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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)

INSIDE INFORMATION

UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED SEPTEMBER 30, 2021 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 Rules 13.09 and 37.47B 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 3, 2021 (4:30 p.m., New York time), released its unaudited results for the third quarter ended September 30, 2021 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 Rules 13.09 and 37.47B 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 3, 2021 (4:30 p.m., New York time), released its unaudited results for the third quarter ended September 30, 2021 (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 third quarter ended September 30, 2021 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 third quarter and nine months ended September 30, 2021.

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
MGM Macau	1,216,891	263,882	3,873,386	1,532,497
MGM Cotai	1,030,847	99,357	3,085,409	1,201,136
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue	2,247,738	363,239	6,958,795	2,733,633
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Adjusted EBITDA⁽¹⁾ :				
MGM Macau	126,771	(274,240)	468,140	(631,145)
MGM Cotai	(26,258)	(456,326)	(167,275)	(1,107,807)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Adjusted EBITDA	100,513	(730,566)	300,865	(1,738,952)
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⁽¹⁾ 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.

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

MGM Macau (in thousands, except for number of gaming units, percentage and revenue per available room ("REVPAR"))	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Main floor table games drop	4,735,304	690,385	14,987,256	4,483,888
Main floor gross table games win ⁽¹⁾	889,235	118,750	3,002,404	923,604
Main floor table games win percentage	18.8%	17.2%	20.0%	20.6%
Average daily gross win per main floor gaming table	45.3	6.5	51.1	18.7
VIP table games turnover	9,039,520	4,949,128	33,007,574	22,494,616
VIP gross table games win ⁽¹⁾	358,946	106,704	1,005,646	656,744
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	3.97%	2.16%	3.05%	2.92%
Average daily gross win per VIP gaming table	57.8	17.0	54.4	38.9
Slot machine handle	3,005,368	1,174,460	10,364,494	5,556,499
Slot machine gross win ⁽¹⁾	117,942	45,907	397,472	193,667
Slot hold percentage	3.9%	3.9%	3.8%	3.5%
Average daily win per slot	1.8	0.8	2.1	1.2
Commissions, complimentaries and other incentives ⁽¹⁾	(285,644)	(53,820)	(946,586)	(422,373)
Room occupancy rate	71.3%	12.3%	79.4%	20.5%
REVPAR	1,161	193	1,100	385

As At
September 30
2021 **2020**
(Unaudited) **(Unaudited)**

Gaming Units:

Tables ⁽²⁾	289	285
Slot machines ⁽³⁾	769	640

MGM Cotai	Three Months Ended		Nine Months Ended	
	September 30		September 30	
(in thousands, except for number of gaming units, percentage and REVPAR)	2021	2020	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Main floor table games drop	3,374,100	416,098	10,987,937	3,165,136
Main floor gross table games win ⁽¹⁾	834,219	73,184	2,465,314	813,716
Main floor table games win percentage	24.7%	17.6%	22.4%	25.7%
Average daily gross win per main floor gaming table	43.0	3.8	42.5	16.1
VIP table games turnover	4,971,550	2,239,225	19,520,570	14,767,878
VIP gross table games win ⁽¹⁾	200,041	27,721	712,003	411,374
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	4.02%	1.24%	3.65%	2.79%
Average daily gross win per VIP gaming table	44.4	5.6	51.5	30.3
Slot machine handle	2,122,874	573,515	9,068,877	4,541,868
Slot machine gross win ⁽¹⁾	85,011	13,325	286,051	137,778
Slot hold percentage	4.0%	2.3%	3.2%	3.0%
Average daily win per slot	1.1	0.2	1.4	0.8
Commissions, complimentary and other incentives ⁽¹⁾	(236,760)	(58,941)	(826,084)	(396,275)
Room occupancy rate	41.8%	7.4%	48.5%	14.5%
REVPAR	575	96	555	242

As At
September 30

	2021	2020
	(Unaudited)	(Unaudited)

Gaming Units:

Tables ⁽²⁾	263	267
Slot machines ⁽³⁾	859	666

Note: Due to the COVID-19 pandemic, the Macau Government asked that all gaming operators in Macau suspend casino operations for a 15-day period that commenced on February 5, 2020. As a result, all operations at MGM Macau and MGM Cotai were suspended, other than operations that were necessary to provide sufficient non-gaming facilities to serve any remaining hotel guests. Although operations at MGM Macau and MGM Cotai resumed on February 20, 2020, certain health safeguards, such as limiting the number of seats available at each table game, slot machine spacing, temperature checks, mask protection and health declarations submitted through the Macau Health Code system remained in effect at September 30, 2021. At the date of this announcement, various travel and entry restrictions in Macau, Hong Kong and mainland China remain in place (including the temporary suspension of ferry services from Hong Kong to Macau, the nucleic acid test result certificate and mandatory quarantine requirements for visitors from Hong Kong, Taiwan and high risk areas in mainland China, and bans on entry or enhanced quarantine requirements on other visitors). To address the adverse impact of the COVID-19 pandemic on the Group’s financial position, while trying to preserve local jobs in response to requests of the Macau Government, a number of initiatives including reduction of payroll expenses and deferral of certain capital expenditures have been undertaken since the outbreak of COVID-19 pandemic.

⁽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 September 30, 2021 and 2020.

⁽³⁾ Due to social distancing measures as a result of the COVID-19 pandemic, the slot machines were operated at a reduced capacity.

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):

Extracts from the Earnings Release:

“Third Quarter 2021 Financial Highlights:

MGM China

- *Net revenues of \$289 million, an increase of 517% compared to the prior year quarter and a decrease of 61% compared to the third quarter of 2019. The prior year quarter was more significantly impacted by travel and entry restrictions in Macau as well as other operational restrictions related to the pandemic than in the current quarter;*
- *VIP Table Games Hold Adjusted MGM China Net Revenues of \$272 million, an increase of 403% compared to the prior year quarter and a decrease of 61% compared to the third quarter of 2019;*
- *Adjusted Property EBITDAR of \$7 million compared to a loss of \$96 million in the prior year quarter, and a decrease of 96% compared to the third quarter of 2019; and*
- *VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR loss of \$2 million compared to a loss of \$93 million in the prior year quarter, and \$170 million in the third quarter of 2019.*

MGM China

Key third quarter results for MGM China include:

- *Net revenues of \$289 million, an increase of 517% compared to the prior year quarter and a decrease of 61% compared to the third quarter of 2019;*
- *Main floor table games win of \$222 million compared to \$25 million, an increase of 792% compared to the prior year quarter;*
- *VIP table games win of \$72 million compared to \$17 million, an increase of 313% compared to the prior year quarter; and*
- *Adjusted Property EBITDAR of \$7 million compared to a loss of \$96 million in the prior year quarter. License fee expense was \$5 million in the current quarter and \$1 million in the prior year quarter.*

The following table shows key gaming statistics for MGM China:

	Three Months Ended	
	September 30	
	2021	2020
	<i>(Dollars in millions)</i>	
<i>VIP Table Games Turnover</i>	1,800	929
<i>VIP Table Games Win</i>	72	17
<i>VIP Table Games Win %</i>	4.0%	1.9%
<i>Main Floor Table Games Drop</i>	1,042	143
<i>Main Floor Table Games Win</i>	222	25
<i>Main Floor Table Games Win %</i>	21.3%	17.3%

MGM Resorts International and Subsidiaries
Supplemental Data — Net Revenues and Adjusted Property EBITDAR
(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
<i>MGM China net revenues</i>	289,059	46,867	896,044	351,952
<i>MGM China Adjusted Property EBITDAR</i>	6,996	(96,446)	20,352	(234,724)

MGM Resorts International and Subsidiaries
Reconciliations of MGM China Net Revenues and MGM China
Adjusted Property EBITDAR to
VIP Table Games Hold Adjusted MGM China Net Revenues and
VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR
(In thousands)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2021	2020	2021	2020
MGM China Net Revenues	289,059	46,867	896,044	351,952
Hold Adjustment ⁽¹⁾	(17,223)	7,134	(13,495)	8,696
	<hr/>	<hr/>	<hr/>	<hr/>
VIP Table Games Hold Adjusted MGM China Net Revenues	271,836	54,001	882,549	360,648
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
MGM China Adjusted Property EBITDAR	6,996	(96,446)	20,352	(234,724)
Hold Adjustment ⁽²⁾	(9,448)	3,148	(4,969)	6,646
	<hr/>	<hr/>	<hr/>	<hr/>
VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR	(2,452)	(93,298)	15,383	(228,078)
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⁽¹⁾ For MGM China, hold adjustment represents the estimated incremental VIP table games win or loss related to VIP Rolling Chip volume play had the Company's win percentage equaled the mid-point of the expected normal range of 2.6% to 3.3%. Amounts include estimated commissions and other incentives related to increases or decreases in VIP table games win.

⁽²⁾ These amounts include estimated incremental expenses (gaming taxes and bad debt expense) that would have been incurred or avoided on the incremental VIP table games win or loss calculated in (1) above.

Non-GAAP financial measures

“VIP Table Games Hold Adjusted MGM China Net Revenues” is an additional supplemental non-GAAP financial measure that is presented to adjust MGM China net revenues for the impact of certain variances in VIP table games’ win percentages compared to the mid-point of the expected range. VIP Table Games Hold Adjusted MGM China Net Revenues is also adjusted for the VIP commissions and other incentives that would have been incurred or avoided when applying the win percentages noted below to the respective gaming volumes. Management believes VIP Table Games Hold Adjusted MGM China Net Revenues presents a consistent measure in providing period-to-period comparisons and is a useful measure in assisting investors evaluating the Company’s operating performance. VIP Table Games Hold Adjusted MGM China Net Revenues should not be construed as an alternative to GAAP net revenues, as an indicator of the Company’s performance, or as any other measure determined in accordance with generally accepted accounting principles. A reconciliation of GAAP net revenues to VIP Table Games Hold Adjusted MGM China Net Revenues is included in the financial schedules in this release.

“Adjusted EBITDAR” is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, gain on REIT transactions, net, gain on consolidation of CityCenter, net, CEO transition expense, October 1 litigation settlement, 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), gain related to CityCenter’s sale of Harmon land recorded within income from unconsolidated affiliates, rent expense associated with triple net operating and ground leases, income from unconsolidated affiliates related to investments in real estate ventures, and property transactions, net.

“Adjusted Property EBITDAR” is the Company’s reportable segment GAAP measure, which management utilizes as the primary profit measure for its reportable segments and underlying operating segments. Adjusted Property EBITDAR is a measure defined as earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, gain on REIT transactions, net, 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), rent expense associated with triple net operating and ground leases, income from unconsolidated affiliates related to investments in real estate ventures, and property transactions, net, and also excludes gain on consolidation of CityCenter, net, gain related to CityCenter’s sale of Harmon land recorded within income from unconsolidated affiliates and corporate expense (which includes CEO transition expense and October 1 litigation settlement) 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. The Company manages capital allocation, tax planning, stock compensation, and financing decisions at the corporate level. “Adjusted Property EBITDAR margin” is Adjusted Property EBITDAR divided by related segment net revenues.

“VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR” is a supplemental non-GAAP financial measure, that, in addition to the reasons described above for the presentation of Adjusted Property EBITDAR, is presented to adjust for the impact of certain variances in VIP table games’ win percentages compared to the mid-point of the expected range. VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR is based on applying a VIP Rolling Chip win percentage of 2.95% to the VIP Rolling Chip volume, which represents the mid-point of the expected normal range of 2.6% to 3.3% for MGM China. VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR is also adjusted for the gaming taxes, VIP commissions, bad debt expense, and other incentives that would have been incurred or avoided when applying the win percentages noted above to the respective gaming volumes.

Adjusted EBITDAR information is a valuation metric, should not be used as an operating metric, and is presented solely as a supplemental disclosure to reported GAAP measures because management believes this measure is widely used by analysts, lenders, financial institutions, and investors as a principal basis for the valuation of gaming companies. Management believes that while items excluded from Adjusted EBITDAR 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. Also, management believes excluded items may not relate specifically to current 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, management excludes rent expense associated with triple net operating leases and ground leases. Management believes excluding rent expense associated with triple net operating leases and ground leases provides useful information to analysts, lenders, financial institutions, and investors when valuing the Company, as well as comparing the Company’s results to other gaming companies, without regard to differences in capital structure and leasing arrangements since the operations of other gaming companies may or may not include triple net operating leases or ground leases. However, as discussed herein, Adjusted EBITDAR should not be viewed as a measure of overall operating performance, considered in isolation, or as an alternative to net income, because this measure is not presented on a GAAP basis and exclude certain expenses, including the rent expense associated with the Company’s triple net operating and ground leases, and are provided for the limited purposes discussed herein.

Adjusted EBITDAR and VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR 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, real estate triple net lease and ground lease payments, and debt principal repayments, which are not reflected in Adjusted EBITDAR or VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR. Also, other companies in the gaming and hospitality industries that report Adjusted EBITDAR or VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR information may calculate Adjusted EBITDAR or VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR in a different manner and such differences may be material."

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, November 4, 2021

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