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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)

INSIDE INFORMATION

**UNAUDITED RESULTS FOR THE THIRD QUARTER
ENDED SEPTEMBER 30, 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 November 8, 2017 (8:00 a.m., New York time), released its unaudited results for the third quarter ended September 30, 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 November 8, 2017 (8:00 a.m., New York time), released its unaudited results for the third quarter ended September 30, 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 third quarter ended September 30, 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.

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

The following table summarizes the financial information of MGM China under IFRS for the third quarter ended and nine months ended September 30, 2017.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue	<u>3,679,037</u>	<u>3,876,882</u>	<u>11,072,621</u>	<u>11,031,504</u>
Adjusted EBITDA ⁽¹⁾	<u>1,049,424</u>	<u>1,277,695</u>	<u>3,292,635</u>	<u>3,306,474</u>

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 financial information of MGM China under IFRS presented herein relating to MGM China has not been audited or reviewed by MGM China's auditor.

Summary Statistics

The following 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		Nine Months Ended	
	September 30		September 30	
	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2017 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)
Number of VIP gaming tables	145	161	146	162
VIP table games turnover	64,417,252	68,330,190	192,304,548	206,042,498
VIP gross table games win ⁽¹⁾	2,141,250	2,057,636	6,176,412	6,283,992
VIP table games win percentage	3.3%	3.0%	3.2%	3.0%
Average daily gross win per VIP gaming table	160.4	139.0	154.6	141.2
Number of main floor gaming tables	270	248	270	253
Main floor table games drop	10,089,176	10,413,257	29,272,920	30,906,123
Main floor gross table games win ⁽¹⁾	1,861,075	2,097,960	5,842,554	5,807,117
Main floor table games win percentage	18.4%	20.1%	20.0%	18.8%
Average daily gross win per main floor gaming table	74.8	91.9	79.1	83.9
Number of slot machines	1,040	1,032	1,030	1,080
Slot machine handle	7,749,965	7,707,236	22,331,089	21,247,402
Slot machine gross win ⁽¹⁾	360,588	296,265	1,015,586	923,620
Slot hold percentage	4.7%	3.8%	4.5%	4.3%
Average daily win per slot	3.8	3.1	3.6	3.1
Commissions and incentives ⁽¹⁾	(753,128)	(644,578)	(2,165,026)	(2,195,115)
Room occupancy rate	95.2%	95.7%	95.4%	95.2%
REVPAR ⁽²⁾	2,009	2,157	2,006	2,159

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”) Third Quarter Results

MGM China

Key third quarter results for MGM China include:

- Net revenues of \$471 million, a 6% decrease compared to the prior year quarter;
- Net revenues increased 5% when compared to \$449 million in the second quarter of 2017;
- Main floor table games revenue decreased 11% compared to the prior year quarter due to a 3% decrease in volume and a decrease in hold percentage to 18.4% in the current year quarter from 20.1% in the prior year quarter;
- VIP table games revenue decreased 3% compared to the prior year quarter due to a 6% decrease in turnover, partially offset by an increase in hold percentage to 3.3% in the current year quarter from 3.0% in the prior year quarter;
- Operating income was \$35 million compared to \$84 million in the prior year quarter;

- Adjusted EBITDA decreased 21% to \$118 million compared to \$150 million in the prior year quarter, including \$8 million of license fee expense in the current year quarter and \$9 million in the prior year quarter;
- Adjusted EBITDA increased 2% when compared to \$116 million in the second quarter of 2017, including \$8 million of license fee expense in the second quarter of 2017; and
- Operating margin was 7.4% in the current year quarter, and Adjusted EBITDA margin was 25.1% compared to 30.0% in the prior year quarter.

MGM China paid an interim dividend of \$56 million in September 2017. The Company received \$32 million representing its 56% share of the dividend.

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 has 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, November 8, 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.