Region, the People’s Republic of China (“MFRS”) for the year ended December 31, 2022 (“MFRS Consolidated Financial Statements”) to the Gaming Inspection and Coordination Bureau of Macau, in compliance with the relevant provisions of its Sub-Concession Contract and applicable law. In addition, MGM Grand Paradise expects to publish its MFRS Condensed Financial Statements in the Macau Official Gazette and local newspapers in Macau by the end of April 2023. The MFRS Consolidated Financial Statements and the MFRS Condensed Financial Statements may not be directly comparable with our Company’s financial results disclosed herein, which are prepared under IFRS.

## **ANNUAL GENERAL MEETING**

Notice of annual general meeting of the Company will be published and dispatched to the Company's shareholders in the manner required by the Listing Rules in due course.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended December 31, 2022.

## **CORPORATE GOVERNANCE REPORT**

### **Corporate Governance Practices**

The Company is committed to the establishment of good corporate governance practices and procedures to attain high ethical standards as well as high levels of accountability, transparency and equity in all areas of its operations and in all interactions with its stakeholders. It is believed that effective corporate governance is fundamental to enhancing Shareholders' values and safeguarding interests of employees, business partners, and the communities in which it operates.

During the year ended December 31, 2022, the Company has complied with all provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Company has adopted its own code of conduct regarding securities transactions by Directors and senior management of the Group (the "Code") in terms which are no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

The Company has made specific inquiries and has received confirmations from all the Directors that they have complied with the required standard as set out in the Code for the year ended December 31, 2022.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 29, 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **AUDIT COMMITTEE**

The Audit Committee is currently comprised of three independent non-executive Directors and two non-executive Directors. The major duties of the Audit Committee under its terms of reference adopted by a resolution of the Board passed on February 16, 2012 and amended by a resolution of the Board passed on November 5, 2015 include overseeing the relationship between the Company and its external auditors, monitoring the integrity of the financial statements, annual and interim reports and reviewing significant financial reporting judgments contained therein, monitoring compliance with statutory and the Listing Rules requirements in relation to financial reporting, and reviewing the Group's financial controls, internal controls and risk management systems. The Management Risk Committee, appointed by and subject to the oversight of the Audit Committee assists the Audit Committee, the Board and senior management as appropriate to oversee the overall risk management framework of the Group and to identify and effectively manage risks considered by the Management Risk Committee to be significant to the Group, including strategic, financial, business, operational, credit, market, liquidity, security, property, IT, legal, regulatory, reputational and other risks on an ongoing basis. The Audit Committee has reviewed the Group's annual results for the year ended December 31, 2022.

## **PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This announcement is published on the Company's and the Hong Kong Stock Exchange's websites. The Company's annual report for the year ended December 31, 2022 in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the Company's and the Hong Kong Stock Exchange's websites in due course.

### **Definitions and Glossary Used in this Announcement**

“2024 Notes”	US\$750 million aggregate principal amount of 5.375% senior unsecured notes due May 15, 2024
“2025 Notes”	US\$500 million aggregate principal amount of 5.25% senior unsecured notes due June 18, 2025
“2026 Notes”	US\$750 million aggregate principal amount of 5.875% senior unsecured notes due May 15, 2026
“2027 Notes”	US\$750 million aggregate principal amount of 4.75% senior unsecured notes due February 1, 2027
“affiliate”	in relation to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
“Board”	the board of Directors of the Company
“casino”	a gaming facility that provides casino games consisting of table games, slot machines and other electronic games and other games of chance
“casino revenue”	revenue from casino gaming activities (gross table games win and slot machines gross win), calculated net of commissions, complimentary and other incentives and in accordance with IFRS
“Chief Executive”	the chief executive of the Macau Special Administrative Region of the People's Republic of China

“chips”	tokens, usually in the form of plastic discs issued by a casino to patrons in exchange for cash or credit, which may be used (in lieu of cash) to place bets on gaming tables
“Company” or “MGM China”	MGM China Holdings Limited, a company incorporated in the Cayman Islands on July 2, 2010 as an exempted company with limited liability
“Concessionaire(s)”	the holder(s) of a concession for the operation of games of fortune and chance or other games in casino in Macau
“Concession” or “Concession Contract”	the gaming concession contract awarded by order of the Chief Executive and executed between the Macau Government and MGM Grand Paradise on December 16, 2022, for the operation of games of fortune and chance or other games in casino in Macau, for a term of 10 years, commencing on January 1, 2023 and expiring on December 31, 2032
“Cotai”	an area of reclaimed land located between the islands of Taipa and Coloane in Macau
“DICJ”	the Gaming Inspection and Coordination Bureau of Macau (“Direcção de Inspeção e Coordenação de Jogos” in Portuguese), a department of the Public Administration of Macau
“Director(s)”	the director(s) of the Company
“drop”	the sum of markers exchanged for chips at the gaming table and the amount of cash deposited in a gaming table’s drop box
“DSEC”	Statistics and Census Service of the Macau Government
“gaming area”	a gaming facility that provides casino games consisting of table games, electronic games, slot machines and other casino games but has not been designated as a casino by the Macau Government

“Gaming Concession”	the concession for the operation of games of fortune or chance or other games in casino in Macau, for a term of 10 years, commencing on January 1, 2023, and expiring on December 31, 2032, as the same may be extended from time to time in accordance with law, following the expiry of the current gaming sub-concession on December 31, 2022
“gaming promoters”	individuals or corporations licensed by and registered with the DICJ to promote games of fortune and chance or other casino games to patrons, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is regulated by the Gaming Promoters Regulation
“Gaming Promoters Regulation”	Macau Administrative Regulation No. 6/2002, as amended by Macau Administrative Regulation No. 27/2009
“Grand Paradise Macau Limited”	Grand Paradise Macau Limited, a company incorporated in the Isle of Man and wholly-owned by Ms. Pansy Ho
“GGR” or “gross gaming revenue”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions, complimentaries and other incentives
“gross table games win”	the amount of drop (in our main floor casino operation) or turnover (in our VIP casino operation) that is retained as winnings. We record this amount and slot machine gross win as casino revenue after deduction of commissions, complimentaries and other incentives
“Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“HIBOR”	Hong Kong InterBank Offer Rate

“high value main floor players”	consists of predominantly walk-in, day-trip visitors to Macau from mainland China. Our premium mass market clients generally do not take advantage of our luxury amenities to the same degree as VIP clients, but they are offered a variety of premium mass market amenities and customer loyalty programs, such as reserved space on the regular gaming floor and various other services, that are unavailable to the general mass market
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based upon their turnover level. We often extend credit to these players based upon knowledge of the players, their financial background and payment history
“Las Vegas”	the Las Vegas gaming market as defined by the Nevada Gaming Control Board
“Listing”	the initial listing of the Shares on the Main Board of the Hong Kong Stock Exchange on June 3, 2011
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of The People’s Republic of China

“Macau Government”	the local government of Macau
“Macau Gaming Law”	Macau Law No. 16/2001 (Legal Framework for the Operations of Games of Fortune and Chance in a Casino) as amended by Macau Law No. 7/2022
“main floor”	consists of the full range of our gaming products offered to our mass market players
“main floor players”	non-rolling chip players or cash chip players
“marker”	evidence of indebtedness by a player to the casino or gaming operator
“MGM COTAI”	the hotel and casino of that name in Cotai and all contiguous additions
“MGM Grand Paradise”	MGM Grand Paradise Limited, a private company limited by shares (“ <i>sociedade anónima</i> ”) incorporated on June 17, 2004 under the laws of Macau, a non-wholly owned subsidiary of the Company and one of six concessionaires authorized to operate casino games of chance and other casino games in Macau
“MGM MACAU”	the hotel and casino of that name in the Macau peninsula and all contiguous additions
“MGM Resorts International”	MGM Resorts International, a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM, and our controlling Shareholder
“MGM Resorts International Revolving Credit Facility”	the revolving loan facility dated November 10, 2022 entered into between the Company and MGM Resorts International
“MRIH”	MGM Resorts International Holdings, Ltd, a company incorporated in the Isle of Man and an indirect wholly-owned subsidiary of MGM Resorts International
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

“MOP”	Macau Pataca, the lawful currency of Macau
“occupancy rate”	the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available
“Pansy Ho” or “Managing Director”	Pansy Catilina Chiu King Ho, a substantial Shareholder, the Co-chairperson and an executive Director of the Company and the managing director of MGM Grand Paradise
“Revolving Credit Facility”	the revolving credit facility dated August 12, 2019 entered into between the Company and certain lenders, pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024, as amended on February 21, 2020, April 9, 2020, October 15, 2020, February 24, 2021 and February 10, 2022
“REVPAR”	Revenue per available room includes commissions, complimentaries and other incentives
“rolling chip”	a physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to individual VIP players and gaming promoters
“Second Revolving Credit Facility”	the second revolving credit facility dated May 26, 2020 entered into between the Company and certain lenders, pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility with a final maturity date on May 15, 2024, in an initial aggregate amount of HK\$2.34 billion, increased to HK\$3.12 billion on June 29, 2020, and with an increase option pursuant to which the Company may increase the amount of the facility up to HK\$3.9 billion, subject to certain conditions, as amended on October 14, 2020, February 24, 2021 and February 10, 2022

“Senior Secured Credit Facility”	the Second Amended Credit Agreement, entered into between MGM China, MGM Grand Paradise, MGM — Grand Paradise (HK) Limited, Superemrego Limitada, MGM-Security Services, Ltd. and Bank of America, N.A., dated June 9, 2015, as amended by the Third Supplemental Agreement, dated February 2, 2016, the Fourth Supplemental Agreement, dated February 15, 2017, the Fifth Supplemental Agreement, dated June 15, 2018 and the Sixth Supplemental Agreement, dated April 15, 2019, which was cancelled on August 14, 2019
“Services Agreement”	the services agreement entered into between the Managing Director and MGM Grand Paradise dated August 21, 2022 in relation to the appointment of Ms. Pansy Ho as the Managing Director
“Share(s)”	ordinary share(s) with a nominal value of HK\$1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s) of the Company from time to time
“SJM”	SJM Resorts, S.A., formerly Sociedade de Jogos de Macau, S.A.
“slot handle”	the total value of slot machine credits wagered resulting from coins and bank notes in the drop box, plus the value of any electronic money transfers made to the slot machine through the use of a cashless wagering system
“slot machine gross win”	the amount of slot handle that is retained as winnings. We record this amount and gross table games win as casino revenue after deduction of complimentaries and other incentives
“slot machines”	gaming machines operated by a single player and electronic multiple-player gaming machines

<p>“Sub-Concession”,  “Sub-Concession Contract”,  “Sub-Concession  Extension Contract” or  “Sub-Concession Further  Extension Contract”</p>	<p>the sub-concession contract for the operation of games of fortune and chance or other games in casino in Macau, authorized by the Macau Government and entered into by SJM and MGM Grand Paradise on April 19, 2005, as extended to June 26, 2022 by the Sub-Concession Extension Contract, dated as of March 15, 2019, and further extended to December 31, 2022, by the Sub-Concession Further Extension Contract, dated June 23, 2022. The Sub-Concession Contract expired on December 31, 2022</p>
<p>“Sub-Concessionaire(s)”</p>	<p>the holder(s) of a Sub-Concession for the operation of games of fortune and chance or other games in casino in Macau</p>
<p>“table games”</p>	<p>typical casino games, including card games such as baccarat, blackjack and sic bo as well as craps and roulette</p>
<p>“turnover”</p>	<p>the sum of all rolling chip wagers which represents wagers won by our relevant subsidiary (non-negotiable chip purchase plus non-negotiable chip exchange minus non-negotiable chip return)</p>
<p>“United States”</p>	<p>the United States of America, its territories and possessions and all areas subject to its jurisdiction</p>
<p>“US\$”</p>	<p>United States dollars, the lawful currency of United States</p>
<p>“VIP”, “VIP clients” or  “VIP players”</p>	<p>patrons or players who participate in our In-house VIP Program or in the VIP program of any of our gaming promoters</p>

“visitation”

with respect to visitation of our properties, the number of times our properties are entered during a fixed time period. Estimates of the number of visits to our properties are based upon information collected from digital cameras placed above every entrance to our properties capable of counting visitors (including repeat visitors) to our properties on a given day

“%”

per cent

By Order of the Board

**William Joseph Hornbuckle**

*Chairperson and Executive Director*

**Pansy Catilina Chiu King Ho**

*Co-chairperson and Executive Director*

Hong Kong, March 29, 2023

*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.*