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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 SECOND QUARTER AND
THE FIRST HALF OF FISCAL 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 July 25, 2019 (4:30 p.m., New York time), released its unaudited results for the second quarter and first half of fiscal 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 55.95% of the issued share capital of MGM China.

MGM Resorts International has, on or about July 25, 2019 (4:30 p.m., New York time), released its unaudited results for the second quarter and the first half of fiscal 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 second quarter and the first half of fiscal 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 to be disclosed by 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 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 second quarter and the first half of fiscal 2019.

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
MGM Macau	3,058,883	2,955,680	6,459,349	6,954,519
MGM Cotai	2,477,003	1,449,858	4,837,285	2,115,515
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Revenue	5,535,886	4,405,538	11,296,634	9,070,034
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Adjusted EBITDA⁽¹⁾:				
MGM Macau	970,384	835,026	2,045,595	2,046,614
MGM Cotai	487,455	196,347	1,031,208	261,117
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Adjusted EBITDA	1,457,839	1,031,373	3,076,803	2,307,731
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

⁽¹⁾ Adjusted EBITDA is profit before finance costs, income tax expense/benefit, depreciation and amortization, loss on disposal/write-off of property and equipment and construction in progress, 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.

Our shareholders and potential investors are advised to read the financial information presented herein in conjunction with the interim results announcement to be published by MGM China for the six months ended June 30, 2019 and are reminded that our financial information 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		Six Months Ended	
	June 30		June 30	
(in thousands, except for number of gaming units, percentage and revenue per available room (“REVPAR”))	2019 <i>HK\$’000</i> (unaudited)	2018 <i>HK\$’000</i> (unaudited)	2019 <i>HK\$’000</i> (unaudited)	2018 <i>HK\$’000</i> (unaudited)
VIP table games turnover	50,900,798	77,374,711	104,887,108	152,879,873
VIP gross table games win ⁽¹⁾	1,318,527	1,749,739	3,096,640	4,327,309
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	2.59%	2.26%	2.95%	2.83%
Average daily gross win per VIP gaming table	179.9	182.6	212.1	193.8
Main floor table games drop	9,193,723	9,691,783	18,825,575	20,421,299
Main floor gross table games win ⁽¹⁾	1,981,972	1,566,041	4,005,880	3,659,877
Main floor table games win percentage	21.6%	16.2%	21.3%	17.9%
Average daily gross win per main floor gaming table	104.6	72.7	105.3	84.6
Slot machine handle	8,242,373	8,184,516	15,877,323	17,499,870
Slot machine gross win ⁽¹⁾	296,859	373,540	603,877	759,439
Slot hold percentage	3.6%	4.6%	3.8%	4.3%
Average daily win per slot	3.2	3.9	3.3	4.0
Commissions, complimentaries and other incentives ⁽¹⁾	(775,118)	(972,529)	(1,725,489)	(2,275,275)
Room occupancy rate	97.5%	96.8%	96.8%	97.0%
REVPAR	1,948	1,937	1,949	1,936

	As At			
	June 30			
	2019		2018	
	(unaudited)		(unaudited)	
Gaming Units:				
Tables ⁽²⁾	291		342	
Slot machines	1,080		1,063	
MGM Cotai ⁽³⁾	Three Months Ended		Six Months Ended	
	June 30		June 30	
(in thousands, except for number of gaming units, percentage and REVPAR)	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
VIP table games turnover	35,048,025	3,427,531	59,605,713	5,436,607
VIP gross table games win ⁽¹⁾	932,908	101,206	1,841,318	139,879
VIP table games win percentage (calculated before commissions, complimentary, and other incentives)	2.66%	2.95%	3.09%	2.57%
Average daily gross win per VIP gaming table	183.9	101.6	185.5	89.7
Main floor table games drop	6,781,293	5,460,431	12,785,688	8,182,902
Main floor gross table games win ⁽¹⁾	1,605,486	1,067,438	3,069,918	1,559,321
Main floor table games win percentage	23.7%	19.5%	24.0%	19.1%
Average daily gross win per main floor gaming table	86.7	69.6	83.6	67.9
Slot machine handle	9,059,196	5,741,241	19,759,300	8,348,660
Slot machine gross win ⁽¹⁾	263,244	228,052	493,237	320,913
Slot hold percentage	2.9%	4.0%	2.5%	3.8%
Average daily win per slot	2.4	2.2	2.3	2.0
Commissions, complimentary and other incentives ⁽¹⁾	(666,375)	(220,763)	(1,226,461)	(297,612)
Room occupancy rate	93.5%	88.1%	91.8%	88.6%
REVPAR	1,428	1,221	1,388	1,218

	As At	
	June 30	
	2019	2018
	(unaudited)	(unaudited)
Gaming Units:		
Tables ⁽²⁾	261	185
Slot machines	1,203	1,147

⁽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 commissions and certain sales incentives including the allocation of casino revenue to hotel rooms, food and beverage and other revenue for services provided to casino customers on a complimentary basis.

⁽²⁾ Permanent table count as at June 30, 2019 and 2018.

⁽³⁾ MGM Cotai opened on February 13, 2018.

With a view to ensuring that all shareholders and potential investors of MGM China have equal and timely access to the information pertaining to the Group, set forth below are the key highlights of financial information relevant to the Group 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
Second Quarter 2019 Financial Highlights:

MGM China

- Net revenues increased 26% to \$706 million primarily as a result of the continued ramp up of operations at MGM Cotai following its opening in February 2018 and an increase in main floor table games hold percentage; and
- Adjusted Property EBITDA of \$171 million, a 43% increase compared to the prior year quarter.

MGM China

Key second quarter results for MGM China Holdings Limited (“MGM China”) include:

- Net revenues of \$706 million, a 26% increase compared to the prior year quarter. The current quarter included \$316 million of net revenues at MGM Cotai;
- Main floor table games win increased 36% compared to the prior year quarter due to the addition of new-to-market tables at MGM Cotai in 2019 and a 508 basis point increase in win percentage;
- VIP table games win increased 22% compared to the prior year quarter due to the opening of VIP gaming areas in the second half of 2018 at MGM Cotai;
- Adjusted Property EBITDA increased 43% to \$171 million compared to \$120 million in the prior year quarter. The current quarter included \$12 million of license fee expense compared to \$10 million in the prior year quarter; and
- Adjusted Property EBITDA margin was 24.2% in the current quarter compared to 21.4% in the prior year quarter, increasing primarily as a result of the continued ramp up of operations at MGM Cotai and improved casino margins at MGM Macau.

The following table shows key gaming statistics for MGM China:

	Three Months Ended		
	June 30		
	2019	2018	% change
	<i>(Dollars in millions)</i>		
VIP Table Games Turnover	10,962	10,296	6%
VIP Table Games Win %	2.6%	2.3%	
Main Floor Table Games Drop	2,037	1,931	5%
Main Floor Table Games Win %	22.5%	17.4%	

MGM China paid the previously announced final dividend for 2018 of \$16 million in June 2019, of which MGM Resorts received \$9 million, representing its 56% share of the dividend.

MGM Resorts International and Subsidiaries

Supplemental Data — Net Revenues

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2019	2018	2019	2018
MGM Macau	390,170	376,610	823,556	887,480
MGM Cotai	315,919	184,740	616,737	269,731
	<hr/>	<hr/>	<hr/>	<hr/>
MGM China	706,089	561,350	1,440,293	1,157,211
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MGM Resorts International and Subsidiaries

Supplemental Data — Adjusted Property EBITDA

(In thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2019	2018	2019	2018
MGM Macau	116,496	99,813	245,564	245,648
MGM Cotai	54,332	20,062	116,054	25,978
	<hr/>	<hr/>	<hr/>	<hr/>
MGM China	170,828	119,875	361,618	271,626
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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 of 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 read this announcement in conjunction with the interim results announcement to be published by MGM China for the six months ended June 30, 2019 and 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, July 26, 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 and John M. MCMANUS as non-executive directors and Zhe SUN, Sze Wan Patricia LAM and Russell Francis BANHAM as independent non-executive directors.