

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 and Debt Stock Codes: 6026, 6028, 40258, 40634)

INSIDE INFORMATION

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 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 February 9, 2022 (4:30 p.m., New York time), released its unaudited results for the fourth quarter and year ended December 31, 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 February 9, 2022 (4:30 p.m., New York time), released its unaudited results for the fourth quarter and year ended December 31, 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 fourth quarter and year ended December 31, 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 audited 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 fourth quarter and year ended December 31, 2021.

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	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	1,306,894	1,261,361	5,180,280	2,793,858
MGM Cotai	1,145,125	1,100,989	4,230,534	2,302,125
Total Revenue	2,452,019	2,362,350	9,410,814	5,095,983
Adjusted EBITDA⁽¹⁾ :				
MGM Macau	95,460	247,133	563,600	(384,012)
MGM Cotai	(6,448)	120,096	(173,723)	(987,711)
Total Adjusted EBITDA	89,012	367,229	389,877	(1,371,723)

⁽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 to read the financial information presented herein in conjunction with the annual results announcement to be published by MGM China for the year ended December 31, 2021 and 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		Twelve Months Ended	
	December 31		December 31	
	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	5,311,899	4,423,600	20,299,155	8,907,488
Main floor gross table games win ⁽¹⁾	1,122,648	889,990	4,125,052	1,813,594
Main floor table games win percentage	21.1%	20.1%	20.3%	20.4%
Average daily gross win per main floor gaming table	55.6	45.7	52.2	26.3
VIP table games turnover	8,071,244	9,730,850	41,078,818	32,225,466
VIP gross table games win ⁽¹⁾	193,129	440,708	1,198,775	1,097,452
VIP table games win percentage (calculated before commissions, complimentaries and other incentives)	2.39%	4.53%	2.92%	3.41%
Average daily gross win per VIP gaming table	30.3	70.9	48.3	47.5
Slot machine handle	2,911,823	3,549,360	13,276,317	9,105,859
Slot machine gross win ⁽¹⁾	107,323	133,862	504,795	327,529
Slot hold percentage	3.7%	3.8%	3.8%	3.6%
Average daily win per slot	1.5	2.3	1.9	1.4
Commissions, complimentaries and other incentives ⁽¹⁾	(273,537)	(341,860)	(1,220,123)	(764,233)
Room occupancy rate	80.9%	80.1%	79.8%	35.6%
REVPAR	1,317	1,205	1,155	593

As At	
December 31	
2021	2020
(Unaudited)	(Unaudited)

Gaming Units:

Tables ⁽²⁾	289	279
Slot machines ⁽³⁾	845	638

MGM Cotai	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
(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	3,759,641	3,727,725	14,747,578	6,892,861
Main floor gross table games win ⁽¹⁾	916,611	996,131	3,381,925	1,809,847
Main floor table games win percentage	24.4%	26.7%	22.9%	26.3%
Average daily gross win per main floor gaming table	46.3	51.0	43.5	25.8
VIP table games turnover	5,460,995	7,413,731	24,981,565	22,181,609
VIP gross table games win ⁽¹⁾	201,575	139,685	913,578	551,059
VIP table games win percentage (calculated before commissions, complimentary and other incentives)	3.69%	1.88%	3.66%	2.48%
Average daily gross win per VIP gaming table	49.0	29.4	50.9	30.1
Slot machine handle	2,946,872	2,913,110	12,015,749	7,454,978
Slot machine gross win ⁽¹⁾	120,752	95,398	406,803	233,176
Slot hold percentage	4.1%	3.3%	3.4%	3.1%
Average daily win per slot	1.5	1.5	1.4	1.0
Commissions, complimentary and other incentives ⁽¹⁾	(261,667)	(288,068)	(1,087,751)	(684,343)
Room occupancy rate	43.6%	47.1%	47.2%	22.4%
REVPAR	609	594	569	327

As At
December 31

	2021	2020
	(Unaudited)	(Unaudited)

Gaming Units:

Tables ⁽²⁾	263	273
Slot machines ⁽³⁾	839	655

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 December 31, 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).

- ⁽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 December 31, 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:

“Fourth Quarter 2021 Financial Highlights:

MGM China

- *Net revenues of \$315 million, an increase of 3% compared to the prior year quarter and a decrease of 57% compared to the fourth quarter of 2019. The current and prior year quarters were negatively affected by travel and entry restrictions in Macau due to the pandemic;*
- *VIP Table Games Hold Adjusted MGM China Net Revenues of \$313 million, an increase of 3% compared to the prior year quarter and a decrease of 55% compared to the fourth quarter of 2019;*
- *Adjusted Property EBITDAR of \$5 million, a decrease of 88% compared to the prior year quarter due primarily to a \$23 million bonus reversal in the prior year quarter and a \$13 million increase in bad debt expense, and a decrease of 97% compared to the fourth quarter of 2019; and*
- *VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR of \$2 million, a decrease of 96% compared to the prior year, and a decrease of 99% compared to the fourth quarter of 2019.*

Full Year 2021 Financial Highlights:

MGM China

- *Net revenues of \$1.2 billion, an increase of 84% compared to the prior year and a decrease of 58% compared to 2019; and*
- *MGM China Adjusted Property EBITDAR of \$25 million in 2021 compared to a loss of \$194 million in 2020 and a decrease of 97% compared to 2019.*

MGM China

The following table shows key gaming statistics for MGM China:

	Three Months Ended	
	December 31	
	2021	2020
	<i>(Dollars in millions)</i>	
Casino Revenue	273	267
VIP Table Games Turnover	1,736	2,212
VIP Table Games Win	51	75
VIP Table Games Win %	2.9%	3.4%
Main Floor Table Games Drop	1,165	1,051
Main Floor Table Games Win	262	243
Main Floor Table Games Win %	22.5%	23.1%

License fee expense was \$6 million in the current quarter and \$5 million in the prior year quarter.

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

	Three Months Ended		Twelve Months Ended	
	December 31		December 31	
	2021	2020	2021	2020
MGM China net revenues	314,717	304,751	1,210,761	656,703
MGM China Adjusted Property EBITDAR	5,015	40,892	25,367	(193,832)

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		Twelve Months Ended	
	December 31		December 31	
	2021	2020	2021	2020
MGM China Net Revenues	314,717	304,751	1,210,761	656,703
Hold Adjustment ⁽¹⁾	(1,409)	(1,728)	(14,904)	6,967
	<u>313,308</u>	<u>303,023</u>	<u>1,195,857</u>	<u>663,670</u>
VIP Table Games Hold Adjusted MGM China Net Revenues	<u>313,308</u>	<u>303,023</u>	<u>1,195,857</u>	<u>663,670</u>
MGM China Adjusted Property EBITDAR	5,015	40,892	25,367	(193,832)
Hold Adjustment ⁽²⁾	(3,128)	1,725	(8,097)	8,371
	<u>1,887</u>	<u>42,617</u>	<u>17,270</u>	<u>(185,461)</u>
VIP Table Games Hold Adjusted MGM China Adjusted Property EBITDAR	<u>1,887</u>	<u>42,617</u>	<u>17,270</u>	<u>(185,461)</u>

⁽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, property transactions, net, 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), rent expense associated with triple net operating and ground leases, gain related to CityCenter’s sale of Harmon land recorded within income from unconsolidated affiliates, and income from unconsolidated affiliates related to investments in real estate ventures.

“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, property transactions, net, and 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 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 excludes 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 read this announcement in conjunction with the annual results announcement to be published by MGM China for the year ended December 31, 2021 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, February 10, 2022

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.