

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INSIDE INFORMATION

**UNAUDITED RESULTS FOR THE FIRST QUARTER
ENDED MARCH 31, 2017 OF MGM RESORTS INTERNATIONAL,
OUR CONTROLLING SHAREHOLDER**

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

Our controlling shareholder, MGM Resorts International, has, on or about April 27, 2017 (8:55 a.m., New York time), released its unaudited results for the first quarter ended March 31, 2017 which contain financial information about MGM China Holdings Limited prepared and presented herein under Generally Accepted Accounting Principles of the United States.

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

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

MGM Resorts International has, on or about April 27, 2017 (8:55 a.m., New York time), released its unaudited results for the first quarter ended March 31, 2017 (the “Earnings Release”). If you wish to review the Earnings Release prepared by MGM Resorts International and as filed with the United States Securities and Exchange Commission, please visit <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000789570&owner=exclude&count=40&hidefilings=0>. The Earnings Release contains financial information about MGM China which is available in the public domain.

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

The unaudited consolidated financial results of MGM Resorts International for the first quarter ended March 31, 2017 included in the Earnings Release include the effect of its consolidation of MGM China, including purchase price adjustments and certain other adjustments to reflect the financial information of MGM China in accordance with US GAAP. As such, the financial information of MGM China in the Earnings Release is not directly comparable to the unaudited consolidated financial results of MGM China prepared in accordance with IFRS. The following table summarizes the reconciliation of the information of MGM China presented in the Earnings Release under US GAAP to the unaudited operating profit of MGM China under IFRS as a result of the abovementioned adjustments. (Note: The amounts are presented here in Hong Kong dollars at the exchange rates at the time of individual transactions during the relevant period.)

	Three Months Ended March 31 2017 HK\$’000 (unaudited)
Operating income under US GAAP	568,087
Add:	
Purchase price adjustments, net	272,783
Other adjustments, net	13,923
	<hr/>
Operating profit under IFRS	854,793
	<hr/> <hr/>

	Three Months Ended	
	March 31	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Total revenue	3,899,192	3,647,015
Adjusted EBITDA ⁽¹⁾	1,224,600	995,110

Note:

- ⁽¹⁾ Adjusted EBITDA is profit before finance costs, income tax expense, depreciation and amortization, interest income, net foreign currency difference, share-based payments, pre-opening costs, corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company, property charges and other non-recurring expenses. Adjusted EBITDA is used by management as the primary measure of the Group's operating performance and to compare our operating performance with that of our competitors. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Our shareholders and potential investors are advised that the unaudited operating profit and total revenue of MGM China for the three months ended March 31, 2017 and 2016 under IFRS in the above reconciliation and adjustments herein prepared or presented by MGM China have not been audited or reviewed by MGM China's auditor.

Summary Statistics

The following table presents certain selected income statement line items and certain other data of MGM China.

(in thousands, except for number of gaming tables and slot machines, percentage, and REVPAR)	Three Months Ended	
	March 31	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Number of VIP gaming tables	149	165
VIP table games turnover	61,076,899	72,864,990
VIP gross table games win ⁽¹⁾	2,072,530	2,221,746
VIP table games win percentage	3.4%	3.0%
Average daily gross win per VIP gaming table	154.2	148.4
Number of main floor gaming tables	271	256
Main floor table games drop	9,738,971	10,246,569
Main floor gross table games win ⁽¹⁾	2,157,335	1,846,637
Main floor table games win percentage	22.2%	18.0%
Average daily gross win per main floor gaming table	88.4	79.3
Number of slot machines	1,016	1,183
Slot machine handle	7,434,527	6,605,341
Slot machine gross win ⁽¹⁾	340,058	320,507
Slot hold percentage	4.6%	4.9%
Average daily win per slot	3.7	3.0
Commissions and incentives ⁽¹⁾	(738,401)	(819,457)
Room occupancy rate	94.3%	94.1%
REVPAR ⁽²⁾	2,000	2,138

Notes:

- (1) The total of “VIP gross table games win”, “main floor gross table games win” and “slot machine gross win” is different to the casino revenue because casino revenue is reported net of certain sales incentives such as commissions to gaming promoters and casino customers and consideration allocated to award points earned in customer relationship programs. During the current period, the commissions and incentives included certain sales incentives to main floor and slot machines players as well in order to provide a comprehensive reconciliation of the gaming wins to casino revenue. The presentation of 2016 comparative amount was changed correspondingly and such change has no effect on the previously reported total revenue and profit for the prior period.
- (2) Revenue per available room, expressed in Hong Kong dollars, arrived after inclusion of services provided for hotel rooms to certain customers and guests without charge.

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

MGM Resorts International (hereafter the “Company”) First Quarter Results

MGM China

Key first quarter results for MGM China include:

- Net revenues of \$502 million, a 7% increase compared to the prior year quarter;
- Main floor table games revenue increased 17% due to an increase in hold percentage to 22.2% in the current year quarter, from 18.0% in the prior year quarter;
- VIP table games revenue decreased 5% due to a 16% decrease in turnover partially offset by an increase in hold percentage to 3.4% in the current year quarter, from 3.0% in the prior year quarter;
- Operating income was \$73 million compared to \$47 million in the prior year quarter;
- Adjusted EBITDA increased 25% to \$143 million, compared to \$114 million in the prior year quarter, including \$9 million of license fee expense in the current year quarter and \$8 million in the prior year quarter; and
- Operating margin was 14.6% in the current year quarter, and Adjusted EBITDA margin was 28.5%, an increase of 413 basis points compared to the prior year quarter.

Non-GAAP financial measures

“Adjusted EBITDA” is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, and property transactions, net. “Adjusted Property EBITDA” is Adjusted EBITDA before corporate expense and stock compensation expense related to the MGM Resorts stock option plan, which is not allocated to each property. MGM China recognizes stock compensation expense related to its stock compensation plan which is included in the calculation of Adjusted EBITDA for MGM China. Adjusted EBITDA information is presented solely as a supplemental disclosure to reported GAAP measures because management believes these measures are 1) widely used measures of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies.

Management believes that while items excluded from Adjusted EBITDA and Adjusted Property EBITDA may be recurring in nature and should not be disregarded in evaluation of the Company’s earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, management believes excluded items may not relate specifically to current operating trends or be indicative of future results. For example, pre-opening and start-up expenses will be significantly different in periods when the Company is developing and constructing a major expansion project and will depend on where the current period lies within the development cycle, as well as the size and scope of the project(s). Property transactions, net includes normal recurring disposals, gains and losses on sales of assets related to specific assets within the Company’s resorts, but also includes gains or losses on sales of an entire operating resort or a group of resorts and impairment charges on entire asset groups or investments in unconsolidated affiliates, which may not be comparable period over period.

In addition, capital allocation, tax planning, financing and stock compensation awards are all managed at the corporate level. Therefore, management uses Adjusted Property EBITDA as the primary measure of the Company’s operating resorts’ performance.

Our shareholders and potential investors are advised not to place undue reliance on the Earnings Release and are reminded that certain financial information of MGM China presented herein not been audited or reviewed by MGM China’s auditor. Our shareholders and potential investors are advised to exercise caution in dealing in securities in MGM China.

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

Hong Kong, April 27, 2017

As at the date of this announcement, our directors are James Joseph MURREN, Pansy Catilina Chiu King HO, Chen Yau WONG, William Joseph HORNBUCKLE and Grant R. BOWIE as executive directors, William M. SCOTT IV, Daniel J. D’ARRIGO and Kenneth A. ROSEVEAR as non-executive directors and Zhe SUN, Sze Wan Patricia LAM, Peter Man Kong WONG and Russell Francis BANHAM as independent non-executive directors.