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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 FIRST QUARTER ENDED
MARCH 31, 2019 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 29, 2019 (4:30 p.m., New York time), released its unaudited results for the first quarter ended March 31, 2019 which contain financial information about MGM China Holdings Limited prepared and presented herein under Generally Accepted Accounting Principles of the United States.

This is an announcement made by MGM China Holdings Limited (“MGM China”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and 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 29, 2019 (4:30 p.m., New York time), released its unaudited results for the first quarter ended March 31, 2019 (the “Earnings Release”). If you wish to review the Earnings Release prepared by MGM Resorts International and as filed with the United States Securities and Exchange Commission, please visit <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000789570&owner=exclude&count=40&hidefilings=0>. The Earnings Release contains financial information about MGM China and its subsidiaries (“we”, “our” or “Group”) which is available in the public domain.

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

The unaudited consolidated financial results of MGM Resorts International for the first quarter ended March 31, 2019 included in the Earnings Release include the effect of its consolidation of MGM China, including purchase price adjustments and certain other adjustments to reflect the financial information of the Group in accordance with US GAAP. As such, our financial information in the Earnings Release is not directly comparable to our unaudited consolidated financial results prepared in accordance with IFRS.

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

The following table summarizes the Group's financial information under IFRS for the first quarter ended March 31, 2019.

	Three Months Ended	
	March 31	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Revenue:		
MGM Macau	3,400,466	3,998,839
MGM Cotai	2,360,282	665,657
	<hr/>	<hr/>
Total Revenue	5,760,748	4,664,496
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Adjusted EBITDA⁽¹⁾:		
MGM Macau	1,075,211	1,211,588
MGM Cotai	543,753	64,770
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Total Adjusted EBITDA	1,618,964	1,276,358
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⁽¹⁾ Adjusted EBITDA is profit before finance costs, income tax benefit/expense, depreciation and amortization, gain/loss on disposal/write-off of property and equipment, construction in progress 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 represents the reconciliation of the Group's Adjusted EBITDA to profit for the period attributable to owners of the Company:

	Three Months Ended	
	March 31	
	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the Company	650,345	589,332
Income tax expense/(benefit)	2,722	(305,006)
Net foreign currency loss/(gain)	387	(194)
Finance costs	178,965	91,209
Interest income	(4,310)	(2,683)
	<hr/>	<hr/>
Operating profit	828,109	372,658
Depreciation and amortization	621,396	365,849
(Gain)/loss on disposal/write-off of property and equipment, construction in progress and other assets	(642)	5,576
Pre-opening costs ⁽¹⁾	20,833	395,353
Corporate expenses	130,933	116,979
Share-based payments	18,335	19,943
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Adjusted EBITDA	1,618,964	1,276,358
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⁽¹⁾ Pre-opening costs for the three months ended March 31, 2019 primarily represented personnel and other costs incurred prior to the opening of ongoing development phases of MGM Cotai. Pre-opening costs for the three months ended March 31, 2018 primarily represented personnel and other costs incurred prior to the opening of MGM Cotai and ongoing development phases of MGM Cotai.

Our shareholders and potential investors are advised that our financial information prepared under IFRS presented herein relating to the Group has not been audited or reviewed by our auditor.

Summary Statistics

The following tables present certain selected income statement line items and certain other data of MGM Macau and MGM Cotai.

MGM Macau	Three Months Ended	
	March 31	
	2019	2018
(in thousands, except for number of gaming units, percentage and revenue per available room (“REVPAR”))	HK\$’000	HK\$’000
	(unaudited)	(unaudited)
VIP table games turnover	53,986,310	75,505,162
VIP gross table games win ⁽¹⁾	1,778,113	2,577,570
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	3.29%	3.41%
Average daily gross win per VIP gaming table	244.5	202.1
Main floor table games drop	9,631,852	10,729,516
Main floor gross table games win ⁽¹⁾	2,023,908	2,093,836
Main floor table games win percentage	21.0%	19.5%
Average daily gross win per main floor gaming table	105.9	96.3
Slot machine handle	7,634,950	9,315,354
Slot machine gross win ⁽¹⁾	307,018	385,899
Slot hold percentage	4.0%	4.1%
Average daily win per slot	3.4	4.1
Commissions, complimentaries and other incentives ⁽¹⁾	(950,371)	(1,302,746)
Room occupancy rate	96.1%	97.2%
REVPAR	1,951	1,934

	As At	
	March 31	
	2019	2018
	(unaudited)	(unaudited)
Gaming Units:		
Tables ⁽²⁾	289	342
Slot machines	1,061	1,067
MGM Cotai ⁽³⁾	Three Months Ended	
	March 31	
	2019	2018
	HK\$'000	HK\$'000
(in thousands, except for number of gaming units, percentage and REVPAR)	(unaudited)	(unaudited)
VIP table games turnover	24,557,688	2,009,076
VIP gross table games win ⁽¹⁾	908,410	38,673
VIP table games win percentage (calculated before commissions, complimentaries, and other incentives)	3.70%	1.92%
Average daily gross win per VIP gaming table	187.2	68.6
Main floor table games drop	6,004,395	2,722,471
Main floor gross table games win ⁽¹⁾	1,464,432	491,883
Main floor table games win percentage	24.4%	18.1%
Average daily gross win per main floor gaming table	80.5	64.5
Slot machine handle	10,700,104	2,607,419
Slot machine gross win ⁽¹⁾	229,993	92,861
Slot hold percentage	2.1%	3.6%
Average daily win per slot	2.1	1.7
Commissions, complimentaries and other incentives ⁽¹⁾	(560,086)	(76,849)
Room occupancy rate	90.0%	89.9%
REVPAR	1,348	1,211

MGM China

On March 6, 2019, as part of its regular dividend policy, the Board of Directors of MGM China Holdings Limited (“MGM China”) announced it will recommend a final dividend for 2018 of \$16 million to MGM China shareholders subject to approval at the upcoming MGM China 2019 annual shareholders meeting, bringing the total 2018 dividend to \$47 million including the interim dividend paid in September of 2018. If approved, MGM Resorts will receive \$9 million, representing its 56% share of the dividend.

Key first quarter results for MGM China include:

- Net revenues of \$734 million, a 23% increase compared to the prior year quarter. The current quarter benefited from a full quarter of operations following the opening of MGM Cotai on February 13, 2018 and the addition of 25 new-to-market tables on January 1, 2019 at MGM Cotai, which contributed \$301 million of net revenues;
- Main floor table games win increased 35% compared to the prior year quarter due to a full quarter of operations at MGM Cotai, the addition of new tables discussed above, and a 310 basis point increase in win percentage;
- VIP table games win increased 2% compared to the prior year quarter due to the opening of VIP junket rooms in the second half of 2018 at MGM Cotai;
- Adjusted Property EBITDA increased 26% to \$191 million compared to \$152 million in the prior year quarter. The current quarter included \$13 million of license fee expense compared to \$10 million in the prior year quarter; and
- Adjusted Property EBITDA margin was 26.0% in the current quarter compared to 25.5% in the prior year quarter, increasing primarily as a result of the continued ramp up of operations at MGM Cotai.

The following table shows key gaming statistics for MGM China:

	Three Months Ended		% change
	March 31		
	2019	2018	
	<i>(Dollars in millions)</i>		
VIP Table Games Turnover	10,011	9,903	1%
VIP Table Games Win %	3.4%	3.4%	
Main Floor Table Games Drop	1,993	1,719	16%
Main Floor Table Games Win %	22.3%	19.2%	

MGM Resorts International and Subsidiaries

Supplemental Data — Net Revenues

(In thousands)

(Unaudited)

	Three Months Ended	
	March 31	
	2019	2018
MGM Macau	433,386	510,870
MGM Cotai	300,818	84,991
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MGM China	734,204	595,861
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MGM Resorts International and Subsidiaries

Supplemental Data — Adjusted Property EBITDA

(In thousands)

(Unaudited)

	Three Months Ended	
	March 31	
	2019	2018
MGM Macau	129,068	145,835
MGM Cotai	61,722	5,916
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MGM China	190,790	151,751
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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, restructuring costs (which represents costs related to severance, accelerated stock compensation expense, and consulting fees directly related to the operating model component of the MGM 2020 Plan), and property transactions, net. Management utilizes “Adjusted Property EBITDA” as the primary profit measures for its reportable segments and underlying operating segments. Adjusted Property EBITDA is a measure defined as Adjusted EBITDA before corporate expense and stock compensation expense, which are not allocated to each operating segment, and before rent expense related to the master lease with MGM Growth Properties that eliminates in consolidation. “Adjusted Property EBITDA margin” is Adjusted Property EBITDA divided by related segment net revenues.

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, Adjusted Property EBITDA, and Adjusted Property EBITDA margin 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, preopening 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.

Adjusted EBITDA, Adjusted Property EBITDA and Adjusted Property EBITDA margin should not be construed as alternatives to operating income or net income, as indicators of the Company's performance; or as alternatives to cash flows from operating activities, as measures of liquidity; or as any other measure determined in accordance with generally accepted accounting principles. The Company has significant uses of cash flows, including capital expenditures, interest payments, taxes and debt principal repayments, which are not reflected in Adjusted EBITDA, Adjusted Property EBITDA, or Adjusted Property EBITDA margin. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDA, Adjusted Property EBITDA, or Adjusted Property EBITDA margin information may calculate Adjusted EBITDA, Adjusted Property EBITDA, or Adjusted Property EBITDA margin in a different manner.

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

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

Hong Kong, April 30, 2019

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, Kenneth Xiaofeng FENG, John M. MCMANUS and James Armin FREEMAN as non-executive Directors and Zhe SUN, Sze Wan Patricia LAM and Russell Francis BANHAM as independent non-executive Directors.