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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, 2023**

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, 2023 as follows:

FINANCIAL HIGHLIGHTS

	For the year ended	
	December 31	
	2023	2022
	HK\$'000	HK\$'000
Casino revenue	21,821,840	4,438,995
Other revenue	2,862,370	829,574
Operating revenue	24,684,210	5,268,569
Adjusted EBITDA (unaudited)	7,235,246	(1,274,355)
Operating profit/(loss)	4,547,486	(3,609,542)
Profit/(loss) for the year attributable to owners of the Company	2,638,304	(5,231,911)
Earnings/(loss) per Share		
— Basic	HK69.4 cents	(HK137.7 cents)
— Diluted	HK69.2 cents	(HK137.7 cents)

Profit/loss attributable to owners of the Company increased from a loss of HK\$5,231.9 million for the year ended December 31, 2022 to a profit of HK\$2,638.3 million for the year ended December 31, 2023. This increase was attributable to the improved financial performance of the Group following the easing of travel restrictions to Macau initially imposed because of the COVID-19 pandemic.

DIVIDENDS

The Board is pleased to declare the payment of a special dividend of HK\$0.104 per Share (the “Special Dividend”), amounting to approximately HK\$395.2 million in aggregate, representing approximately 15% of the Group’s profit attributable to owners of the Company for the year ended December 31, 2023. The register of members will be closed from April 10, 2024 to April 12, 2024, both days inclusive, for the purpose of ascertaining the members who are entitled to the Special Dividend. This Special Dividend is expected to be paid on or about April 23, 2024 to the Shareholders whose names would appear on the register of members on April 10, 2024.

In accordance with the dividend policy announced by the Company on February 28, 2013, the semi-annual dividends, may not, in aggregate, exceed more than 35% of the anticipated consolidated annual profits in any one year. The Company may also declare special distributions from time to time in addition to the semi-annual dividends. The Board recommends a final dividend of HK\$0.243 per Share (the “Final Dividend”), amounting to approximately HK\$923.4 million in aggregate for the year ended December 31, 2023, representing approximately 35% of the Group’s profit attributable to owners of the Company for the year ended December 31, 2023. This Final Dividend is expected to be paid on or about June 20, 2024 to the Shareholders whose names would appear on the register of members on June 11, 2024.

The Board has resolved to declare the Special Dividend and recommend the payment of the Final Dividend after reviewing the Group’s general financial position as at March 21, 2024, its capital requirements going forward and other factors that the Board considered relevant, and determined that the Group has sufficient resources, after the payment of the Special Dividend and subject to the Shareholders’ approval, the Final Dividend, to finance its operations and expansion of its business. The Special Dividend and Final Dividend should not be taken as an indication of the level of profit or dividend going forward.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31	
		2023	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating revenue	4	24,684,210	5,268,569
OPERATING COSTS AND EXPENSES			
Gaming taxes and levies	10	(10,809,256)	(2,303,302)
Inventories consumed		(787,777)	(332,234)
Staff costs		(3,957,777)	(3,053,018)
Loss allowance on trade receivables, net		(39,212)	(50,614)
Other expenses and losses	5	(2,656,599)	(1,105,336)
Depreciation and amortization		(1,886,103)	(2,033,607)
		<u>(20,136,724)</u>	<u>(8,878,111)</u>
Operating profit/(loss)		4,547,486	(3,609,542)
Interest income		83,020	71,705
Finance costs	6	(1,913,522)	(1,665,261)
Net foreign currency loss		(31,945)	(13,072)
Profit/(loss) before tax		2,685,039	(5,216,170)
Income tax expense	7	(46,735)	(15,741)
Profit/(loss) for the year attributable to owners of the Company		<u><u>2,638,304</u></u>	<u><u>(5,231,911)</u></u>
Other comprehensive loss:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,623)	(7,772)
Total comprehensive income/(loss) for the year attributable to owners of the Company		<u><u>2,636,681</u></u>	<u><u>(5,239,683)</u></u>
Earnings/(loss) per Share — Basic	9	<u><u>HK69.4 cents</u></u>	<u><u>(HK137.7 cents)</u></u>
Earnings/(loss) per Share — Diluted	9	<u><u>HK69.2 cents</u></u>	<u><u>(HK137.7 cents)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At December 31	
		2023	2022
	NOTES	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property and equipment		20,394,577	21,690,904
Right-of-use assets		1,191,161	1,223,065
Gaming concession right	10	1,591,232	—
Other assets		126,841	61,092
Prepayments, deposits and other receivables		54,889	29,330
Pledged bank deposits		680,000	971,262
Total non-current assets		<u>24,038,700</u>	<u>23,975,653</u>
Current assets			
Inventories		188,153	160,021
Trade receivables	11	594,473	239,522
Prepayments, deposits and other receivables		120,606	127,553
Amounts due from related companies		7,386	156
Cash and cash equivalents		4,231,986	6,706,591
Total current assets		<u>5,142,604</u>	<u>7,233,843</u>
TOTAL ASSETS		<u>29,181,304</u>	<u>31,209,496</u>

		At December 31	
		2023	2022
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves			
Share capital		3,800,000	3,800,000
Reserves and accumulated losses		<u>(5,127,220)</u>	<u>(7,796,421)</u>
TOTAL DEFICIT		<u>(1,327,220)</u>	<u>(3,996,421)</u>
LIABILITIES			
Non-current liabilities			
Borrowings	<i>12</i>	18,248,369	32,725,136
Lease liabilities		168,362	170,759
Payables and accrued charges	<i>13</i>	59,107	6,520
Gaming concession right payable	<i>10</i>	1,672,696	—
Amounts due to related companies		<u>29,940</u>	<u>—</u>
Total non-current liabilities		<u>20,178,474</u>	<u>32,902,415</u>
Current liabilities			
Borrowings	<i>12</i>	5,850,362	—
Lease liabilities		30,756	21,078
Payables and accrued charges	<i>13</i>	4,294,707	2,252,202
Gaming concession right payable	<i>10</i>	54,868	—
Amounts due to related companies		53,197	22,474
Income tax payable		<u>46,160</u>	<u>7,748</u>
Total current liabilities		<u>10,330,050</u>	<u>2,303,502</u>
TOTAL LIABILITIES		<u>30,508,524</u>	<u>35,205,917</u>
TOTAL EQUITY AND LIABILITIES		<u>29,181,304</u>	<u>31,209,496</u>

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 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.

Financial Impact of the COVID-19 Pandemic

In early 2020, the rapid spread of a respiratory illness caused by COVID-19 led to certain actions taken by the Chinese Government, the Macau Government and many countries around the world to attempt to mitigate the spread of the virus, such as travel and entry restrictions, mandatory quarantine measures, nucleic acid testing requirement and suspension of casino operations from time to time. Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI were adversely impacted during 2020-2022 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 into Macau have significantly increased, and the Group’s financial position and performance have significantly improved during the year ended December 31, 2023.

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.

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. Further details are disclosed in Note 10.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

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.

As at December 31, 2023, the Group had a deficiency in shareholders' equity of HK\$1,327.2 million (December 31, 2022: HK\$3,996.4 million) caused primarily by operating losses incurred during the period of the COVID-19 pandemic. In addition, as at December 31, 2023, the Group had a net current liability position of HK\$5,187.4 million (December 31, 2022: net current assets of HK\$4,930.3 million) as the final maturity date of one tranche of the unsecured senior note indebtedness is May 15, 2024 (refer Note 12) which falls due within twelve months from the end of the reporting period. However, the Group had total cash and cash equivalents of HK\$4.23 billion as at December 31, 2023 (December 31, 2022: HK\$6.71 billion), and access to approximately HK\$11.45 billion of available undrawn credit facilities under its Unsecured Credit Facilities. Given the Group's liquidity position as at December 31, 2023, significantly improved financial performance and estimated cash flows for the twelve months ending December 31, 2024, the Group believes it is able to meet its financial obligations as they fall due for the twelve months from the end of the reporting period.

Application of new and amendments to IFRS

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

IFRS 17	Insurance Contracts and the related amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform — Pillar Two Model Rules

The application of the above new and amendments to IFRS in the current year have had no material effect on the Group's financial position and performance.

Impacts on application of Amendments to IAS 12 Income Taxes International Tax Reform-Pillar Two Model Rules

IAS 12 Income Taxes has been amended to add an exception in recognizing and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantially enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development.

The Group is yet to apply the temporary exception during the current year because the Group's entities are operating in a jurisdiction in which the Pillar Two legislation has not yet been enacted or substantially enacted. The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual consolidated financial statements when the Pillar Two legislation is enacted or substantially enacted and will disclose separately current tax expense/income related to Pillar Two income taxes when it is in effect.

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 profit/(loss) for the year attributable to owners of the Company:

	2023	2022
	HK\$'000	HK\$'000
Adjusted EBITDA (unaudited)	7,235,246	(1,274,355)
Share-based payments	(49,147)	(46,346)
Corporate expenses (unaudited)	(731,141)	(240,747)
Pre-opening costs (unaudited)	—	(1,130)
Loss on disposal/write-off of property and equipment and other assets	(21,369)	(13,357)
Depreciation and amortization	(1,886,103)	(2,033,607)
Operating profit/(loss)	4,547,486	(3,609,542)
Interest income	83,020	71,705
Finance costs	(1,913,522)	(1,665,261)
Net foreign currency loss	(31,945)	(13,072)
Profit/(loss) before tax	2,685,039	(5,216,170)
Income tax expense	(46,735)	(15,741)
Profit/(loss) for the year attributable to owners of the Company	<u>2,638,304</u>	<u>(5,231,911)</u>

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

4. OPERATING REVENUE

Operating revenue comprises:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Casino	21,821,840	4,438,995
Hotel rooms	1,386,245	338,087
Food and beverage	1,265,216	385,873
Retail and other	210,909	105,614
	<u>24,684,210</u>	<u>5,268,569</u>

5. OTHER EXPENSES AND LOSSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Advertising and promotion	1,040,056	220,501
License fees	431,974	92,200
Other support services	337,823	183,744
Repairs and maintenance	273,218	232,785
Utilities and fuel	261,655	229,348
Loss on disposal/write-off of property and equipment and other assets	21,369	13,357
Auditor's remuneration	11,845	8,753
Other ⁽¹⁾	278,659	124,648
	<u>2,656,599</u>	<u>1,105,336</u>

⁽¹⁾ Other expenses for the year ended December 31, 2022 includes reversal of provisions of HK\$60.6 million, as a result of the final settlement of certain litigation related to the Group's joint liability with gaming promoters.

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on unsecured senior notes	1,144,723	1,145,333
Interest on unsecured credit facilities	436,107	373,822
Interest on gaming concession right payable	133,331	—
Amortization of debt finance costs	118,175	103,123
Standby charges on MGM Resorts International Revolving Credit Facility	59,461	8,375
Interest on lease liabilities	12,223	12,795
Bank fees, charges and other	9,502	21,813
	<u>1,913,522</u>	<u>1,665,261</u>
Total finance costs	<u>1,913,522</u>	<u>1,665,261</u>

7. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax expense:		
Payment in lieu of Macau Complementary Tax on dividends	45,990	14,796
Mainland China Income Tax	709	945
Hong Kong Profit Tax	36	—
	<u>46,735</u>	<u>15,741</u>
Income tax expense	<u>46,735</u>	<u>15,741</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 profits generated from gaming operations for the period from January 1, 2017 to December 31, 2022, the date upon which the Sub-Concession Contract expired. On March 30, 2023, MGM Grand Paradise applied for exemption for the term of the Concession from January 1, 2023 to December 31, 2032. Pursuant to the approval notice 19/2024 issued by the Macau Government dated January 29, 2024, this exemption was granted for the period from January 1, 2023 to December 31, 2027. MGM Grand Paradise's non-gaming profit and the Group's other subsidiaries that carry on business in Macau remain subject to 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 the extended tax concession arrangement issued by the Macau Government, MGM Grand Paradise was required to pay 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 January 2023, the Macau Government confirmed to MGM Grand Paradise the terms of the extended tax concession arrangement, which required MGM Grand Paradise to pay 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. In February 2024, MGM Grand Paradise finalized a tax concession arrangement with the Macau Government for the years ended/ending December 31, 2023 to December 31, 2025, which requires MGM Grand Paradise to make annual payment based on a pre-determined rate in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. The amount for the year ended December 31, 2023 is approximately MOP47.4 million (equivalent to approximately HK\$46.0 million). 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, 2023 and 2022, nor a final dividend payment for the year ended December 31, 2022.

On March 21, 2024, a special dividend of HK\$0.104 per Share, amounting to approximately HK\$395.2 million in aggregate, was declared by the Directors of the Company, and a final dividend of HK\$0.243 per Share, amounting to approximately HK\$923.4 million in aggregate for the year ended December 31, 2023, has been recommended by the Directors of the Company and is subject to approval by the Shareholders of the Company in the forthcoming annual general meeting.

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per Share is based upon the following:

	2023	2022
Profit/(loss)		
Profit/(loss) for the year attributable to owners of the Company for the purposes of basic and diluted earnings/(loss) per Share (HK\$'000)	<u><u>2,638,304</u></u>	<u><u>(5,231,911)</u></u>
Weighted average number of Shares		
Weighted average number of Shares for the purpose of basic earnings/(loss) per Share ('000)	3,800,245	3,800,000
Number of dilutive potential Shares arising from exercise of share options ('000) ⁽¹⁾	<u>12,792</u>	<u>—</u>
Weighted average number of Shares for the purpose of diluted earnings/(loss) per Share ('000)	<u><u>3,813,037</u></u>	<u><u>3,800,000</u></u>
Earnings/(loss) per Share — Basic	<u><u>HK69.4 cents</u></u>	<u><u>(HK137.7 cents)</u></u>
Earnings/(loss) per Share — Diluted	<u><u>HK69.2 cents</u></u>	<u><u>(HK137.7 cents)</u></u>

- ⁽¹⁾ The computation of diluted loss per share for the year ended December 31, 2022 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

10. GAMING CONCESSION

Pursuant to the Concession Contract signed with the Macau Government for the 10-year period ending on December 31, 2032, MGM Grand Paradise shall pay the Macau Government the following contributions:

- i) a fixed annual premium of MOP30.0 million (equivalent to approximately HK\$29.1 million).
- ii) a variable premium depending upon the type and the number of gaming tables and electric or mechanical gaming machines, including slot machines that the Group operates. The variable premium is calculated as follows:
 - MOP300,000 (equivalent to approximately HK\$291,262) per annum per gaming table reserved to certain games and players, including gaming tables in special gaming rooms or special gaming areas;
 - MOP150,000 (equivalent to approximately HK\$145,631) per annum per gaming table not reserved to certain games and players; and
 - MOP1,000 (equivalent to approximately HK\$971) per annum per electric or mechanical gaming machines, including slot machines.

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.

- iii) an annual amount of approximately MOP44.5 million (equivalent to approximately HK\$43.2 million) for the first three years and an annual amount of MOP148.4 million (equivalent to approximately HK\$144.1 million) for the remaining years 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, as 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 in March 2026, as adjusted annually for the remaining years payable in March each year in accordance with the average price index in Macau pursuant to the Macau Gaming Law.

The minimum future payments described above represent in-substance consideration for the Concession Contract for the right to conduct gaming activities and are not tied to casino revenue generated by future operations.

Movement of the intangible asset recognized is as follows:

	<i>HK\$'000</i>
Granted at January 1, 2023 — initial recognition	1,768,036
Amortization	<u>(176,804)</u>
Carrying amount at December 31, 2023	<u><u>1,591,232</u></u>

A maturity analysis of gaming concession right payable based on undiscounted cash flows is reported as follows:

	At December 31, 2023 <i>HK\$'000</i>
Within one year	184,110
Over one year but not exceeding two years	184,940
Over two years but not exceeding five years	860,922
Over five years	<u>1,199,514</u>
	2,429,486
Less: Effect of discounting	<u>(701,922)</u>
	<u>1,727,564</u>
Current gaming concession right payable	54,868
Non-current gaming concession right payable	<u>1,672,696</u>
	<u><u>1,727,564</u></u>

In addition to the above payments, MGM Grand Paradise is required to pay special gaming tax and additional levies on gross gaming revenues as listed below:

- i) special gaming tax to the Macau Government of an amount equal to 35% of the gross gaming revenues on a monthly basis.
- ii) a sum of 2% of the gross gaming revenue as additional levies given to a public foundation whose objective is the promotion, development or study of cultural, social, economic, educational, scientific, academic, and charity activities and a sum of 3% of the gross gaming revenue as additional levies to be used for urban development and construction, promotion of tourism and social security.

The Concessionaires are eligible for an exemption of the 5% additional levies on gross gaming revenue in relation to the expansion of overseas customer markets according to Administrative Regulation no. 54/2022 and the order of the Chief Executive no. 216/2022.

- iii) By order of the Chief Executive no. 162/2022, the minimum annual gross gaming revenue per gaming table is set as 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 set as MOP300 thousand (equivalent to approximately HK\$291 thousand). Pursuant to Article 20 of the Gaming Law, if the average gross revenue arising from 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 be required 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 amount 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. If MGM Grand Paradise fails to reach the minimum annual gross gaming revenue described above, based upon the approved number of gaming tables and gaming machines in operation, the Group is obligated to make minimum annual payments of approximately MOP2.02 billion (equivalent to approximately HK\$1.96 billion). No special premium is required for the year ended December 31, 2023.

MGM Grand Paradise has committed to certain investments in gaming and non-gaming projects with an initial amount of 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. During 2023, the non-gaming investment commitment increased in accordance with the Concession Contract as the market-wide Macau gross gaming revenue reached MOP180 billion (equivalent to approximately HK\$174.8 billion) and, accordingly, the investments commitments in gaming and non-gaming projects has increased to MOP19.7 billion (equivalent to approximately HK\$19.1 billion), of which MOP18 billion (equivalent to approximately HK\$17.5 billion) is in non-gaming projects.

MGM Grand Paradise is also required to maintain its net asset value at not less than MOP5 billion (equivalent to approximately HK\$4.85 billion) throughout the term of the Concession Contract.

11. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	824,187	441,412
Less: Loss allowance	<u>(229,714)</u>	<u>(201,890)</u>
	<u>594,473</u>	<u>239,522</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 28 days to VIP gaming customers and 30 days on issuance of markers to gaming promoters.

Trade receivables are unsecured and non-interest bearing.

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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	336,674	133,230
31 — 90 days	81,250	29,289
91 — 180 days	99,567	744
Over 180 days	<u>76,982</u>	<u>76,259</u>
	<u>594,473</u>	<u>239,522</u>

12. BORROWINGS

During the year ended December 31, 2023, the Company entered into amendments under the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

At December 31, 2023, the Group's unsecured borrowings included senior notes and credit facilities.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Unsecured senior notes payable due:		
Within one year	5,857,800	—
Over one year but not exceeding two years	3,905,200	5,851,200
Over two years but not exceeding three years	5,857,800	3,900,800
Over three years but not exceeding four years	5,857,800	5,851,200
Over four years but not exceeding five years	—	5,851,200
	<u>21,478,600</u>	<u>21,454,400</u>
Less: Debt finance costs	<u>(104,261)</u>	<u>(160,725)</u>
	<u>21,374,339</u>	<u>21,293,675</u>
Unsecured credit facilities payable:		
Over one year but not exceeding two years	—	11,500,000
Over two years but not exceeding three years	<u>2,900,000</u>	<u>—</u>
	<u>2,900,000</u>	<u>11,500,000</u>
Less: Debt finance costs	<u>(175,608)</u>	<u>(68,539)</u>
	<u>2,724,392</u>	<u>11,431,461</u>
The Group's borrowings are classified as:		
Current	5,850,362	—
Non-current	<u>18,248,369</u>	<u>32,725,136</u>
	<u>24,098,731</u>	<u>32,725,136</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, if any, 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, 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. The proceeds of the Revolving Credit Facility were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility, ongoing working capital needs and general corporate purposes of the Group.

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 credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

On June 30, 2023, the Company entered into amendments of the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the Company's option to increase the amount of the facility was amended on June 30, 2023 to HK\$5.85 billion subject to certain conditions. In addition, among the conditions precedent documents required for the purpose of requesting a loan, evidence that the Revolving Credit Facility has been fully drawn will no longer be required under the Amended Second Revolving Credit Facility. During the year ended December 31, 2023, the Company increased the available credit facilities of the Amended Second Revolving Credit Facility by HK\$1.48 billion to HK\$4.60 billion.

As at December 31, 2023, the Group had total available undrawn unsecured credit facilities of HK\$11.45 billion (2022: HK\$1.37 billion), excluding the MGM Resorts International Revolving Credit Facility described below.

Principal and Interest

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility bear interest at a floating 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, 2023, HK\$2.90 billion of the Amended Revolving Credit Facility was drawn. HK\$6.85 billion of the Amended Revolving Credit Facility and HK\$4.60 billion of the Amended 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, 2026. Each drawdown is to be repaid in full no later than May 15, 2026. As at December 31, 2023, the Group paid interest at HIBOR plus 2.75% per annum (2022: HIBOR plus 2.75% per annum).

General Covenants

The Amended Revolving Credit Facility and the Amended 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 was not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into a number of amendments between the year 2020 and the year 2022 to provide a waiver of its financial covenants under the Revolving Credit Facility and the Second Revolving Credit Facility.

The financial covenants were further amended under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility on June 30, 2023 to cover the extended maturity period which waived the financial covenants from each quarter ended on and after March 31, 2023 through December 31, 2024.

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

Accounting Date	Interest Coverage Ratio	Leverage Ratio
Each quarter ended on and after March 31, 2023 through December 31, 2024	Not Applicable	Not Applicable
March 31, 2025	2.50:1.00	5.50:1.00
June 30, 2025	2.50:1.00	5.25:1.00
September 30, 2025	2.50:1.00	5.00:1.00
December 31, 2025	2.50:1.00	4.75:1.00
March 31, 2026	2.50:1.00	4.50:1.00

Compliance with Covenants

The Group has complied with the general and financial covenants under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility for the year ended December 31, 2023.

Cancellation

Pursuant to the Amended Revolving Credit Facility and the Amended 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 Amended Revolving Credit Facility and the Amended 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 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 Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

MGM Resorts International Revolving Credit Facility

On November 10, 2022, the Company entered into an agreement with MGM Resorts International as lender 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\$5.86 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 is based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

The MGM Resorts International Revolving Credit Facility was amended on June 29, 2023, (the “Amendment Effective Date”) so that no payment of any financial costs, including interest payment and commitment fee, and no principal repayment shall be made by the Company to the lender under the MGM Resorts International Revolving Credit Facility, up to the end of the financial covenants waiver period under the existing Unsecured Credit Facilities, on December 31, 2024 (the “June 29, 2023 Amendment”).

As at December 31, 2023, the MGM Resorts International Revolving Credit Facility of HK\$5.86 billion was fully undrawn and available for utilization.

The Company cancelled the whole HK\$5.86 billion unutilized commitment under the MGM Resorts International Revolving Credit Facility, effective from March 20, 2024 (the “Effective Date of Cancellation”). The commitment fee due for the period from the Amendment Effective Date to the Effective Date of Cancellation, is payable in the quarter ending on March 31, 2025, as provided in the June 29, 2023 Amendment.

13. PAYABLES AND ACCRUED CHARGES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Gaming taxes payables	1,255,070	226,163
Customer advances and other	953,354	679,004
Accrued staff costs	764,039	496,210
Outstanding chips liability	433,328	226,656
Other payables and accrued charges	349,043	172,504
Interest payable	222,947	229,092
Loyalty programs liability	191,888	129,535
Construction payables and accruals	87,286	50,039
Trade payables	76,447	14,381
Construction retention payable	10,395	31,119
Other casino liabilities	10,017	4,019
	<u>4,353,814</u>	<u>2,258,722</u>
Classified as:		
Current	4,294,707	2,252,202
Non-current	59,107	6,520
	<u>4,353,814</u>	<u>2,258,722</u>

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

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	64,900	12,857
31 — 60 days	9,736	1,197
61 — 90 days	344	245
91 — 120 days	315	1
Over 120 days	1,152	81
	<u>76,447</u>	<u>14,381</u>

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

14. GUARANTEES

As at December 31, 2023, the Group has given bank guarantees totaling HK\$978.7 million (2022: HK\$1,153.5 million) to certain parties including:

- HK\$970.9 million was issued in favor of the Macau Government as required in the Concession Contract (2022: HK\$1,145.7 million was required in the Sub-Concession Contract, which were cancelled in January 2023);
- HK\$4.0 million (2022: 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 (2022: 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 (2022: HK\$3.2 million) was issued in favor of certain vendors.

During the years ended 2023 and 2022, pledged bank deposits were provided in relation to the bank guarantees provided to the Macau Government for the Concession Contract as mentioned above.

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 gaming promoters by individuals who claimed to have placed deposits with gaming promoters who had operations at the Group's properties and the gaming promoters failed to honor the withdrawal of such deposits. The Group was sued in these proceedings based solely upon the joint liability of the concessionaire for the actions and conduct of the gaming promoters carried out at the Group's casino premises.

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, management considers 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 gaming promoters

In 2022, criminal charges were made in the Macau courts against two independent Macau gaming promoters and individuals associated with those promoters for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023 and April 2023, the verdicts of the Court of the First Instance were 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\$349.0 million and HK\$3.8 million, respectively. Both the prosecutors and defendants have appealed against the verdict. In October 2023 and January 2024, the verdicts of the Court of the Second Instance were released and dismissed the compensation to MGM Grand Paradise and the other concessionaires/sub-concessionaires. 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 950 slot machines, 351 gaming tables, and multiple VIP and private gaming areas as at December 31, 2023. 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 901 slot machines and 399 gaming tables as at December 31, 2023. 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, featuring 28 luxurious villas, is the latest addition to the luxurious accommodation at MGM COTAI.

Recent Developments

Financial Impact of the COVID-19 pandemic

Visitation to Macau and business volume across all operations at MGM MACAU and MGM COTAI were adversely impacted during 2020-2022 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 into Macau have significantly increased, and the Group's financial position and performance have significantly improved during the year ended December 31, 2023.

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.

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.

Amendments under Revolving Credit Facility and the Second Revolving Credit Facility

On June 30, 2023, the Company entered into amendments under the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the Company's option to increase the amount of the facility was amended on June 30, 2023 to HK\$5.85 billion subject to certain conditions. In addition, among the conditions precedent documents required for the purpose of requesting a loan, evidence that the Revolving Credit Facility has been fully drawn will no longer be required under the Amended Second Revolving Credit Facility. During the year ended December 31, 2023, the Company increased the available credit facilities of the Amended Second Revolving Credit Facility by HK\$1.48 billion to HK\$4.60 billion.

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. Additionally, we continued to implement the following business strategies to enhance our position as the leading developer and operator of two 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 duration of the Concession Contract, 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. During 2023, the non-gaming investment commitment increased in accordance with the Concession Contract as the market-wide Macau gross gaming revenue reached MOP180 billion (equivalent to approximately HK\$174.8 billion) and, accordingly, the investment commitments in gaming and non-gaming projects has increased to MOP19.7 billion (equivalent to approximately HK\$19.1 billion), of which MOP18 billion (equivalent to approximately HK\$17.5 billion) is in non-gaming projects. We leverage the extensive sales network of MGM Resorts International to expand international tourist markets and during the year, we have expanded overseas sales networks in Kuala Lumpur, Manila, Seoul and Osaka. We 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. Additionally, we continue to work together with the Macau Government 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 continues to be added with several new large-scale integrated resorts being opened in Cotai in recent years. Infrastructure investment and growth in room supply have been supporting 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, in 2019 (before the COVID-19 pandemic) and 2023, approximately 70.9% and 67.5% of visitors to Macau were from mainland China, respectively.

Following the easing of travel restrictions to Macau which began in late 2022, total visitor arrivals into Macau and Macau gross gaming revenue have significantly increased. Total visitor arrivals into Macau increased by 394.9% and total visitation from mainland China to Macau increased by 273.1% for the year ended December 31, 2023, respectively, over 2022. Macau gross gaming revenue increased by 333.8% to HK\$177.7 billion for the year ended December 31, 2023 over 2022. Total visitor arrivals into Macau and Macau gross gaming revenue for the year ended December 31, 2023 were 28.4% and 37.4% lower than the pre-pandemic comparable period in 2019, respectively.

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

- The financial investments made or committed for the 10 year term of the new gaming concessions 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 development of the fourth Macao-Taipa bridge; the opening of Qingmao border and Hengqin border 24-hour checkpoints; the ongoing expansion of the Macau Light Rapid Transit (“Macau LRT”) System; the ongoing expansion of the China High Speed Rail routes to Zhuhai border gate from key cities in mainland China; launch of additional direct flights between Macau and international destinations. All can 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 expanding mainland China cities eligible for individual visit scheme to visit Macau; and
- The strong efforts to promote Macau as a safe and quality tourism destination by the Macau Government.

Nonetheless, the Macau gaming market and tourism is also affected by factors, such as 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 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.

Competition

There are six gaming operators in Macau and as at December 31, 2023, 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 and the additional 198 gaming tables awarded under the Gaming Concession, our overall gaming market share increased to 15.2% for the year ended December 31, 2023.

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. Our mass market gaming operation accounted for 85% of our GGR for the year ended December 31, 2023. 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

The majority of our VIP casino play 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. Alternately, our VIP clients may come under our gaming promoters’ programs. In December 2021, the Group suspended VIP operations with our primary gaming promoters and subsequently terminated its contractual arrangements with such promoters. In addition, following the introduction of the Macau Gaming Law in June 2022, the Group has not had revenue sharing arrangements with any gaming promoters. Accordingly, the contribution of VIP operations with gaming promoters to our casino revenue was substantially reduced.

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.

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.

Hospitality

MGM MACAU opened in December 2007 and the hotel houses 585 hotel rooms comprising 468 standard guestrooms, 99 luxury suites and 18 private luxury villas. MGM COTAI opened in February 2018, the hotel comprises two towers — M Tower and Emerald Tower with 1,418 hotel rooms comprising 1,248 standard guestrooms, 99 luxury suites, 16 skylofts, 27 The Mansion villas and 28 Emerald villas. The expansive and unique offerings associated with The Mansion and Emerald Villa were designed to better position the Group to acquire high-end customers. In addition, the resorts offer luxurious amenities, including 8 diverse restaurants, retail outlets, world-class pool and spa facilities, and approximately 1,600 square meters of convertible convention space at MGM MACAU and 12 diverse restaurants and bars, retail outlets, approximately 2,870 square meters of meeting space and other non-gaming offerings at MGM COTAI.

Our hospitality services and premium quality facilities are highly recognized by world-class awards. In particular, our resorts have received a total of seven Forbes Travel Guide Five-Star Awards for 2023, Imperial Court at MGM MACAU was honored in the Black Pearl Restaurant Guide with One-diamond Restaurant and Five Foot Road at MGM COTAI achieved One Michelin Star at the MICHELIN Guide Hong Kong and Macau 2023.

Arts and Culture

Precious works of art can be found throughout MGM MACAU including the massive “Fiori de Paradiso” chandelier by renowned artist Dale Chihuly, which is located at the hotel lobby. Additional artwork, including lion sculptures and paintings by local and international artists are located elsewhere on the grounds. MGM MACAU also features the MGM Art Space, a dedicated gallery space in a Macau resort designed specifically for art and cultural exhibitions.

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.

As a supporter of cultural tourism, MGM China collaborates with world-renowned artists, art institutions and luxury brands to bring in exhibitions, art installations and performing arts to the two properties. In 2023, MGM China presented the “Fondant Art Exhibition” of Zhou Yi, “To Infinity and Beyond: The Art of Hsiao Chin” special exhibition, art installation “Valkyrie Miss Dior” by contemporary Portuguese artist Joana Vasconcelos and local artist Eric Fok’s first digital artwork “Giraffe meets Qilin”. In addition, MGM China has also announced a collaboration with Poly Culture Group Corporation Limited to build a cutting-edge arts and culture museum at MGM MACAU.

Entertainment

Empowered by the latest in technology and engineering, MGM Theater, Asia's first dynamic theater, can create custom arrangements for special events. New shows or events performed at the MGM Theater during the current year include the "George Lam Keep Smiling Concert Macau," "Wowkie Da MGM Music Show", "Hacken Lee MGM Music Show", "Harlem Yu — Harlem's Years World Tour Concert in Macau", "Paul Anka: The Greatest Hits, His Way in Macau", "Let's JAM at MGM", "Matchy Kondo — Matchy Get Macao ~ X'mas Special Concert in Macao" and the global premiere of the world's first digital collective movie "SHIP". The Spectacle, situated at the heart of MGM COTAI, comprises the world's largest area of permanent indoor LED screens and showcases an exclusive array of digital art collected from around the globe, setting a platform for world renowned artists to reveal the beauty of the world. Our innovative "Sea Odyssey" show is another exclusive attraction at MGM COTAI which takes advantage of the LED displays at the Spectacle. In addition, MGM COTAI also held "Oktoberfest Macau at MGM", "Mayday FLY TO MGM Concert", and "MGM Chef Nic Gastronomusic Fest" during the year. We continued developing our original entertainment products in 2023 and will leverage our advanced technologies and our originality to introduce new and unique entertainment offerings.

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 profit or loss attributable to owners of the Company for the years ended December 31, 2023 and 2022:

	For the year ended	
	December 31	
	2023	2022
	HK\$'000	HK\$'000
Profit/(loss) for the year attributable to owners of the Company	2,638,304	(5,231,911)
Income tax expense	46,735	15,741
Net foreign currency loss	31,945	13,072
Finance costs	1,913,522	1,665,261
Interest income	<u>(83,020)</u>	<u>(71,705)</u>
Operating profit/(loss)	4,547,486	(3,609,542)
Depreciation and amortization	1,886,103	2,033,607
Loss on disposal/write-off of property and equipment and other assets	21,369	13,357
Pre-opening costs (unaudited)	—	1,130
Corporate expenses (unaudited)	731,141	240,747
Share-based payments	<u>49,147</u>	<u>46,346</u>
Adjusted EBITDA (unaudited)	<u>7,235,246</u>	<u>(1,274,355)</u>
MGM MACAU Adjusted EBITDA⁽¹⁾ (unaudited)	3,170,886	(274,238)
MGM COTAI Adjusted EBITDA (unaudited)	4,064,360	(1,000,117)

⁽¹⁾ 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.

Discussion of Results of Operations

Financial results for the year ended December 31, 2023 compared to financial results for the year ended December 31, 2022

Operating Revenue

The following table sets forth the operating revenue for the years ended December 31, 2023 and 2022.

	For the year ended December 31	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
MGM MACAU	10,845,888	3,066,371
Casino revenue	9,725,198	2,637,716
Other revenue	1,120,690	428,655
MGM COTAI	13,838,322	2,202,198
Casino revenue	12,096,642	1,801,279
Other revenue	1,741,680	400,919
Operating revenue	24,684,210	5,268,569

Operating revenue of HK\$24,684.2 million for the year ended December 31, 2023 was 368.5% higher than the prior year. The increase was primarily due to the relaxation of COVID-19 related travel restrictions to Macau beginning in late 2022, which resulted in an increased number of visitors to Macau and, as a result, an increase in the number of guests at our properties. Driven by the premium mass market which both MGM MACAU and MGM COTAI are well positioned to capture and the additional 198 gaming tables awarded under the Gaming Concession, our operating revenue for the year ended December 31, 2023 outperformed the market and was 8.4% higher than in 2019 before the COVID-19 pandemic.

Summary Statistics

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

MGM MACAU	For the year ended	
	December 31	
(in thousands, except for number of gaming units, percentage and REVPAR)	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Main floor table games drop	48,397,338	12,391,712
Main floor gross table games win ⁽¹⁾	9,866,398	2,722,172
Main floor table games win percentage	20.4%	22.0%
Average daily gross win per main floor gaming table	92.0	33.5
VIP table games turnover	33,463,509	9,312,367
VIP gross table games win ⁽¹⁾	1,030,705	190,707
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	3.1%	2.0%
Average daily gross win per VIP gaming table	56.9	13.6
Slot machine handle	23,284,538	7,884,837
Slot machine gross win ⁽¹⁾	902,325	351,914
Slot hold percentage	3.9%	4.5%
Average daily win per slot	2.7	1.1
Commissions, complimentary and other incentives ⁽¹⁾	(2,074,230)	(627,077)
Room occupancy rate	93.9%	54.2%
REVPAR	2,192	824
	As at December 31	
	2023	2022
	(unaudited)	(unaudited)
Gaming Units:		
Tables ⁽²⁾	351	294
Slot machines	950	926

MGM COTAI

For the year ended

December 31

(in thousands, except for number of gaming units,
percentage, and REVPAR)

2023	2022
<i>HK\$'000</i>	<i>HK\$'000</i>
(unaudited)	(unaudited)

Main floor table games drop	46,426,285	7,249,594
Main floor gross table games win ⁽¹⁾	11,544,706	1,750,254
Main floor table games win percentage	24.9%	24.1%
Average daily gross win per main floor gaming table	94.2	23.9
VIP table games turnover	79,442,814	13,802,412
VIP gross table games win ⁽¹⁾	2,924,422	390,066
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	3.7%	2.8%
Average daily gross win per VIP gaming table	169.4	38.8
Slot machine handle	22,028,074	5,758,673
Slot machine gross win ⁽¹⁾	784,257	173,238
Slot hold percentage	3.6%	3.0%
Average daily win per slot	2.2	0.6
Commissions, complimentary and other incentives ⁽¹⁾	(3,156,743)	(512,279)
Room occupancy rate	92.0%	25.2%
REVPAR	1,805	355

As at December 31

2023	2022
(unaudited)	(unaudited)

Gaming Units:

Tables ⁽²⁾	399	258
Slot machines	901	934

⁽¹⁾ 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, complimentary and other incentives. The following table sets forth a reconciliation of the gaming wins to casino revenue.

⁽²⁾ Permanent table count as at December 31, 2023 and 2022. 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	
	2023	2022
	HK\$'000	HK\$'000
Main floor gross table games win	21,411,104	4,472,426
VIP gross table games win	3,955,127	580,773
Slot machine gross win	1,686,582	525,152
	<u>27,052,813</u>	<u>5,578,351</u>
Gross casino revenue	27,052,813	5,578,351
Commissions, complimentaries and other incentives	(5,230,973)	(1,139,356)
Casino revenue	<u>21,821,840</u>	<u>4,438,995</u>

Casino revenue increased by 391.6% to HK\$21,821.8 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase is explained above in operating revenue. The components of our gaming operations were:

Main Floor Table Gaming Operations

Main floor gross table games win increased by 378.7% to HK\$21,411.1 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. Similarly, main floor table games drop in MGM MACAU and MGM COTAI increased by 290.6% to HK\$48,397.3 million and 540.4% to HK\$46,426.3 million during the current year, respectively.

VIP Gaming Operations

VIP gross table games win increased by 581.0% to HK\$3,955.1 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. Similarly, VIP table games turnover in MGM MACAU and MGM COTAI increased by 259.3% to HK\$33,463.5 million and 475.6% to HK\$79,442.8 million during the current year, respectively.

Slot Machine Gaming Operations

Slot machine gross win increased by 221.2% to HK\$1,686.6 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. Similarly, slot machine handle in MGM MACAU and MGM COTAI increased by 195.3% to HK\$23,284.5 million and 282.5% to HK\$22,028.1 million during the current year, respectively.

Other Revenue

Other revenue includes hotel rooms, food, beverage, retail and entertainment and increased by 245.0% to HK\$2,862.4 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase was primarily due to the relaxation of COVID-19 related travel restrictions as discussed above.

Operating Costs and Expenses

The major operating costs and expenses for the years ended December 31, 2023 and 2022 were:

	For the year ended	
	December 31	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gaming taxes and levies	10,809,256	2,303,302
Inventories consumed	787,777	332,234
Staff costs	3,957,777	3,053,018
Loss allowance on trade receivables, net	39,212	50,614
Other expenses and losses	2,656,599	1,105,336
Depreciation and amortization	1,886,103	2,033,607
Finance costs	1,913,522	1,665,261
Income tax expense	46,735	15,741

Gaming taxes and levies

Gaming taxes and levies increased by 369.3% to HK\$10,809.3 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. This increase was attributable to the higher gross gaming revenue generated during the current year.

Inventories consumed

Inventories consumed increased by 137.1% to HK\$787.8 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase resulted from higher business activities in light of increased number of visitors due to the relaxation of COVID-19 related travel restriction as discussed above.

Staff costs

Staff costs increased by 29.6% to HK\$3,957.8 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. The increase was primarily due to hiring of additional staff in response to increased business activities as discussed above, as compared to the year ended December 31, 2022 where we undertook a number of measures to reduce payroll expenses, including limiting staff on-site, implementing a hiring freeze and organizational change, and introducing voluntary unpaid leave during the COVID-19 pandemic.

Loss allowance on trade receivables, net

Loss allowance on trade receivables, net, decreased by 22.5% from HK\$50.6 million for year ended December 31, 2022 to HK\$39.2 million for the year ended December 31, 2023. During the year ended December 31, 2023, the Group has recognized loss allowance of HK\$113.9 million (for the year ended December 31, 2022: HK\$121.1 million) for outstanding trade receivables during the current year, which is offset by a reversal of loss allowance of HK\$74.7 million (for the year ended December 31, 2022: HK\$70.5 million) due to recoveries in the current year related to amounts provided for in prior years.

Other expenses and losses

Other expenses and losses increased by 140.3% to HK\$2,656.6 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022, which mainly resulted from:

Advertising and promotion expense. Advertising and promotion expense increased by 371.7% from HK\$220.5 million for the year ended December 31, 2022 to HK\$1,040.1 million for the year ended December 31, 2023. The increase resulted from increased marketing activities being organized during 2023 following relaxation of COVID-19 related travel restrictions as discussed above.

License fee and marketing fees. License fee and marketing fees due to related companies increased by 388.9% from HK\$93.4 million for the year ended December 31, 2022 to HK\$456.6 million for the year ended December 31, 2023. This increase primarily resulted from higher revenue generated during the current year.

Depreciation and amortization

Depreciation and amortization decreased by 7.3% to HK\$1,886.1 million for the year ended December 31, 2023 as compared to the year ended December 31, 2022. 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\$1,665.3 million for the year ended December 31, 2022 to HK\$1,913.5 million for the year ended December 31, 2023. The increase was due to the net impact of:

- HK\$133.3 million of notional interest attributable to gaming concession right payable for year ended December 31, 2023 (for the year ended December 31, 2022: nil);
- Increase of HK\$62.3 million in interest expense attributable to the increased weighted average interest rate from 4.6% to 6.3% as a result of higher HIBOR during the current year and partially offset by a decrease in weighed average balance of Unsecured Credit Facilities resulting from repayment during the year ended December 31, 2023; and
- Increase of HK\$51.1 million in standby charges on the MGM Resorts International Revolving Credit Facility.

Income tax expenses

Income tax expense in the current and prior years primarily related to the provision for payment in lieu of Macau Complementary Tax on dividends. In January and February 2024, MGM Grand Paradise was granted an exemption from Macau Complementary Tax for profits generated from gaming operations and finalized a tax concession arrangement with the Macau Government, respectively. The details are set out in note 7 to the consolidated financial statements.

Profit/loss attributable to owners of the Company

Profit/loss attributable to owners of the Company increased from a loss of HK\$5,231.9 million for the year ended December 31, 2022 to a profit of HK\$2,638.3 million for the year ended December 31, 2023. This increase was attributable to the improved financial performance of the Group as discussed.

LIQUIDITY AND CAPITAL RESOURCES

Capital Resources

As at December 31, 2023, our cash and cash equivalents, available undrawn unsecured credit facilities and MGM Resorts International Revolving Credit Facility were HK\$4.23 billion, HK\$11.45 billion and HK\$5.86 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, 2023 and 2022.

	As at	
	December 31	December 31
	2023	2022
	HK\$'000	HK\$'000
Borrowings, net of debt finance costs	24,098,731	32,725,136
Less: cash and cash equivalents	(4,231,986)	(6,706,591)
pledged bank deposits	(680,000)	(971,262)
Net debt	19,186,745	25,047,283
Total equity (deficit)	(1,327,220)	(3,996,421)
Total equity plus net debt	<u>17,859,525</u>	<u>21,050,862</u>
Gearing ratio	<u>107.4%</u>	<u>119.0%</u>

Group Cash Flows

The following table presents a summary of the Group's cash flows for the years ended December 31, 2023 and 2022.

	For the year ended	
	December 31	
	2023	2022
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	8,267,865	(2,113,878)
Net cash used in investing activities	(124,645)	(1,320,931)
Net cash (used in)/generated from financing activities	<u>(10,616,178)</u>	<u>7,037,130</u>
Net (decrease)/increase in cash and cash equivalents	(2,472,958)	3,602,321
Cash and cash equivalents at the beginning of the year	6,706,591	3,112,020
Effect of foreign exchange rate changes, net	<u>(1,647)</u>	<u>(7,750)</u>
Cash and cash equivalents at the end of the year	<u><u>4,231,986</u></u>	<u><u>6,706,591</u></u>

Net cash generated from/used in operating activities

The significant increase in net cash generated from operating activities for the year ended December 31, 2023 compared to the net cash used in operating activities for the year ended December 31, 2022 was caused primarily by an increase in operating profit due to the improved trading conditions as discussed above.

Net cash used in investing activities

Net cash used in investing activities was HK\$124.6 million for the year ended December 31, 2023 compared to HK\$1,320.9 million for the year ended December 31, 2022.

Net cash used in investing activities for the year ended December 31, 2023 was primarily due to the net impact of:

- HK\$415.9 million of payments for the development and renovation works at our properties as well as purchase of property and equipment, and other assets; and partly offset by
- the release of pledged bank deposits of HK\$291.3 million.

Net cash used in investing activities for the year ended December 31, 2022 was primarily due to the net impact of:

- HK\$971.3 million of pledged bank deposits related to the issuing of bank guarantees for the Concession contract;
- HK\$304.1 million of payments for the development and renovation works at our properties as well as purchase of property and equipment, and other assets; and
- HK\$45.6 million of payment made related to the Sub-Concession Contract.

Net cash used in/generated from financing activities

Net cash used in financing activities was HK\$10,616.2 million for the year ended December 31, 2023 compared to the net cash generated from financing activities of HK\$7,037.1 million for the year ended December 31, 2022.

Net cash used in financing activities for the year ended December 31, 2023 was primarily due to the net impact of:

- HK\$8,600.0 million of net repayments on the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility; and
- HK\$1,754.3 million of interest payments.

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 as required by the Macau Gaming Law; and partly offset by
- HK\$1,618.9 million of interest payments.

Capital Commitments

As at December 31, 2023, the Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the consolidated financial statements:

	As at	
	December 31 2023 <i>HK\$'000</i>	December 31 2022 <i>HK\$'000</i>
Contracted but not accounted for	<u>464,191</u>	<u>373,120</u>

Guarantees

As at December 31, 2023, the Group has given bank guarantees totaling HK\$978.7 million (2022: HK\$1,153.5 million) to certain parties including:

- HK\$970.9 million was issued in favor of the Macau Government as required in the Concession Contract (2022: HK\$1,145.7 million was required in the Sub-Concession Contract, which were cancelled in January 2023);
- HK\$4.0 million (2022: 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 (2022: 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 (2022: HK\$3.2 million) was issued in favor of certain vendors.

During the years ended 2023 and 2022, pledged bank deposits were provided in relation to the bank guarantees provided to the Macau Government for the Concession Contract as mentioned above.

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 gaming promoters by individuals who claimed to have placed deposits with gaming promoters who had operations at the Group's properties and the gaming promoters failed to honor the withdrawal of such deposits. The Group was sued in these proceedings based solely upon the joint liability of the concessionaire for the actions and conduct of the gaming promoters carried out at the Group's casino premises.

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, management considers 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 gaming promoters

In 2022, criminal charges were made in the Macau courts against two independent Macau gaming promoters and individuals associated with those promoters for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023 and April 2023, the verdicts of the Court of the First Instance were 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\$349.0 million and HK\$3.8 million, respectively. Both the prosecutors and defendants have appealed against the verdict. In October 2023 and January 2024, the verdicts of the Court of the Second Instance were released and dismissed the compensation to MGM Grand Paradise and the other concessionaires/sub-concessionaires. No contingent asset was recognized as the Group assessed that the possibility to recover these losses is remote.

Indebtedness

	As at	
	December 31 2023 <i>HK\$'000</i>	December 31 2022 <i>HK\$'000</i>
Unsecured Senior Notes	21,478,600	21,454,400
Unsecured Credit Facilities	2,900,000	11,500,000
Less: debt finance costs	<u>(279,869)</u>	<u>(229,264)</u>
Total borrowings	<u><u>24,098,731</u></u>	<u><u>32,725,136</u></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, if any, 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, 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. The proceeds of the Revolving Credit Facility were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility, ongoing working capital needs and general corporate purposes of the Group.

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 credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

On June 30, 2023, the Company entered into amendments of the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the Company's option to increase the amount of the facility was amended on June 30, 2023 to HK\$5.85 billion subject to certain conditions. In addition, among the conditions precedent documents required for the purpose of requesting a loan, evidence that the Revolving Credit Facility has been fully drawn will no longer be required under the Amended Second Revolving Credit Facility. During the year ended December 31, 2023, the Company increased the available credit facilities of the Amended Second Revolving Credit Facility by HK\$1.48 billion to HK\$4.60 billion.

As at December 31, 2023, the Group had total available undrawn unsecured credit facilities of HK\$11.45 billion, excluding the MGM Resorts International Revolving Credit Facility described below.

Principal and Interest

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility bear interest at a floating 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, 2023, HK\$2.90 billion of the Amended Revolving Credit Facility was drawn. HK\$6.85 billion of the Amended Revolving Credit Facility and HK\$4.60 billion of the Amended 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, 2026. Each drawdown is to be repaid in full no later than May 15, 2026. As at December 31, 2023, the Group paid interest at HIBOR plus 2.75% per annum.

General Covenants

The Amended Revolving Credit Facility and the Amended 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 was not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into a number of amendments between the year 2020 and the year 2022 to provide a waiver of its financial covenants under the Revolving Credit Facility and the Second Revolving Credit Facility.

The financial covenants were further amended under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility on June 30, 2023 to cover the extended maturity period which waived the financial covenants from each quarter ended on and after March 31, 2023 through December 31, 2024.

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

Accounting Date	Interest Coverage Ratio	Leverage Ratio
Each quarter ended on and after March 31, 2023 through December 31, 2024	Not Applicable	Not Applicable
March 31, 2025	2.50:1.00	5.50:1.00
June 30, 2025	2.50:1.00	5.25:1.00
September 30, 2025	2.50:1.00	5.00:1.00
December 31, 2025	2.50:1.00	4.75:1.00
March 31, 2026	2.50:1.00	4.50:1.00

Compliance with Covenants

The Group has complied with the general and financial covenants under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility for the year ended December 31, 2023.

Cancellation

Pursuant to the Amended Revolving Credit Facility and the Amended 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 Amended Revolving Credit Facility and the Amended 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 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 Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

MGM Resorts International Revolving Credit Facility

On November 10, 2022, the Company entered into an agreement with MGM Resorts International as lender 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\$5.86 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 is based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

The MGM Resorts International Revolving Credit Facility was amended on June 29, 2023, (the “Amendment Effective Date”) so that no payment of any financial costs, including interest payment and commitment fee, and no principal repayment shall be made by the Company to the lender under the MGM Resorts International Revolving Credit Facility, up to the end of the financial covenants waiver period under the existing Unsecured Credit Facilities, on December 31, 2024 (the “June 29, 2023 Amendment”).

As at December 31, 2023, the MGM Resorts International Revolving Credit Facility of HK\$5.86 billion was fully undrawn and available for utilization.

The Company cancelled the whole HK\$5.86 billion unutilized commitment under the MGM Resorts International Revolving Credit Facility, effective from March 20, 2024 (the “Effective Date of Cancellation”). The commitment fee due for the period from the Amendment Effective Date to the Effective Date of Cancellation, is payable in the quarter ending on March 31, 2025, as provided in the June 29, 2023 Amendment.

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.

Given the Group’s liquidity position as at December 31, 2023, significantly improved financial performance and estimated cash flows for the twelve months ending December 31, 2024, the Group believes it is able to meet its financial obligations as they fall due for the following twelve months from the end of the reporting period.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2023, the Group employed 11,786 (2022: 9,788) 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 February 2024, MGM Grand Paradise, our subsidiary and the holder of our gaming Concession, filed its statutory consolidated financial statements in accordance with Financial Reporting Standards of Macau Special Administrative Region of the People’s Republic of China (the “MFRS”) for the year ended December 31, 2023 (the “MFRS Consolidated Financial Statements”) to the Gaming Inspection and Coordination Bureau of Macau, in compliance with the relevant provisions of its Concession Contract and applicable law. In addition, MGM Grand Paradise expects to publish its MFRS Condensed Consolidated Financial Statements in the Macau Official Gazette and local newspapers in Macau by the end of April 2024. The MFRS Consolidated Financial Statements and the MFRS Condensed Consolidated 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.

CLOSURE OF REGISTER OF MEMBERS

Special Dividend

The register of members of the Company will be closed from April 10, 2024 (Wednesday) to April 12, 2024 (Friday), both days inclusive, during which period no transfer of Shares of the Company will be effected, for the purpose of ascertaining the members who are entitled to the Special Dividend. In order to qualify for the Special Dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on April 9, 2024.

Final Dividend

Subject to the Shareholders' approval for the Final Dividend in the forthcoming Annual General Meeting, the register of members of the Company will be closed from June 11, 2024 (Tuesday) to June 13, 2024 (Thursday), both days inclusive, during which period no transfer of Shares of the Company will be effected, for the purpose of ascertaining the members who are entitled to the Final Dividend. In order to qualify for the Final Dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on June 7, 2024.

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

During the year ended December 31, 2023, the Company repurchased a total of 2,947,300 Shares at an aggregate purchase price of HK\$29.4 million on the Hong Kong Stock Exchange. Particulars of the repurchases are as follows:

Month of repurchase	Total number of Shares repurchased	Highest price paid per Share HK\$	Lowest price paid per Share HK\$	Aggregate consideration paid HK\$'000
March 2023	10,400	9.05	9.05	95
June 2023	1,253,200	9.69	9.45	12,092
September 2023	1,097,600	10.42	10.06	11,395
December 2023	586,100	9.94	9.62	5,784
	<u>2,947,300</u>			<u>29,366</u>

New shares were issued pursuant to the exercise of share options by qualifying grantees under the 2011 Share Option Scheme and the 2020 Share Option Scheme adopted by the Company. The Company repurchased the aggregate number of shares equivalent to the aggregate number of all such new shares being issued during the year ended December 31, 2023 in accordance with Rule 10.06 of the Listing Rules, and all repurchased shares were subsequently cancelled. The total issued share capital of the Company remains the same. The Board considered that such repurchases were made for the benefit of the Company and its Shareholders as a whole with the view of maintaining the same total issued share capital and enhancing stability of the Company's share capital and hence the net value of the Company and its assets and/or earnings per Share.

Except as disclosed above, 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, 2023.

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, 2023, the Company has complied with all provisions of the Corporate Governance Code contained in Appendix C1 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 C3 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, 2023.

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, 2023 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 21, 2024. 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, 2023.

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, 2023 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
“Amended Revolving Credit Facility” or “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. The revolving credit facility was amended and restated dated June 30, 2023 entered into between the Company and 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, 2026

<p>“Amended Second Revolving Credit Facility” or “Second Revolving Credit Facility”</p>	<p>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. The second revolving credit facility was amended and restated dated June 30, 2023 entered into between the Company and 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, 2026, in an initial aggregate amount of HK\$3.12 billion, increased to HK\$3.33 billion, HK\$4.50 billion and HK\$4.60 billion on August 3, 2023, October 16, 2023 and December 19, 2023 respectively, and with an increase option pursuant to which the Company may increase the amount of the facility up to HK\$5.85 billion, subject to certain conditions</p>
<p>“Board of Directors” or “Board”</p>	<p>the board of Directors of the Company</p>
<p>“casino”</p>	<p>a gaming facility that provides casino games consisting of table games, slot machines and other electronic games and other games of chance</p>
<p>“Casino Areas”</p>	<p>the casino areas including casino support areas in MGM MACAU and MGM COTAI with 59,355 square meters designated by DICJ and the relevant gaming equipment reverted by MGM Grand Paradise to the Macau Government without compensation and free of encumbrance under Property Transfer Agreements on December 31, 2022</p>

“casino revenue”	revenue from casino gaming activities (gross table games win and slot machines gross win), calculated net of commissions, complimentarys 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 concession contract for the operation of casino games in the Special Administrative Region of Macau executed between the Macau Government and MGM Grand Paradise, dated December 16, 2022, 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 Sub-Concession Contract on December 31, 2022
“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 and slot machines 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 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 gaming sub-concession on December 31, 2022
“gaming promoters”	corporations licensed by and registered with the DICJ to promote games of fortune and chance to patrons, through the arrangement of certain services, including transportation, accommodation, dining and entertainment, whose activity is regulated by the Gaming Promoters Law
“Gaming Promoters Law”	Macau Law No. 16/2022
“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 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 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
“Macau Government”	the local government of Macau
“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 (“sociedade anónima”) 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 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, as amended on June 29, 2023. The revolving loan facility was cancelled on March 20, 2024
“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 C3 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”	Pansy Catilina Chiu King Ho, a substantial Shareholder, the Chairperson and an executive Director of the Company and the managing director of MGM Grand Paradise
“Property Transfer Agreements”	the Property Transfer Agreements entered into between MGM Grand Paradise and the Macau Government, pursuant to which MGM Grand Paradise reverted the Casino Areas including casino support areas in MGM MACAU and MGM COTAI and the relevant gaming equipment to the Macau Government without compensation and free of encumbrance on December 31, 2022. The Property Transfer Agreements allows MGM Grand Paradise to use the reverted Casino Areas including casino support areas and the relevant gaming equipment related to its operation of games of chance in MGM MACAU and MGM COTAI during the term of the Gaming Concession Contract
“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

“Senior Secured Credit Facility”	the Second Amended Credit Agreement, entered into between MGM China, MGM Grand Paradise, MGM Grand Paradise (HK) Limited, Superemprego 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
“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., one of six Concessionaires authorized to operate casino games in Macau
“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
“Sub-Concession”, “Sub-Concession Contract”, “Sub-Concession Extension Contract” or “Sub-Concession Further Extension Contract”	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

“Sub-Concessionaire(s)”	the holder(s) of a Sub-Concession for the operation of games of fortune and chance or other games in casino in Macau
“table games”	typical casino games, including card games such as baccarat, blackjack and sic bo as well as craps and roulette
“turnover”	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)
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of United States
“VIP”, “VIP clients” or “VIP players”	patrons or players who participate in our In-house VIP Program or in the VIP program of any of our gaming promoters
“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

Pansy Catilina Chiu King Ho
Chairperson and Executive Director

William Joseph Hornbuckle
Co-chairperson and Executive Director

Hong Kong, March 21, 2024

As at the date of this announcement, our directors are Pansy Catilina Chiu King HO, William Joseph HORNBUCKLE, John M. MCMANUS, Jeny LAU and Kenneth Xiaofeng FENG as executive directors, 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.