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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: 6028, 40258, 40634)

INSIDE INFORMATION

PROPOSED ISSUE OF USD DENOMINATED SENIOR NOTES

This announcement is made by MGM China Holdings Limited (the “**Company**”, and collectively with its subsidiaries, the “**Group**”) pursuant to Rules 13.09 and 37.47B of the Listing Rules and the inside information provisions under Part XIVA of the SFO.

THE PROPOSED NOTES ISSUE

Introduction

The Company is pleased to announce that it proposes to conduct an international offering of the Notes to Professional Investors only.

The completion of the Proposed Notes Issue is subject to market conditions and investors' interest. BofA Securities, Inc., Deutsche Bank AG, Singapore Branch and Bank of China Limited, Macau Branch^(Note) have been appointed as joint global coordinators; whilst BofA Securities, Inc., and Deutsche Bank AG, Singapore Branch have been appointed as the joint overall coordinators and syndicate capital market intermediaries in relation to the Proposed Notes Issue, which are subject to Paragraph 21 and other additional requirements under the SFC Code. Pricing of the Notes will be determined through a book building exercise to be conducted by the joint global coordinators. The Notes, if issued, will be repayable at maturity, unless earlier redeemed or repurchased pursuant to their terms.

The aggregate principal amount and certain terms and conditions of the Notes have not been determined as at the date of this announcement. Upon finalization of the terms of the Notes, it is expected that the Representatives and the Company will enter into the Purchase Agreement. The Company will make a further announcement in respect of the proposed offering of the Notes if the Purchase Agreement is signed.

The Notes have not been and will not be registered under the U.S. Securities Act, or the securities laws of any other jurisdiction, and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the U.S. Securities Act and outside the United States to non-U.S. persons in reliance on Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong.

In connection with the Proposed Notes Issue, the Company will provide certain Professional Investors with certain corporate and financial information regarding the Group included in the Offering Memorandum, which information may not necessarily have been made public previously. For purposes of equal, effective and timely dissemination of information to shareholders and the investment community, an extract of such information from the Offering Memorandum is attached to this announcement, and a copy of this announcement will be available on the Company's website at en.mgmchinaholdings.com.

^(Note) A branch of Bank of China Limited, a joint stock limited company incorporated in the People's Republic of China.

Reasons for the Proposed Notes Issue and proposed use of proceeds

If the Notes are issued, the Company intends to use the net proceeds to repay a portion of the amounts outstanding under our Revolving Credit Facility and for general corporate purpose. The Company will be permitted to reborrow such amounts under the Revolving Credit Facility.

The Directors (including the independent non-executive Directors) consider that the Proposed Notes Issue represents a good opportunity to raise additional funds for the Company and is in the interest of the Company and shareholders of the Company as a whole.

Proposed listing

The Company is in the process of applying to the Stock Exchange for the listing of, and permission to deal in, the Notes by way of debt issue to Professional Investors only, and has received the eligibility letter from the Stock Exchange for the listing of the Notes. Listing of the Notes on the Stock Exchange is not to be taken as an indication of the merits of the Company, the Group or the Notes.

GENERAL

As no binding agreement in relation to the Proposed Notes Issue has been entered into as at the date of this announcement, the Proposed Notes Issue may or may not proceed. Investors and shareholders of the Company are advised to exercise caution when dealing in the securities of the Company.

Further announcement(s) in respect of the Proposed Notes Issue will be made by the Company should the Purchase Agreement in respect of the Proposed Notes Issue be signed.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Company”	MGM China Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Purchasers”	means BofA Securities, Inc., Deutsche Bank AG, Singapore Branch and Bank of China Limited, Macau Branch and other initial purchasers of the Notes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the USD denominated senior unsecured notes to be issued by the Company
“Offering Memorandum”	the offering memorandum in connection with the Proposed Notes Issue
“Professional Investors”	means (1) for persons in Hong Kong, professional investors as defined in Part 1 of Schedule 1 to the SFO (including those prescribed under section 397 of the SFO) and (2) for persons outside Hong Kong, a person to whom securities may be sold in accordance with a relevant exemption from public offer regulations in that jurisdiction
“Proposed Notes Issue”	the proposed issue of the Notes

“Purchase Agreement”	the agreement proposed to be entered into between the Representatives on behalf of the Initial Purchasers and the Company in relation to the issuance of the Notes
“Representatives”	BofA Securities, Inc. and Deutsche Bank AG, Singapore Branch as representatives of the Initial Purchasers
“Revolving Credit Facility”	the unsecured revolving credit facility, which is made available to the Company pursuant to the revolving credit facility agreement dated August 12, 2019 between, among others, the Company and Bank of America, National Association, as amended, restated and modified from time to time
“SFC Code”	the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“USD”	United States dollar, the lawful currency of the United States of America
“U.S. Securities Act”	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

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

Hong Kong, June 17, 2024

As at the date of this announcement, our Directors are Pansy Catilina Chiu King HO, William Joseph HORNBuckle, John M. MCMANUS, Jeny LAU and Kenneth Xiaofeng FENG as executive Directors, 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.

APPENDIX
EXTRACT OF OFFERING MEMORANDUM

As used in this appendix to this announcement, references to “we”, “us”, “our” and the “Company” are to MGM China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, and its subsidiaries, as the context requires. The term “our Group”, refers to MGM China Holdings Limited and its subsidiaries.

SUMMARY

Recent Developments

Repayment of 2024 Notes

On May 10, 2024, the Company drew down HK\$6.0 billion (approximately US\$0.8 billion) under the Revolving Credit Facility, the proceeds of which were used, together with cash on hand, to repay the outstanding principal amount, and all accrued and unpaid interest on, the 2024 Notes on May 15, 2024.

**MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS**

Financial Impact of COVID-19 and Recovery

Visitation to Macau and business volume across all operations at MGM Macau and MGM Cotai were adversely impacted during 2020-2022 due to outbreaks of COVID-19 cases in Macau and neighboring regions, including mainland China which led to travel restrictions to Macau. Commencing in December 2022, the Chinese Government announced a significant change in its COVID-19 policy, which was also adopted by the Macau Government. These changes resulted in a relaxation of travel restrictions to Macau. Following the easing of travel restrictions, total visitor arrivals into Macau during the three months ended March 31, 2024 and year ended December 31, 2023 significantly increased, returning to 86% and 72%, respectively, of total visitor arrivals as compared to the three months ended March 31, 2019 and year ended December 31, 2019. In particular, total visitor arrivals into Macau in April 2024 reached 75.8% of the total visitors arrivals in April 2019. As a result of positive macroeconomic improvements in the region and the recovery across the Macau gaming industry, the Group’s property visitation during the three months ended March 31, 2024 and the year ended December 31, 2023 significantly increased, returning to 153% and 106%, respectively, of total property visitors as compared to the corresponding period in 2019. The positive macroeconomic developments also resulted in the Group’s gross gaming revenue increasing by 385.0% to HK\$27.1 billion (or approximately US\$3.5 billion) for the year ended December 31, 2023, as compared to the year ended December 31, 2022, returning to 100.6% of that for the year ended December 31, 2019. Additionally, the Group’s gross gaming revenue increased to HK\$9.5 billion (or approximately US\$1.2 billion) for the three months ended March 31, 2024, representing 140.8% of that for the three months ended March 31, 2019.

Factors Affecting Our Results of Operations and Financial Position

Competition

There are six gaming operators in Macau and as at March 31, 2024, there were 30 casinos in Macau. Our overall gaming market share was 9.5% for the year ended December 31, 2019 before the COVID-19 pandemic. Driven by the premium mass market, which both MGM Macau and MGM Cotai are well positioned to capture, and the additional 198 gaming tables awarded under the Gaming Concession, our overall gaming market share increased from 9.4% and 9.5% for the three months ended March 31, 2019 and the year ended December 31, 2019, respectively, to 17.0% and 15.2% for the three months ended March 31, 2024 and the year ended December 31, 2023, respectively. Our competition is not geographically limited to the Macau market. We compete with similar businesses in other parts of the world including, but not limited to, integrated resorts in Cambodia, Vietnam, South Korea, Singapore, the Philippines, Australia and Las Vegas.

Discussion of Results of Operations

Operating Revenue

	For the three months ended	
	March 31,	
	2024	2023
	HK\$'000	HK\$'000
MGM Macau	3,495,075	2,342,344
Casino revenue	3,093,749	2,145,543
Other revenue	401,326	196,801
MGM Cotai	4,763,225	2,498,346
Casino revenue	4,101,206	2,206,671
Other revenue	662,019	291,675
Total operating revenue	8,258,300	4,840,690

Financial results for the three months ended March 31, 2024 compared to financial results for the three months ended March 31, 2023.

Operating Revenue

Operating revenue of HK\$8,258.3 million for the three months ended March 31, 2024 was 70.6% higher than the same period in prior year. The increase was primarily due to the continued ramp up of operations after the relaxation of COVID-19 related travel restrictions to Macau beginning in late 2022. With the premium mass market which both MGM Macau and MGM Cotai are well positioned to capture and the additional 198 gaming tables awarded under the Gaming Concession, the Group's operating revenue for the three months ended March 31, 2024 was 43.4% higher than the same period in 2019 before the COVID-19 pandemic.

Casino Revenue

Casino revenue increased by 65.3% to HK\$7,195.0 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase is explained above in operating revenue. The components of our gaming operations were:

Main Floor Table Gaming Operations

Main floor gross table games win increased by 81.1% to HK\$7,431.1 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Similarly, main floor table games drop in MGM Macau and MGM Cotai increased by 55.5% to HK\$14,443.5 million and 98.6% to HK\$15,448.0 million during the three months ended March 31, 2024, respectively.

VIP Gaming Operations

VIP gross table games win increased by 100.7% to HK\$1,498.9 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Similarly, VIP table games turnover in MGM Macau and MGM Cotai increased by 63.5% to HK\$12,150.1 million and 370.5% to HK\$53,001.2 million during the three months ended March 31, 2024, respectively.

Slot Machine Gaming Operations

Slot machine gross win increased by 50.3% to HK\$523.2 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. Similarly, slot machine handle in MGM Macau and MGM Cotai increased by 64.6% to HK\$7,073.8 million and 73.5% to HK\$6,760.1 million, respectively, during the three months ended March 31, 2024.

Other Revenue

Other revenue includes hotel rooms, food, beverage, retail and entertainment and increased by 117.7% to HK\$1,063.3 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase was primarily due to:

- increase in hotel rooms revenue by 113.8% to HK\$494.4 million primarily as a result of increase in revenue per available room driven by increased demand; and
- increase in food and beverage revenue by 125.3% to HK\$487.8 million due to continued ramp up of operations after the relaxation of COVID-19 related travel restrictions to Macau beginning in late 2022 as discussed above.

Operating Costs and Expenses

Gaming Taxes and Levies

Gaming taxes and levies increased by 79.3% to HK\$3,740.6 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. This increase was attributable to higher gross gaming revenue generated during the three months ended March 31, 2024.

Inventories Consumed

Inventories consumed increased by 72.2% to HK\$263.9 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase resulted from higher business activities in light of the continued ramp up of operations as discussed above.

Staff Costs

Staff costs increased by 28.5% to HK\$1,107.8 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The increase was primarily due to hiring of additional staff in response to increased business activities as discussed above, as compared to the three months ended March 31, 2023.

Other Expenses and Losses

Other expenses and losses increased by 79.2% to HK\$874.2 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023, which mainly resulted from:

Advertising and promotion expense. Advertising and promotion expense increased by 142.2% from HK\$163.0 million for the three months ended March 31, 2023 to HK\$394.8 million for the three months ended March 31, 2024. The increase resulted from increased marketing activities being organized during the three months ended March 31, 2024 in response to the increase in our business activities.

License fee and marketing fees. License fee and marketing fees due to related companies increased by 77.7% from HK\$85.8 million for the three months ended March 31, 2023 to HK\$152.4 million for the three months ended March 31, 2024. This increase primarily resulted from higher revenue generated during the three months ended March 31, 2024.

Depreciation and Amortization

Depreciation and amortization decreased by 6.1% to HK\$461.4 million for the three months ended March 31, 2024 as compared to the three months ended March 31, 2023. The decrease was attributable to the impact of full depreciation of certain assets during the three months ended March 31, 2024.

Finance Costs

Total finance costs decreased from HK\$505.1 million for the three months ended March 31, 2023 to HK\$433.6 million for the three months ended March 31, 2024. The decrease was primarily due to a decrease in the weighted average balance of the Unsecured Credit Facilities resulting from continued repayment of such facilities during the year ended December 31, 2023 and the three months ended March 31, 2024.

Income Tax expense

Income tax expense in the three months ended March 31, 2024 and 2023 primarily related to the provision for payment in lieu of Macau Complementary Tax on dividends. In January and February 2024, MGM Grand Paradise was granted an exemption from Macau Complementary Tax for profits generated from gaming operations and finalized a tax concession arrangement with the Macau Government, respectively.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company increased from HK\$151.3 million for the three months ended March 31, 2023 to HK\$1,318.7 million for the three months ended March 31, 2024. This increase was attributable to the improved financial performance of the Group as discussed above.

Liquidity and Capital Resources

Capital Resources

As at March 31, 2024, our cash and cash equivalents, and available undrawn unsecured credit facilities were HK\$4.9 billion and HK\$12.1 billion, respectively. These balances are available for operations and implementation of our investment plan.

Gearing Ratio

The Group's gearing ratio is calculated as net debt divided by equity plus net debt. Net debt comprises borrowings, net of debt finance costs, less cash and cash equivalents, less pledged bank deposits. Equity comprised all capital and reserves of the Group. The following table presents the calculation of the Group's gearing ratio as at March 31, 2024 and December 31, 2023.

	As at December 31, 2023 <i>HK\$'000</i>	As at March 31, 2024 <i>HK\$'000</i>
Bank borrowings, net of debt finance costs	24,098,731	23,573,200
Less: cash and cash equivalents	(4,231,986)	(4,866,997)
Less: pledged bank deposits	(680,000)	(680,000)
Net debt	19,186,745	18,026,203
Total (deficit)/equity	(1,327,220)	(408,170)
Total deficit/equity plus net debt	17,859,525	17,618,033
Gearing ratio	107.4%	102.3%

Group Cash Flows

Net Cash Generated from Operating Activities

We recorded net cash generated from operating activities of HK\$1,935.8 million for the three months ended March 31, 2024 compared to net cash generated from operating activities of HK\$1,796.8 million for the three months ended March 31, 2023. The increase was primarily due to an increase in operating profit for the three months ended March 31, 2024.

Net Cash (Used in)/Generated from Investing Activities

Net cash used in investing activities was HK\$368.4 million for the three months ended March 31, 2024 compared to the net cash generated from investing activities of HK\$183.7 million for the three months ended March 31, 2023. The major components of the cash flow used in investing activities related to payments for the development and renovation works at our properties as well as purchase of property and equipment, and other assets in total amounting to HK\$368.4 million and HK\$107.6 million for the three months ended March 31, 2024 and 2023, respectively. Cash flow used in investing activities for the three months ended March 31, 2023 was offset by the release of pledged bank deposits of HK\$291.3 million during the period.

Net Cash Used in Financing Activities

Net cash used in financing activities was HK\$930.7 million for the three months ended March 31, 2024 compared to net cash used in financing activities of HK\$5,013.9 million for the three months ended March 31, 2023.

Net cash used in financing activities for the three months ended March 31, 2024 was primarily due to the impact of:

- HK\$600.0 million of net repayments on the Revolving Credit Facility; and
- HK\$254.6 million of interest payments.

Net cash used in financing activities for the three months ended March 31, 2023 was primarily due to the impact of:

- HK\$4,600.0 million of repayments on the Revolving Credit Facility and the Second Revolving Credit Facility; and
- HK\$352.6 million of interest payments.

Employees and Remuneration Policy

As at March 31, 2024, the Group employed 12,345 full-time and part-time employees in Macau, Hong Kong and Zhuhai which includes MGM Macau, MGM Cotai and shared services team members.

RELATED PARTY TRANSACTIONS

MGM Grand Paradise International Marketing Agreement

The aggregate total consideration paid to the MGM Group by our Group and the aggregate total consideration paid to our Group by the MGM Group pursuant to the International Marketing Agreement were HK\$14.2 million (approximately US\$1.8 million) and HK\$6.3 million (approximately US\$0.8 million), respectively, for the three months ended March 31, 2024, which fell within the annual caps of HK\$82 million and HK\$29 million, respectively, and HK\$39.8 million and HK\$16.4 million, respectively, for the year ended December 31, 2023, which fell within the annual caps of HK\$64.0 million and HK\$24.0 million, respectively.

Development Agreement

No consideration was paid by the Group to MGM Branding for the three months ended March 31, 2024 and for the years ended December 31, 2023, 2022 and 2021.

Master Service Agreement and Related Arrangements

For the three months ended March 31, 2024 and the years ended December 31, 2023, 2022 and 2021, the aggregate total consideration payable by the Group to the Shun Tak Group was HK\$30.2 million (approximately US\$3.9 million), HK\$70.3 million (approximately US\$9.0 million), HK\$22.0 million and HK\$39.5 million, respectively, which were within the annual caps for the years ended December 31, 2024, 2023, 2022 and 2021 of HK\$180 million, HK\$180 million, HK\$250 million and HK\$250 million, respectively. The aggregate total consideration payable by the Shun Tak Group to the Group for the three months ended March 31, 2024 and the years ended December 31, 2023, 2022 and 2021 was HK\$7 thousand (approximately US\$0.9 thousand), HK\$27 thousand (approximately US\$3.5 thousand), HK\$20 thousand and HK\$20 thousand, respectively, which fell within the annual cap of HK\$2.5 million for each of the years ended December 31, 2024, 2023, 2022 and 2021.

Branding Agreement

Pursuant to the Third Renewed Branding Agreement, the license fees for MGM Macau and MGM Cotai paid by the Group for the three months ended March 31, 2024 and the year ended December 31, 2023 amounted to HK\$144.5 million (approximately US\$18.5 million) and HK\$432.0 million (approximately US\$55.2 million), respectively, which were within the annual caps of US\$57.6 million and US\$55.6 million for the year ending December 31, 2024 and the year ended December 31, 2023, respectively. Pursuant to the First Renewed Branding Agreement and the Second Renewed Branding Agreement, the license fees for MGM Macau and MGM Cotai paid by the Group for the years ended December 31, 2022 and 2021 amounted to HK\$92.2 million (approximately US\$11.8 million) and HK\$164.7 million, respectively, which were within the aggregate caps of US\$45.6 million for the period from January 1, 2022 to June 26, 2022 and of US\$45.6 million for the period from June 26, 2022 to December 31, 2022, and the annual caps for the year ended December 31, 2021 of US\$88.2 million.

Consultancy Services Agreement

For the three months ended March 31, 2024, the aggregate total fees paid by the Group to the Occasions Group in respect of the services rendered under the Renewed Consultancy Services Agreement were approximately HK\$32.8 million (approximately US\$4.2 million). For the years ended December 31, 2023, 2022 and 2021, the aggregate total fees paid by the Group to the Occasions Group in respect of the services rendered under the Consultancy Services Agreement were approximately HK\$126.3 million, HK\$39.4 million and HK\$32.2 million, respectively.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of MGM China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 2 to 26, which comprise the condensed consolidated statement of financial position as of March 31, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and certain explanatory notes. The condensed consolidated financial statements has been prepared solely for the purpose of inclusion in the offering memorandum to be issued by the Company in connection with the proposed offering of notes. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
May 1, 2024

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE THREE MONTHS ENDED MARCH 31, 2024

		Three months ended	
		March 31	
	<i>NOTES</i>	2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Operating revenue	4	8,258,300	4,840,690
OPERATING COSTS AND EXPENSES			
Gaming taxes and levies		(3,740,574)	(2,086,345)
Inventories consumed		(263,913)	(153,232)
Staff costs	5	(1,107,814)	(862,180)
(Loss allowance)/reversal of loss allowance on trade receivables, net		(17,842)	6,251
Other expenses and losses	6	(874,222)	(487,920)
Depreciation and amortization	7	(461,415)	(491,243)
		(6,465,780)	(4,074,669)
Operating profit		1,792,520	766,021
Interest income		19,458	33,001
Finance costs	8	(433,600)	(505,075)
Net foreign currency loss		(43,338)	(138,831)
Profit before tax		1,335,040	155,116
Income tax expense	9	(16,294)	(3,832)
Profit for the period attributable to owners of the Company		<u>1,318,746</u>	<u>151,284</u>
Other comprehensive (loss)/income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(1,772)	1,827
Total comprehensive income for the period attributable to owners of the Company		<u>1,316,974</u>	<u>153,111</u>
Earnings per Share — Basic	11	<u>HK34.7 cents</u>	<u>HK4.0 cents</u>
Earnings per Share — Diluted	11	<u>HK34.5 cents</u>	<u>HK4.0 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT MARCH 31, 2024

		At March 31 2024 <i>HK\$'000</i> (unaudited)	At December 31 2023 <i>HK\$'000</i> (audited)
	<i>NOTES</i>		
ASSETS			
Non-current assets			
Property and equipment	<i>12</i>	20,116,893	20,394,577
Right-of-use assets	<i>13</i>	1,210,746	1,191,161
Gaming concession right	<i>14</i>	1,547,031	1,591,232
Other assets	<i>15</i>	266,130	126,841
Prepayments, deposits and other receivables		167,505	54,889
Pledged bank deposits	<i>21</i>	680,000	680,000
		<hr/>	<hr/>
Total non-current assets		23,988,305	24,038,700
Current assets			
Inventories		205,281	188,153
Trade receivables	<i>16</i>	483,499	594,473
Prepayments, deposits and other receivables		175,563	120,606
Amounts due from related companies	<i>24</i>	6,834	7,386
Cash and cash equivalents		4,866,997	4,231,986
		<hr/>	<hr/>
Total current assets		5,738,174	5,142,604
		<hr/>	<hr/>
TOTAL ASSETS		29,726,479	29,181,304
EQUITY			
Capital and reserves			
Share capital	<i>17</i>	3,802,272	3,800,000
Reserves and accumulated losses		(4,210,442)	(5,127,220)
		<hr/>	<hr/>
TOTAL DEFICIT		(408,170)	(1,327,220)
		<hr/>	<hr/>

		At March 31 2024 <i>HK\$'000</i> (unaudited)	At December 31 2023 <i>HK\$'000</i> (audited)
LIABILITIES			
Non-current liabilities			
Borrowings	18	17,706,577	18,248,369
Lease liabilities		180,316	168,362
Payables and accrued charges	19	74,344	59,107
Gaming concession right payable	14	1,599,717	1,672,696
Amounts due to related companies		—	29,940
		<u>19,560,954</u>	<u>20,178,474</u>
Total non-current liabilities			
Current liabilities			
Borrowings	18	5,866,623	5,850,362
Lease liabilities		49,242	30,756
Payables and accrued charges	19	4,047,877	4,294,707
Gaming concession right payable	14	57,767	54,868
Dividend payable	10	395,200	—
Amounts due to related companies	24	94,669	53,197
Income tax payable		62,317	46,160
		<u>10,573,695</u>	<u>10,330,050</u>
Total current liabilities			
TOTAL LIABILITIES		<u>30,134,649</u>	<u>30,508,524</u>
TOTAL EQUITY AND LIABILITIES		<u>29,726,479</u>	<u>29,181,304</u>

The condensed consolidated financial statements on pages 2 to 26 were approved and authorized for issue by the Board of Directors on May 1, 2024 and are signed on its behalf by:

Pansy Catilina Chiu King Ho
Chairperson and Executive Director

William Joseph Hornbuckle
Co-chairperson and Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2024

	Share capital HK\$'000	Treasury shares HK\$'000	Shares held for Restricted Stock Unit Plan HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share-based payment reserve HK\$'000	Equity reserve HK\$'000	Other reserves HK\$'000	Currency translation reserve HK\$'000	Accumulated losses HK\$'000	Reserves and accumulated losses total HK\$'000	Shareholders' funds total HK\$'000
At December 31, 2023 and January 1, 2024 (audited)	3,800,000	—	—	10,398,723	26,655	372,182	293,725	(13,130,421)	(4,617)	(3,083,467)	(5,127,220)	(1,327,220)
Profit for the period	—	—	—	—	—	—	—	—	—	1,318,746	1,318,746	1,318,746
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	(1,772)	—	(1,772)	(1,772)
Total comprehensive (loss)/income	—	—	—	—	—	—	—	—	(1,772)	1,318,746	1,316,974	1,316,974
Transfer to legal reserve ⁽¹⁾	—	—	—	—	—	—	—	357,250	—	(357,250)	—	—
Exercise of share options	2,272	—	—	21,932	—	(6,249)	—	—	—	—	15,683	17,955
Share repurchases	—	(30,453)	—	—	—	—	—	—	—	—	(30,453)	(30,453)
Forfeiture of share options	—	—	—	—	—	(5,884)	—	—	—	5,884	—	—
Share repurchase for Restricted Stock Unit Plan	—	—	(4,029)	—	—	—	—	—	—	—	(4,029)	(4,029)
Recognition of share-based payments	—	—	—	—	—	13,803	—	—	—	—	13,803	13,803
Dividend declared	—	—	—	—	—	—	—	—	—	(395,200)	(395,200)	(395,200)
At March 31, 2024 (unaudited)	<u>3,802,272</u>	<u>(30,453)</u>	<u>(4,029)</u>	<u>10,420,655</u>	<u>26,655</u>	<u>373,852</u>	<u>293,725</u>	<u>(12,773,171)</u>	<u>(6,389)</u>	<u>(2,511,287)</u>	<u>(4,210,442)</u>	<u>(408,170)</u>
At December 31, 2022 and January 1, 2023 (audited)	3,800,000	—	—	10,409,009	23,708	450,337	293,725	(13,130,819)	(2,994)	(5,839,387)	(7,796,421)	(3,996,421)
Profit for the period	—	—	—	—	—	—	—	—	—	151,284	151,284	151,284
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	—	1,827	—	1,827	1,827
Total comprehensive income	—	—	—	—	—	—	—	—	1,827	151,284	153,111	153,111
Exercise of share options	10	—	—	120	—	(32)	—	—	—	—	88	98
Share repurchase and cancellation	—	—	—	—	—	—	—	—	—	—	—	—
— repurchases and cancellation of Shares	(10)	—	—	(84)	—	—	—	—	—	—	(84)	(94)
— transfer	—	—	—	—	10	—	—	—	—	(10)	—	—
Forfeiture of share options	—	—	—	—	—	(2,591)	—	—	—	2,591	—	—
Recognition of share-based payments	—	—	—	—	—	12,328	—	—	—	—	12,328	12,328
At March 31, 2023 (unaudited)	<u>3,800,000</u>	<u>—</u>	<u>—</u>	<u>10,409,045</u>	<u>23,718</u>	<u>460,042</u>	<u>293,725</u>	<u>(13,130,819)</u>	<u>(1,167)</u>	<u>(5,685,522)</u>	<u>(7,630,978)</u>	<u>(3,830,978)</u>

⁽¹⁾ On March 29, 2024, an amount of MOP368.0 million (equivalent to approximately HK\$357.3 million) was transferred from MGM Grand Paradise's retained earnings to legal reserve. This reserve is not distributable to the Shareholders.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2024

		Three months ended	
	<i>NOTES</i>	March 31	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
NET CASH GENERATED FROM OPERATING ACTIVITIES	20	<u>1,935,781</u>	<u>1,796,836</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(120,348)	(47,173)
Purchase of other assets		(248,157)	(60,437)
Proceeds from disposal of property and equipment		73	5
Withdrawal of pledged bank deposits		<u>—</u>	<u>291,262</u>
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		<u>(368,432)</u>	<u>183,657</u>
FINANCING ACTIVITIES			
Proceeds from draw down on credit facilities		3,550,000	—
Repayments of credit facilities		(4,150,000)	(4,600,000)
Payments of lease liabilities		(6,188)	(4,569)
Interest paid		(254,614)	(352,628)
Payment of gaming concession right payable	14	(53,873)	(56,680)
Proceeds from exercise of share options		18,493	100
Payments on repurchase of Shares		<u>(34,482)</u>	<u>(94)</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(930,664)</u>	<u>(5,013,871)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		636,685	(3,033,378)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		4,231,986	6,706,591
Effect of foreign exchange rate changes, net		<u>(1,674)</u>	<u>1,804</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by cash and cash equivalents		<u>4,866,997</u>	<u>3,675,017</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

1. GENERAL

MGM China Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on July 2, 2010. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the operation of casino games of chance and the related hotel and resort facilities, and the development of integrated resorts in Macau. The Group owns and operates MGM MACAU and MGM COTAI which opened on December 18, 2007 and February 13, 2018, respectively. The Company’s Shares were listed on the Hong Kong Stock Exchange on June 3, 2011. The Company’s immediate holding company is MGM Resorts International Holdings, Ltd., a company incorporated in the Isle of Man. The Company’s ultimate holding company is MGM Resorts International, a company incorporated in Delaware, the United States of America, which is listed on the New York Stock Exchange. The address of the registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is Avenida Dr. Sun Yat Sen, Edificio MGM MACAU, NAPE, Macau.

The condensed consolidated financial statements are presented in HK\$, which is the functional currency of the Company and its subsidiaries.

2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis, and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. The condensed consolidated financial statements are prepared solely for inclusion in the offering memorandum to be issued by the Company in connection with the proposed offering of notes.

As at March 31, 2024, the Group had a net current liability position of HK\$4,835.5 million (December 31, 2023: HK\$5,187.4 million) as the final maturity date of one tranche of the unsecured senior note indebtedness is May 15, 2024 (refer Note 18) which falls due within twelve months from the end of the reporting period. However, the Group had total cash and cash equivalents of HK\$4.87 billion as at March 31, 2024 (December 31, 2023: HK\$4.23 billion), and access to approximately HK\$12.05 billion of available undrawn credit facilities under its Unsecured Credit Facilities. Given the Group’s liquidity position as at March 31, 2024, significantly improved financial performance and estimated cash flows for the twelve months ending March 31, 2025, the Group believes it is able to meet its financial obligations as they fall due for the twelve months from the end of the reporting period.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRS”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2024 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2023.

Application of amendments to IFRS

In the current period, the Group has applied, for the first time, the following amendments to IFRS:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the above amendments to IFRS in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group has determined its operating segments based upon the reports reviewed by the chief operating decision-maker when allocating resources and assessing performance of the Group.

The Group’s principal operating activities occur in Macau, which is the primary geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its properties being MGM MACAU and MGM COTAI. Each of the properties derives its revenue primarily from casino, hotel rooms, food and beverage and retail operations. MGM MACAU and MGM COTAI have been aggregated into one reportable segment on the basis that they have similar economic characteristics, customers, services and products provided, and the regulatory environment in which they operate.

Adjusted EBITDA is considered to be the primary profit/loss measure for the reportable segment. Adjusted EBITDA is profit before finance costs, income tax expense, depreciation and amortization, loss on disposal/write-off of property and equipment, interest income, net foreign currency difference, share-based payments and corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company.

The following table presents the reconciliation of the adjusted EBITDA of the Group's reportable segment to profit for the period attributable to owners of the Company:

	Three months ended	
	March 31	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Adjusted EBITDA	2,504,691	1,412,866
Share-based payments	(15,202)	(12,328)
Corporate expenses	(219,929)	(142,560)
Loss on disposal/write-off of property and equipment	(15,625)	(714)
Depreciation and amortization	(461,415)	(491,243)
	<hr/>	<hr/>
Operating profit	1,792,520	766,021
Interest income	19,458	33,001
Finance costs	(433,600)	(505,075)
Net foreign currency loss	(43,338)	(138,831)
	<hr/>	<hr/>
Profit before tax	1,335,040	155,116
Income tax expense	(16,294)	(3,832)
	<hr/>	<hr/>
Profit for the period attributable to owners of the Company	<u>1,318,746</u>	<u>151,284</u>

Almost all of the non-current assets of the Group are located in Macau.

4. OPERATING REVENUE

Operating revenue comprises:

	Three months ended	
	March 31	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Casino	7,194,955	4,352,214
Hotel rooms	494,370	231,181
Food and beverage	487,761	216,532
Retail and other	81,214	40,763
	<hr/>	<hr/>
	<u>8,258,300</u>	<u>4,840,690</u>

5. STAFF COSTS

	Three months ended	
	March 31	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Salaries and discretionary and performance related incentive payments	862,293	679,037
Retirement benefits scheme contributions	29,595	26,152
Share-based payments	15,187	12,274
Other benefits	200,739	144,717
	<u>1,107,814</u>	<u>862,180</u>

6. OTHER EXPENSES AND LOSSES

	Three months ended	
	March 31	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Advertising and promotion	394,827	163,036
License fees (<i>Note 24</i>)	144,520	84,712
Other support services	99,225	64,292
Repairs and maintenance	72,728	59,485
Utilities and fuel	59,532	54,938
Auditor's remuneration	2,401	2,177
Loss on disposal/write-off of property and equipment	15,625	714
Other	85,364	58,566
	<u>874,222</u>	<u>487,920</u>

7. DEPRECIATION AND AMORTIZATION

	Three months ended	
	March 31	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Depreciation in respect of:		
— Property and equipment	399,632	431,252
— Right-of-use assets	16,976	14,617
Amortization in respect of:		
— Gaming concession right	44,201	44,201
— Other assets	606	1,173
	<u>461,415</u>	<u>491,243</u>

8. FINANCE COSTS

	Three months ended	
	March 31	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest on unsecured senior notes	285,775	285,849
Interest on unsecured credit facilities	62,540	139,682
Interest on gaming concession right payable	32,667	33,589
Amortization of debt finance costs	33,128	26,190
Standby charges on MGM Resorts International Revolving Credit Facility	13,026	14,673
Interest on lease liabilities	3,642	3,203
Bank fees, charges and other	2,822	1,889
	<u>433,600</u>	<u>505,075</u>

9. INCOME TAX EXPENSE

	Three months ended	
	March 31	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current income tax expense:		
Payment in lieu of Macau Complementary Tax on dividends	16,070	3,699
Mainland China Income Tax	197	133
Hong Kong Profit Tax	27	—
	<hr/>	<hr/>
Income tax expense	<u>16,294</u>	<u>3,832</u>

Pursuant to approval notices issued by the Macau Government, MGM Grand Paradise, the Group's principal operating subsidiary, was exempted from Macau Complementary Tax for profits generated from gaming operations for the period from January 1, 2017 to December 31, 2022, the date upon which the Sub-Concession Contract expired. On March 30, 2023, MGM Grand Paradise applied for exemption for the term of the Concession from January 1, 2023 to December 31, 2032. Pursuant to the approval notice 19/2024 issued by the Macau Government dated January 29, 2024, this exemption was granted for the period from January 1, 2023 to December 31, 2027. MGM Grand Paradise's non-gaming profit and the Group's other subsidiaries that carry on business in Macau remain subject to Macau Complementary Tax, which is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior periods.

The Company is subject to Macau Complementary Tax at a progressive rate of up to a maximum of 12% on dividends it receives from MGM Grand Paradise. However, pursuant to the extended tax concession arrangement issued by the Macau Government, MGM Grand Paradise was required to pay MOP7,390,000 (equivalent to approximately HK\$7,175,000) for the period from January 1, 2022 to June 26, 2022 in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. In January 2023, the Macau Government confirmed to MGM Grand Paradise the terms of the extended tax concession arrangement, which required MGM Grand Paradise to pay MOP7,850,000 (equivalent to approximately HK\$7,621,000) for the period from June 27, 2022 to December 31, 2022 as payment in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. In February 2024, MGM Grand Paradise finalized a tax concession arrangement with the Macau Government for the years ended/ending December 31, 2023 to December 31, 2025, which requires MGM Grand Paradise to make annual payment based on a pre-determined rate in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. The amount for the year ended December 31, 2023 is approximately MOP47.4 million (equivalent to approximately HK\$46.0 million) and the amount for the three months ended March 31, 2024 is approximately MOP16.6 million (equivalent to approximately HK\$16.1 million). Such tax payments were required regardless of whether dividends were actually distributed or whether MGM Grand Paradise had distributable profits in the relevant years.

Hong Kong Profits Tax is calculated at the maximum rate of 16.5% of the estimated assessable profit for the current and prior periods. Taxation assessable on profit generated in mainland China has been provided at the rates of taxation prevailing in the areas in which those profit arose ranging from 15% to 20%.

10. DIVIDENDS

The Board did not recommend an interim dividend payment for the six months ended June 30, 2023.

On March 21, 2024, a special dividend of HK\$0.104 per Share, amounting to approximately HK\$395.2 million in aggregate, was declared by the Directors of the Company. This dividend was paid to Shareholders on April 23, 2024.

On March 21, 2024, a final dividend of HK\$0.243 per Share, amounting to approximately HK\$923.4 million in aggregate for the year ended December 31, 2023, has been recommended by the Directors of the Company and is subject to approval by the Shareholders of the Company in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per Share is based upon the following:

	Three months ended	
	March 31	
	2024	2023
	(unaudited)	(unaudited)
Profit		
Profit for the period attributable to owners of the Company for the purposes of basic and diluted earnings per Share (<i>HK\$ '000</i>)	<u>1,318,746</u>	<u>151,284</u>
Weighted average number of Shares		
Weighted average number of Shares for the purpose of basic earnings per Share (<i>'000</i>)	3,801,265	3,800,006
Number of dilutive potential Shares arising from exercise of share options (<i>'000</i>)	<u>18,854</u>	<u>13,054</u>
Weighted average number of Shares for the purpose of diluted earnings per Share (<i>'000</i>)	<u>3,820,119</u>	<u>3,813,060</u>
Earnings per Share — Basic	<u>HK34.7 cents</u>	<u>HK4.0 cents</u>
Earnings per Share — Diluted	<u>HK34.5 cents</u>	<u>HK4.0 cents</u>

12. PROPERTY AND EQUIPMENT

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Carrying amount at January 1	20,394,577	21,690,904
Additions	137,681	378,625
Adjustment upon finalization of costs	—	(10,072)
Disposal/write-off	(15,698)	(20,795)
Depreciation	(399,632)	(1,644,094)
Foreign exchange difference	(35)	9
	<u>20,116,893</u>	<u>20,394,577</u>
Carrying amount at March 31/December 31	<u>20,116,893</u>	<u>20,394,577</u>

13. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, buildings and other equipment. Leasehold land represents the land concession contracts entered with the Macau Government to build on the sites on which MGM MACAU and MGM COTAI are located. The Group does not own these land sites, however the land concessions which were granted on April 6, 2006 (for MGM MACAU) and January 9, 2013 (for MGM COTAI), with an initial term of 25 years and a right to renew at the Group's option for further consecutive periods of 10 years, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay land use right premiums as well as annual rent for the term of the land concessions, which may be revised every five years by the Macau Government.

Buildings and other equipment generally have lease terms between 1 to 5 years.

Information about leases for which the Group is a lessee is presented below.

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Leasehold land	1,129,338	1,138,424
Buildings	25,851	7,393
Equipment and others	55,557	45,344
	<u>1,210,746</u>	<u>1,191,161</u>

14. GAMING CONCESSION

Movement of the intangible asset recognized is as follows:

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Carrying amount at January 1	1,591,232	—
Addition	—	1,768,036
Amortization	<u>(44,201)</u>	<u>(176,804)</u>
Carrying amount at March 31/December 31	<u>1,547,031</u>	<u>1,591,232</u>

Gaming concession right payable included in the condensed consolidated statement of financial position is as follows:

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Current gaming concession right payable	57,767	54,868
Non-current gaming concession right payable	<u>1,599,717</u>	<u>1,672,696</u>
	<u>1,657,484</u>	<u>1,727,564</u>

15. OTHER ASSETS

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Show production costs	261,770	125,344
Operating equipment	<u>4,360</u>	<u>1,497</u>
	<u>266,130</u>	<u>126,841</u>

16. TRADE RECEIVABLES

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Trade receivables	731,587	824,187
Less: Loss allowance	<u>(248,088)</u>	<u>(229,714)</u>
	<u>483,499</u>	<u>594,473</u>

Trade receivables mainly consist of casino receivables. The Group issues markers and credit to approved gaming customers (“VIP gaming customers”) and gaming promoters following background checks and assessments of creditworthiness. The Group generally allows a credit period up to 28 days to VIP gaming customers and 30 days on issuance of markers to gaming promoters.

Trade receivables are unsecured and non-interest bearing.

Trade receivables from hotel customers are not significant at the end of the reporting period.

17. SHARE CAPITAL

	<i>Notes</i>	Number of Shares	Share Capital <i>HK\$</i>
Issued and fully paid			
At December 31, 2022 and January 1, 2023 (audited)		3,800,000,001	3,800,000,001
Share options exercised		10,400	10,400
Share repurchase and cancellation	<i>(i)</i>	<u>(10,400)</u>	<u>(10,400)</u>
At March 31, 2023 (unaudited)		3,800,000,001	3,800,000,001
At December 31, 2023 and January 1, 2024 (audited)		3,800,000,001	3,800,000,001
Share options exercised	<i>(ii)</i>	<u>2,271,800</u>	<u>2,271,800</u>
At March 31, 2024 (unaudited)		<u>3,802,271,801</u>	<u>3,802,271,801</u>

- (i) During the three months ended March 31, 2023: 10,400 Shares of a nominal value of HK\$1.00 each were repurchased at a total consideration of HK\$0.1 million and cancelled.
- (ii) During the three months ended March 31, 2024: 2,271,800 Shares of a nominal value of HK\$1.00 each were repurchased at a total consideration of HK\$30.5 million. The 2,271,800 Shares were cancelled on April 8, 2024.

18. BORROWINGS

At March 31, 2024, the Group's unsecured borrowings included senior notes and credit facilities.

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Unsecured senior notes repayable:		
Within one year	5,869,125	5,857,800
Over one year but not exceeding two years	3,912,750	3,905,200
Over two years but not exceeding three years	11,738,250	5,857,800
Over three years but not exceeding four years	—	5,857,800
	<u>21,520,125</u>	<u>21,478,600</u>
Less: Debt finance costs	<u>(89,769)</u>	<u>(104,261)</u>
	<u>21,430,356</u>	<u>21,374,339</u>
Unsecured credit facilities repayable:		
Over two years but not exceeding three years	<u>2,300,000</u>	<u>2,900,000</u>
	<u>2,300,000</u>	<u>2,900,000</u>
Less: Debt finance costs	<u>(157,156)</u>	<u>(175,608)</u>
	<u>2,142,844</u>	<u>2,724,392</u>
The Group's borrowings are classified as:		
Current	5,866,623	5,850,362
Non-current	<u>17,706,577</u>	<u>18,248,369</u>
	<u>23,573,200</u>	<u>24,098,731</u>

Unsecured Senior Notes

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility and for general corporate purposes. Interest on the 2024 Notes and 2026 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2019.

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million due June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2025 Notes is payable semi-annually in arrears on each June 18 and December 18, commencing on December 18, 2020.

On March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2027 Notes is payable semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2022.

The 2024 Notes and the 2026 Notes were issued pursuant to an indenture, dated May 16, 2019, between the Company and U.S. Bank National Association, as trustee. The 2025 and the 2027 Notes were issued pursuant to an indenture, dated June 18, 2020 and March 31, 2021, respectively, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The Unsecured Senior Notes are general unsecured obligations of the Company. The Unsecured Senior Notes rank equally in right of payment with all of the Company's existing and future unsecured senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness, if any, to the extent of the value of the collateral securing any such debt and rank senior to all of the Company's future subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the Unsecured Senior Notes.

The Unsecured Senior Notes contain covenants that limit the ability of the Company to, among other things, whether directly or indirectly, (1) consolidate or merge with or into another entity; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries.

As at the date of this report, the Company has no secured indebtedness and no subordinated indebtedness.

Unsecured Credit Facilities

Overview

On August 12, 2019, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024. The Revolving Credit Facility became effective on August 14, 2019. The proceeds of the Revolving Credit Facility were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility, ongoing working capital needs and general corporate purposes of the Group.

On May 26, 2020, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company a second unsecured revolving credit facility in an aggregate amount of HK\$2.34 billion with a final maturity date of May 15, 2024. The Company has the option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions. The Second Revolving Credit Facility is available for drawdown from the date of the agreement to and including the date falling one month prior to the final maturity date, subject to satisfaction of conditions precedent, including evidence that the Revolving Credit Facility (in an aggregate amount of HK\$9.75 billion) has been fully drawn. The proceeds of the Second Revolving Credit Facility are used for ongoing working capital needs and general corporate purposes of the Group. On June 29, 2020, the Company increased the available credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

On June 30, 2023, the Company entered into amendments of the Revolving Credit Facility and the Second Revolving Credit Facility which extended the final maturity date from May 15, 2024 to May 15, 2026.

Under the Amended Second Revolving Credit Facility, the Company's option to increase the amount of the facility was amended on June 30, 2023 to HK\$5.85 billion subject to certain conditions. In addition, among the conditions precedent documents required for the purpose of requesting a loan, evidence that the Revolving Credit Facility has been fully drawn will no longer be required under the Amended Second Revolving Credit Facility. During the year ended December 31, 2023, the Company increased the available credit facilities of the Amended Second Revolving Credit Facility by HK\$1.48 billion to HK\$4.60 billion.

As at March 31, 2024, HK\$12.05 billion (December 31, 2023: HK\$11.45 billion) of the Unsecured Credit Facilities were undrawn and available for utilization.

Principal and Interest

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility bear interest at a floating rate per annum based on HIBOR plus a margin (in the range of 1.625% to 2.75%), which will be determined by the Company's leverage ratio.

As at March 31, 2024, HK\$2.30 billion of the Amended Revolving Credit Facility was drawn. HK\$7.45 billion of the Amended Revolving Credit Facility and HK\$4.60 billion of the Amended Second Revolving Credit Facility was undrawn and available for utilization up to and including the date falling one month prior to the final maturity date, on May 15, 2026. Each drawdown is to be repaid in full no later than May 15, 2026. As at March 31, 2024, the Group paid interest a HIBOR plus 2.50% per annum (March 31, 2023: HIBOR plus 2.75% per annum).

General Covenants

The Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the "Restricted Group") from incurring liens or engaging in certain asset dispositions. With the approval of the lenders there are certain permitted exceptions to these restrictions.

Financial Covenants

The leverage ratio under the Revolving Credit Facility was required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group was required to maintain an interest coverage ratio of no less than 2.5 to 1.0 at each quarter end. Under the Second Revolving Credit Facility, the Company was to ensure that the leverage ratio does not, on each accounting date occurring on and after September 30, 2021, exceed 4.50 to 1.00. In addition, the Company was to ensure that, on any accounting date occurring on and after September 30, 2021, the interest coverage ratio was not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into a number of amendments between the year 2020 and the year 2022 to provide a waiver of its financial covenants under the Revolving Credit Facility and the Second Revolving Credit Facility.

The financial covenants were further amended under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility on June 30, 2023 to cover the extended maturity period which waived the financial covenants from each quarter ended on and after March 31, 2023 through December 31, 2024.

Subsequent to the execution of the amendments referred to above, the upcoming permitted leverage ratio and the permitted interest coverage ratio under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility are as follows:

Accounting Date	Interest Coverage Ratio	Leverage Ratio
Each quarter ended on and after March 31, 2023 through December 31, 2024	Not Applicable	Not Applicable
March 31, 2025	2.50:1.00	5.50:1.00
June 30, 2025	2.50:1.00	5.25:1.00
September 30, 2025	2.50:1.00	5.00:1.00
December 31, 2025	2.50:1.00	4.75:1.00
March 31, 2026	2.50:1.00	4.50:1.00

Compliance with Covenants

The Group has complied with the general covenants under the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility for the three months ended March 31, 2024.

Security and Guarantees

No security or guarantees were provided in relation to the Amended Revolving Credit Facility and the Amended Second Revolving Credit Facility.

MGM Resorts International Revolving Credit Facility

On November 10, 2022, the Company entered into an agreement with MGM Resorts International as lender pursuant to which that entity agreed to make available to the Company an unsecured revolving credit facility of US\$750 million (equivalent to approximately HK\$5.87 billion) with a final maturity date on November 10, 2024.

The interest rate on funded amounts will be the greater of 4.0% per annum and the prevailing market rate. The Company is also required to pay a commitment fee based upon the undrawn amount of the facility. The commitment fee rate on undrawn amounts is based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

The MGM Resorts International Revolving Credit Facility was amended on June 29, 2023, (the “Amendment Effective Date”) so that no payment of any financial costs, including interest payment and commitment fee, and no principal repayment shall be made by the Company to the lender under the MGM Resorts International Revolving Credit Facility, up to the end of the financial covenants waiver period under the existing Unsecured Credit Facilities, on December 31, 2024 (the “June 29, 2023 Amendment”).

The Company cancelled the whole HK\$5.87 billion unutilized commitment under the MGM Resorts International Revolving Credit Facility, effective from March 20, 2024 (the “Effective Date of Cancellation”). The commitment fee due for the period from the Amendment Effective Date to the Effective Date of Cancellation amounted to HK\$43.0 million is payable in the quarter ending on March 31, 2025, as provided in the June 29, 2023 Amendment.

19. PAYABLES AND ACCRUED CHARGES

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Gaming taxes payables	1,166,982	1,255,070
Customer advances and other ⁽¹⁾	942,075	953,354
Accrued staff costs	499,847	764,039
Outstanding chips liabilities ⁽¹⁾	395,749	433,328
Interest payable	369,802	222,947
Other payables and accrued charges	314,557	349,043
Loyalty programs liabilities ⁽¹⁾	206,864	191,888
Construction payables and accruals	102,373	87,286
Trade payables	101,886	76,447
Construction retention payable	13,073	10,395
Other casino liabilities	9,013	10,017
	<u>4,122,221</u>	<u>4,353,814</u>
Current	4,047,877	4,294,707
Non-current	<u>74,344</u>	<u>59,107</u>
	<u>4,122,221</u>	<u>4,353,814</u>

⁽¹⁾ These balances represent the Group’s main types of liabilities associated with contracts with customers. These liabilities are generally expected to be recognized as revenue or redeemed for cash within one year of being purchased, earned or deposited.

20. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash generated from operating activities is as follows:

	Three months ended	
	March 31	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating cash flows before movements in working capital	2,297,795	1,257,332
(Decrease)/increase in payables and accrued charges	(398,386)	604,734
Other changes in working capital	17,102	(102,186)
	<u>1,916,511</u>	<u>1,759,880</u>
Cash generated from operations	1,916,511	1,759,880
Income tax paid	(134)	(7,747)
Interest received	19,404	44,703
	<u>1,935,781</u>	<u>1,796,836</u>
Net cash generated from operating activities	<u>1,935,781</u>	<u>1,796,836</u>

21. GUARANTEES

As at March 31, 2024, the Group has given bank guarantees totaling HK\$978.7 million (December 31, 2023: HK\$978.7 million) to certain parties including:

- HK\$970.9 million (December 31, 2023: HK\$970.9 million) was issued in favor of the Macau Government as required in the Concession Contract;
- HK\$4.0 million (December 31, 2023: HK\$4.0 million) was issued in favor of the Macau Government as required in the land-concession contract in respect of MGM COTAI as well as other regulatory requirements;
- HK\$0.6 million (December 31, 2023: HK\$0.6 million) was issued in favor of a company in which one of the Directors of the Company has non-controlling beneficial interests; and
- HK\$3.2 million (December 31, 2023: HK\$3.2 million) was issued in favor of certain vendors.

As at March 31, 2024 and December 31, 2023, pledged bank deposits of MOP700.4 million (equivalent to HK\$680 million) were provided in relation to bank guarantees provided to the Macau Government for the Concession Contract as mentioned above.

22. LEGAL PROCEEDINGS

The Group was named as a defendant in legal proceedings filed in the Macau courts against gaming promoters by individuals who claimed to have placed deposits with gaming promoters who had operations at the Group's properties and the gaming promoters failed to honor the withdrawal of such deposits. The Group was sued in these proceedings based solely upon the joint liability of the concessionaire for the actions and conduct of the gaming promoters carried out at the Group's casino premises.

Management has made estimates for potential litigation costs and recognized liabilities based upon consultation with legal counsel. While actual outcomes might differ from these estimates, management considers that such litigation and claims will not have a significant impact on the results of operations, financial position and cash flows of the Group.

23. CAPITAL COMMITMENTS

The Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the condensed consolidated financial statements:

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Contracted but not accounted for	<u>510,317</u>	<u>464,191</u>

24. RELATED PARTY TRANSACTIONS

Apart from the guarantees as described in Note 21, details of transactions between the Group and other related parties are disclosed below.

(a)(i) Amounts due from related companies represent balances with companies owned by the ultimate holding company and companies in which one of the Directors has non-controlling beneficial interests. The amounts are unsecured, non-interest bearing and repayable on demand.

(a)(ii) The amounts due to related companies includes:

	At March 31, 2024 <i>HK\$'000</i> (unaudited)	At December 31, 2023 <i>HK\$'000</i> (audited)
Company jointly-owned by Shareholders	47,085	47,745
Ultimate holding company of the Company	43,715	31,084
Companies in which one of the Directors of the Company has non-controlling beneficial interests	2,119	4,308
Companies in which one of the Directors of the Company has joint controlling beneficial interests	1,750	—
	<u>94,669</u>	<u>83,137</u>

The amounts are unsecured, non-interest bearing and repayable on demand, except for the standby charges on MGM Resorts International Revolving Credit Facility of HK\$43.0 million (December 31, 2023: HK\$29.9 million) payable in the quarter ending on March 31, 2025, refer to Note 18 for details.

(b) The Group had the following significant transactions with related companies during the period:

Related parties	Type of transaction	Three months ended	
		2024	2023
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Companies in which one of the Directors of the Company has non-controlling beneficial interests	Expenses related to laundry services, accommodation and others	30,169	8,164
	Income related to accommodation and other	7	8
Ultimate holding company and its subsidiaries	Marketing referral fees	—	1,075
	Payment for operating cost of marketing offices	14,173	—
	Reimbursement for operating cost of marketing offices	(6,255)	—
	Finance cost ⁽¹⁾	13,026	14,673
Company jointly-owned by Shareholders	License fee ⁽²⁾	144,520	84,712
Companies in which one of the Directors of the Company has joint controlling beneficial interests	Consultancy fee ⁽³⁾	32,773	22,548

⁽¹⁾ The amount represents the standby charges on MGM Resorts International Revolving Credit Facility — refer to Note 18.

⁽²⁾ Pursuant to the Third Renewed Branding Agreement, the Group was required to pay an annual license fee calculated on a basis equal to 1.75% of its consolidated monthly revenue (as determined in accordance with IFRS) which was subject to annual caps for MGM MACAU and MGM COTAI of US\$55.6 million (equivalent to approximately HK\$435.2 million) for the year ended December 31, 2023 and US\$57.6 million (equivalent to approximately HK\$450.4 million) for the year ending December 31, 2024.

- ⁽³⁾ Pursuant to the Consultancy Services Agreement and the Renewed Consultancy Services Agreement entered between MGM Grand Paradise and Occasions, a comprehensive integrated communications group, which set out the principal framework upon which any member of the Occasions Group may provide services to any member of the Group from time to time, subject to annual caps of HK\$130 million for the year ended December 31, 2023 and HK\$250 million for the year ending December 31, 2024.

In addition, from time to time, the Group and certain entities in which one of the Directors of the Company has non-controlling beneficial interests, ultimate holding company of the Company, and certain fellow subsidiaries of the Company collect and/or make payment on behalf of each other at no service charge.

- (c) Compensation to key management personnel

The remuneration of key management is as follows:

	Three months ended	
	March 31	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short term benefits ⁽¹⁾	41,802	35,692
Other long-term benefits ⁽¹⁾	12,398	11,816
Post-employment benefits	536	430
Share-based payments	7,022	4,657
	<u>61,758</u>	<u>52,595</u>

- ⁽¹⁾ On August 21, 2022, MGM Grand Paradise and Ms. Pansy Ho as the Managing Director entered into the Services Agreement, pursuant to which Ms. Pansy Ho will serve as the Managing Director of MGM Grand Paradise for the term of the Gaming Concession. During the term of the Services Agreement (same as the term of the Gaming Concession), Ms. Pansy Ho will receive remuneration of US\$8 million (equivalent to approximately HK\$62 million) per annum accounted for as short term benefits and incentive payments based upon MGM Grand Paradise's performance up to an aggregate total amount of US\$95 million (equivalent to approximately HK\$741 million) accounted for as other long-term benefits for the term set out in the Services Agreement.

The remuneration of Directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of MGM China Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 2 to 31, which comprise the condensed consolidated statement of financial position as of March 31, 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three-month period then ended, and certain explanatory notes. The condensed consolidated financial statements has been prepared solely for the purpose of inclusion in the offering memorandum to be issued by the Company in connection with the proposed offering of notes. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
May 14, 2023

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE THREE MONTHS ENDED MARCH 31, 2023

		Three months ended	
		March 31	
	<i>NOTES</i>	2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
OPERATING REVENUE			
Casino revenue	4	4,352,214	1,803,728
Other revenue	4	488,476	290,048
		<u>4,840,690</u>	<u>2,093,776</u>
OPERATING COSTS AND EXPENSES			
Gaming taxes and levies		(2,086,345)	(905,377)
Inventories consumed		(153,232)	(110,593)
Staff costs	5	(862,180)	(792,449)
Reversal of loss allowance/(loss allowance) on trade receivables, net		6,251	(23,041)
Other expenses and losses	6	(487,920)	(299,791)
Depreciation and amortization	7	(491,243)	(527,795)
		<u>(4,074,669)</u>	<u>(2,659,046)</u>
Operating profit/(loss)		766,021	(565,270)
Interest income		33,001	893
Finance costs	8	(505,075)	(363,495)
Net foreign currency loss		(138,831)	(97,684)
Profit/(loss) before tax		155,116	(1,025,556)
Income tax expense	9	(3,832)	(3,948)
Profit/(loss) for the period attributable to owners of the Company		<u>151,284</u>	<u>(1,029,504)</u>
Other comprehensive income:			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		1,827	687
Total comprehensive income/(loss) for the period attributable to owners of the Company		<u>153,111</u>	<u>(1,028,817)</u>
Earnings/(loss) per Share — Basic	11	<u>HK4.0 cents</u>	<u>(HK27.1 cents)</u>
Earnings/(loss) per Share — Diluted	11	<u>HK4.0 cents</u>	<u>(HK27.1 cents)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT MARCH 31, 2023

		At March 31 2023	At December 31 2022
	<i>NOTES</i>	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)
ASSETS			
Non-current assets			
Property and equipment	<i>12</i>	21,292,009	21,690,904
Right-of-use assets	<i>13</i>	1,208,484	1,223,065
Gaming concession right	<i>14</i>	1,723,835	—
Other assets		121,198	61,092
Prepayments, deposits and other receivables		32,652	29,330
Pledged bank deposits	<i>20</i>	680,000	971,262
		<hr/>	<hr/>
Total non-current assets		25,058,178	23,975,653
Current assets			
Inventories		153,970	160,021
Trade receivables	<i>15</i>	316,899	239,522
Prepayments, deposits and other receivables		171,423	127,553
Amounts due from related companies	<i>23</i>	330	156
Cash and cash equivalents		3,675,017	6,706,591
		<hr/>	<hr/>
Total current assets		4,317,639	7,233,843
		<hr/>	<hr/>
TOTAL ASSETS		29,375,817	31,209,496
EQUITY			
Capital and reserves			
Share capital	<i>16</i>	3,800,000	3,800,000
Reserves and accumulated losses		(7,630,978)	(7,796,421)
		<hr/>	<hr/>
TOTAL DEFICIT		(3,830,978)	(3,996,421)
		<hr/>	<hr/>

		At March 31	At December 31
		2023	2022
	NOTES	HK\$'000	HK\$'000
		(unaudited)	(audited)
LIABILITIES			
Non-current liabilities			
Borrowings	17	28,282,940	32,725,136
Lease liabilities		171,453	170,759
Payables and accrued charges	18	17,735	6,520
Gaming concession right payable	14	1,659,366	—
Total non-current liabilities		<u>30,131,494</u>	<u>32,902,415</u>
Current liabilities			
Lease liabilities		15,789	21,078
Payables and accrued charges	18	2,969,885	2,252,202
Gaming concession right payable	14	51,990	—
Amounts due to related companies	23	33,805	22,474
Income tax payable		3,832	7,748
Total current liabilities		<u>3,075,301</u>	<u>2,303,502</u>
TOTAL LIABILITIES		<u>33,206,795</u>	<u>35,205,917</u>
TOTAL EQUITY AND LIABILITIES		<u>29,375,817</u>	<u>31,209,496</u>

The condensed consolidated financial statements on pages 2 to 31 were approved and authorized for issue by the Board of Directors on May 14, 2023 and are signed on its behalf by:

William Joseph Hornbuckle
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-chairperson and Executive Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	Share capital HK\$'000	Share premium HK\$'000	Capital redemption reserve HK\$'000	Share option reserve HK\$'000	Equity reserve HK\$'000	Other reserves HK\$'000	Currency translation reserve HK\$'000	(Accumulated losses)/ retained earnings HK\$'000	Reserves and (accumulated losses)/ retained earnings total HK\$'000	Shareholders' funds total HK\$'000
At December 31, 2022 and January 1, 2023 (audited)	3,800,000	10,409,009	23,708	450,337	293,725	(13,130,819)	(2,994)	(5,839,387)	(7,796,421)	(3,996,421)
Profit for the period	—	—	—	—	—	—	—	151,284	151,284	151,284
Exchange differences on translation of foreign operations	—	—	—	—	—	—	1,827	—	1,827	1,827
Total comprehensive income	—	—	—	—	—	—	1,827	151,284	153,111	153,111
Exercise of share options	10	120	—	(32)	—	—	—	—	88	98
Share repurchase and cancellation										
— repurchases and cancellation of Shares	(10)	(84)	—	—	—	—	—	—	(84)	(94)
— transfer	—	—	10	—	—	—	—	(10)	—	—
Forfeiture of share options	—	—	—	(2,591)	—	—	—	2,591	—	—
Recognition of share-based payments	—	—	—	12,328	—	—	—	—	12,328	12,328
At March 31, 2023 (unaudited)	3,800,000	10,409,045	23,718	460,042	293,725	(13,130,819)	(1,167)	(5,685,522)	(7,630,978)	(3,830,978)
At December 31, 2021 and January 1, 2022 (audited)	3,800,000	10,409,009	23,708	445,682	293,725	(13,131,327)	4,778	(648,659)	(2,603,084)	1,196,916
Loss for the period	—	—	—	—	—	—	—	(1,029,504)	(1,029,504)	(1,029,504)
Exchange differences on translation of foreign operations	—	—	—	—	—	—	687	—	687	687
Total comprehensive income/(loss)	—	—	—	—	—	—	687	(1,029,504)	(1,028,817)	(1,028,817)
Forfeiture of share options	—	—	—	(13,771)	—	—	—	13,771	—	—
Recognition of share-based payments	—	—	—	11,707	—	—	—	—	11,707	11,707
At March 31, 2022 (unaudited)	3,800,000	10,409,009	23,708	443,618	293,725	(13,131,327)	5,465	(1,664,392)	(3,620,194)	179,806

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

	NOTES	Three months ended	
		March 31	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
NET CASH GENERATED FROM/(USED IN)			
OPERATING ACTIVITIES	19	<u>1,796,836</u>	<u>(696,139)</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(47,173)	(69,481)
Purchase of other assets		(60,437)	(43,904)
Proceeds from disposal of property and equipment and other assets		5	12
Withdrawal of pledged bank deposits		<u>291,262</u>	<u>—</u>
NET CASH GENERATED FROM/(USED IN)			
INVESTING ACTIVITIES		<u>183,657</u>	<u>(113,373)</u>
FINANCING ACTIVITIES			
Proceeds from draw down on credit facilities	17	—	450,000
Repayments of credit facilities	17	(4,600,000)	(200,000)
Payments of debt finance costs		—	(10,500)
Payments of lease liabilities		(4,569)	(5,152)
Interest paid		(352,628)	(280,889)
Payment of gaming concession right payable	14	(56,680)	—
Proceeds from exercise of share options		100	—
Payments on repurchase of Shares		<u>(94)</u>	<u>—</u>
NET CASH USED IN FINANCING ACTIVITIES		<u>(5,013,871)</u>	<u>(46,541)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS		<u>(3,033,378)</u>	<u>(856,053)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		6,706,591	3,112,020
Effect of foreign exchange rate changes, net		<u>1,804</u>	<u>665</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by cash and cash equivalents		<u><u>3,675,017</u></u>	<u><u>2,256,632</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2023

1. GENERAL

MGM China Holdings Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on July 2, 2010. The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are the operation of casino games of chance and other casino games and the related hotel and resort facilities, and the development of integrated resorts in Macau. The Group owns and operates MGM MACAU and MGM COTAI which opened on December 18, 2007 and February 13, 2018, respectively. The Company’s Shares were listed on the Hong Kong Stock Exchange on June 3, 2011. The Company’s immediate holding company is MGM Resorts International Holdings, Ltd., a company incorporated in the Isle of Man. The Company’s ultimate holding company is MGM Resorts International, a company incorporated in Delaware, the United States of America, which is listed on the New York Stock Exchange. The address of the registered office of the Company is Third Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business is Avenida Dr. Sun Yat Sen, Edificio MGM MACAU, NAPE, Macau.

The condensed consolidated financial statements are presented in HK\$, which is the functional currency of the Company and its subsidiaries.

Financial Impact of the COVID-19 Pandemic

In early 2020, the rapid spread of a respiratory illness caused by COVID-19 led to certain actions taken by the Chinese Government, the Macau Government and many countries around the world to attempt to mitigate the spread of the virus, such as travel and entry restrictions, mandatory quarantine measures, nucleic acid testing requirement and suspension of casino operations from time to time. Visitation to Macau and trading volume across all operations at MGM MACAU and MGM COTAI were adversely impacted during 2022 due to outbreaks of COVID-19 cases in Macau and neighboring regions including mainland China which led to travel restrictions to Macau.

Commencing December 2022, the Chinese Government announced a significant change in its COVID -19 policy which was also adopted by the Macau Government. These changes resulted in relaxation of travel restrictions to Macau. Following the easing of travel restrictions, total visitor arrivals have significantly increased, and the Group’s gross gaming revenue increased 132.2% to HK\$5.2 billion in the first quarter of 2023, as compared to the first quarter of 2022.

Gaming Concession

Gaming in Macau was administered by the Macau Government through concessions awarded to three different Concessionaires and three Sub-Concessionaires until December 31, 2022, of which a subsidiary of the Group, MGM Grand Paradise, was one Sub-Concessionaire. From January 1, 2023 up to December 31, 2032, it is administered through concessions awarded to six different Concessionaires, of which MGM Grand Paradise is one.

With the announcement of the opening of the public tender for the award of six concessions, the Group submitted a tender to the Macau Government on September 14, 2022 and on December 16, 2022, MGM Grand Paradise received the final award of the Gaming Concession by order of the Chief Executive and the Concession Contract was executed between the Macau Government and MGM Grand Paradise. The terms of the Concession Contract differ from those under the Sub-Concession Contract mainly in terms of changes in Macau gaming laws and different commercial arrangements. The duration of the Gaming Concession is 10 years starting from January 1, 2023 to December 31, 2032. MGM Grand Paradise is entitled to operate a total of 750 gaming tables and 1,700 electric or mechanical gaming machines, including slot machines, under the Gaming Concession.

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, and in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting. The condensed consolidated financial statements are prepared solely for inclusion in the offering memorandum to be issued by the Company in connection with the proposed offering of notes.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the three months ended March 31, 2023 are the same as those followed in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2022. The accounting policy adopted with effect from 1 January 2023 related to the financial impacts of certain contractual payments related to the gaming concession is disclosed in Note 14.

Application of new and amendments to IFRS

In the current period, the Group has applied, for the first time, the following amendments to IFRS:

IFRS 17	Insurance Contracts and the related Amendments
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The application of the above new and amendments to IFRS in the current period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

Although the Group had a deficiency in shareholders' equity of HK\$3,831.0 million as at March 31, 2023 (December 31, 2022: HK\$3,996.4 million), the Group believes it is able to meet its financial obligations as they fall due for the following twelve months from the end of the reporting period. The Group had total cash and cash equivalents of HK\$3.68 billion (December 31, 2022: HK\$6.71 billion), and access to approximately HK\$5.97 billion and HK\$5.89 billion of available undrawn credit facilities under its Unsecured Credit Facilities and MGM Resorts International Revolving Credit Facility respectively as at March 31, 2023.

3. SEGMENT INFORMATION

The Group has determined its operating segments based upon the reports reviewed by the chief operating decision-maker when allocating resources and assessing performance of the Group.

The Group's principal operating activities occur in Macau, which is the primary geographic area in which the Group is domiciled. The Group reviews the results of operations for each of its properties being MGM MACAU and MGM COTAI. Each of the properties derives its revenue primarily from casino, hotel rooms, food and beverage and retail operations. MGM MACAU and MGM COTAI have been aggregated into one reportable segment on the basis that they have similar economic characteristics, customers, services and products provided, and the regulatory environment in which they operate.

Adjusted EBITDA is considered to be the primary profit/loss measure for the reportable segment. 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.

The following table presents the reconciliation of the adjusted EBITDA of the Group's reportable segment to profit/(loss) for the period attributable to owners of the Company:

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Adjusted EBITDA	1,412,866	45,746
Share-based payments	(12,328)	(11,707)
Corporate expenses	(142,560)	(69,671)
Pre-opening costs	—	(108)
Loss on disposal/write-off of property and equipment and other assets	(714)	(1,735)
Depreciation and amortization	(491,243)	(527,795)
	<hr/>	<hr/>
Operating profit/(loss)	766,021	(565,270)
Interest income	33,001	893
Finance costs	(505,075)	(363,495)
Net foreign currency loss	(138,831)	(97,684)
	<hr/>	<hr/>
Profit/(loss) before tax	155,116	(1,025,556)
Income tax expense	(3,832)	(3,948)
	<hr/>	<hr/>
Profit/(loss) for the period attributable to owners of the Company	<u>151,284</u>	<u>(1,029,504)</u>

Almost all of the non-current assets of the Group are located in Macau.

4. CASINO AND OTHER REVENUE

Casino revenue represents the aggregate net difference between gaming wins and losses, net of commissions, complimentaries and other incentives. Casino revenue comprises:

	Three months ended	
	March 31	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Main floor gross table games win	4,102,758	1,867,536
VIP gross table games win	746,790	176,660
Slot machine gross win	348,042	194,273
	<u>5,197,590</u>	<u>2,238,469</u>
Gross casino revenue	5,197,590	2,238,469
Commissions, complimentaries and other incentives	(845,376)	(434,741)
	<u>4,352,214</u>	<u>1,803,728</u>

Other revenue comprises:

	Three months ended	
	March 31	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Hotel rooms	231,181	122,274
Food and beverage	216,532	136,089
Retail and other	40,763	31,685
	<u>488,476</u>	<u>290,048</u>

5. STAFF COSTS

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Salaries and discretionary and performance related incentive payments	679,037	621,858
Retirement benefits scheme contributions	26,152	24,796
Share-based payments	12,274	11,582
Other benefits	144,717	134,213
	<u>862,180</u>	<u>792,449</u>

6. OTHER EXPENSES AND LOSSES

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Advertising and promotion	163,036	108,875
License fees (Note 23)	84,712	36,641
Other support services	64,292	47,871
Repairs and maintenance	59,485	60,193
Utilities and fuel	54,938	52,414
Auditor's remuneration	2,177	2,102
Loss on disposal/write-off of property and equipment and other assets	714	1,735
Other ⁽¹⁾	58,566	(10,040)
	<u>487,920</u>	<u>299,791</u>

⁽¹⁾ Other expenses for the period ended March 31, 2022 includes a reversal of provisions of HK\$60.6 million, as result of the final settlement of certain litigation related to the Group's joint liability with gaming promoters.

7. DEPRECIATION AND AMORTIZATION

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation in respect of:		
— Property and equipment	431,252	485,613
— Right-of-use assets	14,617	17,334
Amortization in respect of:		
— Gaming concession right	44,201	—
— Sub-concession premium	—	23,529
— Other assets	1,173	1,319
	<u>491,243</u>	<u>527,795</u>

8. FINANCE COSTS

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest on unsecured senior notes	285,849	285,063
Interest on unsecured credit facilities	139,682	45,054
Interest on gaming concession right payable	33,589	—
Amortization of debt finance costs	26,190	24,888
Standby charges on MGM Resorts International Revolving Credit Facility (<i>Note 17</i>)	14,673	—
Interest on lease liabilities	3,203	3,225
Bank fees and other charges	1,889	5,265
	<u>505,075</u>	<u>363,495</u>
Total finance costs	<u>505,075</u>	<u>363,495</u>

9. INCOME TAX EXPENSE

	Three months ended	
	March 31	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Current income tax expense:		
Macau Dividend Withholding Tax	3,699	3,673
Mainland China Income Tax	133	275
	<u>3,832</u>	<u>3,948</u>
Income tax expense	<u>3,832</u>	<u>3,948</u>

Pursuant to approval notices issued by the Macau Government, MGM Grand Paradise, the Group's principal operating subsidiary, has been exempted from Macau Complementary Tax for income generated from gaming operations for the period from January 1, 2017 to December 31, 2022, the date upon which the Sub-Concession (as amended by the Sub-Concession Further Extension Contract) expired. MGM Grand Paradise's non-gaming profit and the Group's other subsidiaries that carry on business in Macau remain subject to the Macau Complementary Tax, which is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior periods. On March 30, 2023, MGM Grand Paradise applied for the exemption for the term of the Concession from January 1, 2023 to December 31, 2032, which is subject to the approval by the Macau Government. MGM Grand Paradise calculated the income tax provision by estimating the statutory tax rate expected to be applied to the operating results for the period.

The Company is subject to Macau Complementary Tax at a progressive rate of up to a maximum of 12% on dividends it receives from MGM Grand Paradise. However, pursuant to extended tax concession arrangements issued by the Macau Government, MGM Grand Paradise was required to pay a dividend withholding tax which amounted to MOP7,390,000 (equivalent to approximately HK\$7,175,000) for the period from January 1, 2022 to June 26, 2022 in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. In January 2023, the Macau Government confirmed to MGM Grand Paradise the terms of the extended tax concession arrangement, which required MGM Grand Paradise to pay a dividend withholding tax of MOP7,850,000 (equivalent to approximately HK\$7,621,000) for the period from June 27, 2022 to December 31, 2022 as payment in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit. Such tax payments were required regardless of whether dividends were actually distributed or whether MGM Grand Paradise had distributable profits in the relevant years. This arrangement will be reviewed after the above application for extension of Macau Complementary Tax for income generated from gaming operations has been approved by the Macau Government.

Hong Kong Profits Tax is calculated at the maximum rate of 16.5% of the estimated assessable profit for the current and prior periods. Taxation assessable on profit generated in mainland China has been provided at the rates of taxation prevailing in the areas in which those profit arose ranging from 15% to 20%.

10. DIVIDENDS

The Board did not recommend any dividend payment for the year ended December 31, 2022.

11. EARNINGS/(LOSS) PER SHARE

The calculation of basic and diluted earnings/(loss) per Share is based upon the following:

	Three months ended	
	March 31	
	2023	2022
	(unaudited)	(unaudited)
Profit/(loss)		
Profit/(loss) for the period attributable to owners of the Company for the purposes of basic and diluted loss per Share (HK\$'000)	<u><u>151,284</u></u>	<u><u>(1,029,504)</u></u>
Weighted average number of Shares		
Weighted average number of Shares for the purpose of basic earnings/(loss) per Share ('000)	<u><u>3,800,006</u></u>	3,800,000
Number of dilutive potential Shares arising from exercise of share options ('000) ⁽¹⁾	<u><u>13,054</u></u>	—
Weighted average number of Shares for the purpose of diluted earnings/(loss) per Share ('000)	<u><u>3,813,060</u></u>	<u><u>3,800,000</u></u>
Earnings/(loss) per Share — Basic	<u><u>HK4.0 cents</u></u>	<u><u>(HK27.1 cents)</u></u>
Earnings/(loss) per Share — Diluted	<u><u>HK4.0 cents</u></u>	<u><u>(HK27.1 cents)</u></u>

⁽¹⁾ The computation of diluted loss per share for the three months ended March 31, 2022 did not assume the exercise of the Company's share options because the exercise would result in a decrease in loss per share.

12. PROPERTY AND EQUIPMENT

	At March 31, 2023 <i>HK\$'000</i> (unaudited)	At December 31, 2022 <i>HK\$'000</i> (audited)
Carrying amount at January 1	21,690,904	23,397,105
Additions	33,070	186,474
Adjustment upon finalization of costs	—	(8,118)
Disposal/write-off	(719)	(13,303)
Depreciation	(431,252)	(1,871,175)
Foreign exchange difference	6	(79)
	<u>21,292,009</u>	<u>21,690,904</u>
Carrying amount at March 31/December 31	<u>21,292,009</u>	<u>21,690,904</u>

13. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, buildings and other equipment. Leasehold land represents the land concession contracts entered with the Macau Government to build on the sites on which MGM MACAU and MGM COTAI are located. The Group does not own these land sites, however the land concessions which were granted on April 6, 2006 (for MGM MACAU) and January 9, 2013 (for MGM COTAI), with an initial term of 25 years and a right to renew at the Group's option for further consecutive periods of 10 years, grant the Group exclusive use of the land. As specified in the land concessions, the Group is required to pay land use right premiums as well as annual rent for the term of the land concessions, which may be revised every five years by the Macau Government.

Buildings and other equipment generally have lease terms between 2 to 5 years.

Information about leases for which the Group is a lessee is presented below.

	At March 31, 2023 <i>HK\$'000</i> (unaudited)	At December 31, 2022 <i>HK\$'000</i> (audited)
Leasehold land	1,183,259	1,192,499
Buildings	9,466	13,056
Equipment and others	15,759	17,510
	<u>1,208,484</u>	<u>1,223,065</u>

14. GAMING CONCESSION

Pursuant to the Concession Contract signed with the Macau Government for the 10 year period ending on December 31, 2032, MGM Grand Paradise shall pay the Macau Government the following contributions:

- i) a fixed annual premium of MOP30.0 million (equivalent to approximately HK\$29.1 million).
- ii) a variable premium depending upon the type and the number of gaming tables and electric or mechanical gaming machines, including slot machines that the Group operates. The variable premium is calculated as follows:
 - MOP300,000 (equivalent to approximately HK\$291,262) per annum per gaming table reserved to certain games and players, including gaming tables in special gaming rooms or special gaming areas;
 - MOP150,000 (equivalent to approximately HK\$145,631) per annum per gaming table not reserved to certain games and players; and
 - MOP1,000 (equivalent to approximately HK\$971) per annum per electric or mechanical gaming machines, including slot machines.

The variable premium shall not be less than the amount payable with respect to the operation of 500 gaming tables and 1,000 electric or mechanical gaming machines, including slot machines.

- iii) an annual amount of approximately MOP44.5 million (equivalent to approximately HK\$43.2 million) for the first three years and an annual amount of MOP148.4 million (equivalent to approximately HK\$144.1 million) for the remaining years calculated based on: (i) MOP750 (equivalent to approximately HK\$728) per square meter of the Casino Areas for the first year payable in March 2023, as adjusted annually in accordance with the average price index in Macau pursuant to the Macau Gaming Law for the second and third year payable in March 2024 and March 2025, respectively; and (ii) MOP2,500 (equivalent to approximately HK\$2,427) per square meter of the Casino Areas for the fourth year in March 2026, as adjusted annually for the remaining years payable in March each year in accordance with the average price index in Macau pursuant to the Macau Gaming Law.

The minimum future payments described above represent in-substance consideration for the Concession Contract for the right to conduct gaming activities and are not tied to casino revenue generated by future operations. An intangible asset was initially recognized at January 1, 2023 equivalent to the net present value of the minimum future payments, with a corresponding amount recognized as a financial liability. This intangible asset will be amortized on a straight-line basis over its estimated useful life, which is the Concession period ending on December 31, 2032. The minimum future payments of the variable premium associated with the intangible asset was determined using the approved number of gaming tables at the minimum rate per gaming table and the approved number of electric or mechanical gaming machines. Any difference between future actual payments made and the minimum payments initially recognized will be expensed as incurred.

Movement of the intangible asset recognized is as follows:

	<i>HK\$'000</i> (unaudited)
Granted at January 1, 2023 — initial recognition	1,768,036
Amortization	<u>(44,201)</u>
Carrying amount at March 31, 2023	<u><u>1,723,835</u></u>

Gaming concession right payable included in the consolidated statement of financial position is as follows:

	At March 31, 2023 <i>HK\$'000</i> (unaudited)
Current gaming concession right payable	51,990
Non-current gaming concession right payable	<u>1,659,366</u>
	<u><u>1,711,356</u></u>

In addition to the above payments, MGM Grand Paradise is required to pay special gaming tax and additional levies on gross gaming revenues as listed below:

- i) special gaming tax to the Macau Government of an amount equal to 35% of the gross gaming revenues on a monthly basis.
- ii) a sum of 2% of the gross gaming revenue as additional levies given to a public foundation whose object is the promotion, development or study of cultural, social, economic, educational, scientific, academic, and charity activities and a sum of 3% of the gross gaming revenue as additional levies to be used for urban development and construction, promotion of tourism and social security.

The additional levies, subject to approval of the Macau Government's Chief Executive, may be reduced or exempted for expansion of overseas customer markets by the concession holders.

- iii) By order of the Chief Executive no. 162/2022, the minimum annual gross gaming revenue per gaming table is MOP7 million (equivalent to approximately HK\$6.8 million); the minimum annual gross gaming revenue per electric or mechanical gaming machines, including slot machines, is MOP300 thousand (equivalent to approximately HK\$291 thousand). Pursuant to Article 20 of the Gaming Law, if the average gross revenue arising of the operation of gaming tables or electric or mechanical gaming machines, including slot machines, does not reach the minimum limit fixed by order of the Chief Executive, the concessionaire will have to pay a special premium, of an amount corresponding to the difference between the amounts of the special gaming tax payable on the average gross revenue, and the one that would be payable if this minimum limit had been achieved. The average gross revenue is calculated according to the maximum number of gaming tables and electric or mechanical gaming machines, including slot machines, authorized for the concessionaire in the year to which it relates, with the exception of the number of gaming tables and electric or mechanical gaming machines, including slot machines authorized to operate temporarily.

The special gaming tax and additional levies are expensed as incurred. In relation to the minimum annual gross gaming revenue described above, based upon the approved number of gaming tables and gaming machines in operation, the Group is obligated to make minimum annual payments of approximately MOP2.02 billion (equivalent to approximately HK\$1.96 billion).

MGM Grand Paradise has committed to certain investments in gaming and non-gaming projects. The investment committed by MGM Grand Paradise is MOP16.7 billion (equivalent to approximately HK\$16.2 billion), of which MOP15 billion (equivalent to approximately HK\$14.6 billion) is in non-gaming projects. In case the market-wide Macau gross gaming revenue reaches MOP180 billion (equivalent to approximately HK\$175 billion) in any one year ("Triggering event"), MGM Grand Paradise is required to increase, in the following years, the investment in non-gaming projects in an amount corresponding to 20% of the base non-gaming investment. The 20% increase is subject to a deduction of 4% per year if the Triggering event occurs on or after 2028 (the sixth year of the Concession Contract). The maximum potential additional investment is estimated at MOP3 billion (equivalent to approximately HK\$2.91 billion).

MGM Grand Paradise is also required to maintain its net asset value at not less than MOP5 billion (equivalent to approximately HK\$4.85 billion) throughout the term of the Concession Contract.

15. TRADE RECEIVABLES

	At March 31, 2023 <i>HK\$'000</i> (unaudited)	At December 31, 2022 <i>HK\$'000</i> (audited)
Trade receivables	514,683	441,412
Less: Loss allowance	<u>(197,784)</u>	<u>(201,890)</u>
	<u>316,899</u>	<u>239,522</u>

Trade receivables mainly consist of casino receivables. The Group issues markers and credit to approved gaming customers (“VIP gaming customers”) and gaming promoters following background checks and assessments of creditworthiness. The Group generally allows a credit period up to 14 days to VIP gaming customers and 30 days on issuance of markers to gaming promoters.

Trade receivables are unsecured and non-interest bearing.

Trade receivables from hotel customers are not significant at the end of the reporting period.

16. SHARE CAPITAL

	<i>Notes</i>	Number of Shares	Share Capital <i>HK\$</i>
Issued and fully paid			
At December 31, 2021 and January 1, 2022 (audited) and March 31, 2022 (unaudited)		<u>3,800,000,001</u>	<u>3,800,000,001</u>
At December 31, 2022 and January 1, 2023 (audited)		3,800,000,001	3,800,000,001
Share options exercised		10,400	10,400
Share repurchase and cancellation	<i>(i)</i>	<u>(10,400)</u>	<u>(10,400)</u>
At March 31, 2023 (unaudited)		<u>3,800,000,001</u>	<u>3,800,000,001</u>

- (i) During the three months ended March 31, 2023: 10,400 Shares of a nominal value of HK\$1.00 each were repurchased at a total consideration of HK\$0.1 million (three months ended March 31, 2022: no repurchase).

17. BORROWINGS

At March 31, 2023, the Group's unsecured borrowings included senior notes and credit facilities.

	At March 31, 2023 <i>HK\$'000</i> (unaudited)	At December 31, 2022 <i>HK\$'000</i> (audited)
Unsecured senior notes repayable:		
Over one year but not exceeding two years	5,887,350	5,851,200
Over two years but not exceeding three years	3,924,900	3,900,800
Over three years but not exceeding four years	11,774,700	5,851,200
Over four years but not exceeding five years	—	5,851,200
	<u>21,586,950</u>	<u>21,454,400</u>
Less: Debt finance costs	<u>(147,783)</u>	<u>(160,725)</u>
	<u><u>21,439,167</u></u>	<u><u>21,293,675</u></u>
Unsecured credit facilities repayable:		
Over one year but not exceeding two years	6,900,000	11,500,000
Less: Debt finance costs	<u>(56,227)</u>	<u>(68,539)</u>
	<u><u>6,843,773</u></u>	<u><u>11,431,461</u></u>
Current	—	—
Non-current	<u>28,282,940</u>	<u>32,725,136</u>
	<u><u>28,282,940</u></u>	<u><u>32,725,136</u></u>

Unsecured Senior Notes

On May 16, 2019, the Company issued two series of senior unsecured notes with an aggregate principal amount of US\$1.50 billion, consisting of US\$750 million of 5.375% senior notes due May 15, 2024 and US\$750 million of 5.875% senior notes due May 15, 2026. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Senior Secured Credit Facility and for general corporate purposes. Interest on the 2024 Notes and 2026 Notes is payable semi-annually in arrears on each May 15 and November 15, commencing on November 15, 2019.

On June 18, 2020, the Company issued 5.25% senior notes with an aggregate principal amount of US\$500 million due June 18, 2025. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2025 Notes is payable semi-annually in arrears on each June 18 and December 18, commencing on December 18, 2020.

On March 31, 2021, the Company issued 4.75% senior notes with an aggregate principal amount of US\$750 million due February 1, 2027. The net proceeds from the issuance were used to repay a portion of amounts outstanding under the Revolving Credit Facility and for general corporate purposes. Interest on the 2027 Notes is payable semi-annually in arrears on each February 1 and August 1, commencing on February 1, 2022.

The 2024 Notes and the 2026 Notes were issued pursuant to an indenture, dated May 16, 2019, between the Company and U.S. Bank National Association, as trustee. The 2025 and the 2027 Notes were issued pursuant to an indenture, dated June 18, 2020 and March 31, 2021, respectively, between the Company and Wilmington Savings Fund Society, FSB, as trustee.

The Unsecured Senior Notes are general unsecured obligations of the Company. The Unsecured Senior Notes rank equally in right of payment with all of the Company's existing and future unsecured senior indebtedness. The Unsecured Senior Notes are subordinated to all of the Company's future secured indebtedness to the extent of the value of the collateral securing any such debt and rank senior to all of the Company's future subordinated indebtedness, if any. None of the Company's subsidiaries have guaranteed the Unsecured Senior Notes.

The Unsecured Senior Notes contain covenants that limit the ability of the Company to, among other things, whether directly or indirectly, (1) consolidate or merge with or into another entity; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its subsidiaries.

The Unsecured Senior Notes provide for certain events of default, including certain insolvency related proceedings relating to the Group. If the Company experiences a change of control and a ratings event, each holder of the Unsecured Senior Notes will have the right to require the Company to repurchase all or any part of that holder's Unsecured Senior Notes at 101% of their principal amount plus accrued and unpaid interest, if any, and any additional amount, if any, to, but not including the date of such repurchase in accordance with the terms of the Indentures. The circumstances that will constitute a change of control include the occurrence of any of the following: (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than to MGM Resorts International or a related party thereof as described in the Indentures; (2) the adoption of a plan relating to the liquidation or dissolution of the Company or any successor thereto; (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the United States Securities Exchange Act of 1934, as amended), other than MGM Resorts International and any of its related parties (as described in the Indentures) becomes the beneficial owner, directly or indirectly, of more than 50% of the outstanding voting stock of the Company, measured by voting power rather than number of equity interests; or (4) the first day on which the Company ceases to own, directly or indirectly, at least 60% of the outstanding equity interests of (and at least a 60% economic interest in) MGM Grand Paradise.

Under the Indentures, certain events relating to the loss, termination, rescission, revocation or modification of the Group's gaming license in Macau, where such events have a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, may result in a special put option triggering event. If the special put option triggering event occurs, each holder of the Unsecured Senior Notes will have the right to require the Group to repurchase all or any part of such holder's Unsecured Senior Notes at a purchase price in cash equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, and Additional Amounts (as defined in the Indentures), if any, calculated up to, but not including, the date of repurchase. Within ten days following the occurrence of a special put option triggering event, the Company shall mail a notice to each holder of the Unsecured Senior Notes stating the repurchase date which shall be no earlier than ten days nor later than sixty days from the date such notice is mailed.

As at the date of this report, the Company has no secured indebtedness and no subordinated indebtedness.

Unsecured Credit Facilities

Overview

On August 12, 2019, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company an unsecured revolving credit facility in an aggregate amount of HK\$9.75 billion with a final maturity date on May 15, 2024. The Revolving Credit Facility became effective on August 14, 2019.

On May 26, 2020, the Company entered into agreements with certain lenders pursuant to which the lenders agreed to make available to the Company a second unsecured revolving credit facility in an aggregate amount of HK\$2.34 billion with a final maturity date of May 15, 2024. The Company has the option to increase the amount of the facility up to HK\$3.9 billion subject to certain conditions. The Second Revolving Credit Facility is available for drawdown from the date of the agreement to and including the date falling one month prior to the final maturity date, subject to satisfaction of conditions precedent, including evidence that the Revolving Credit Facility (in an aggregate amount of HK\$9.75 billion) has been fully drawn. The proceeds of the Second Revolving Credit Facility are used for ongoing working capital needs and general corporate purposes of the Group. On June 29, 2020, the Company increased the available undrawn credit facilities of the Second Revolving Credit Facility by HK\$780 million to HK\$3.12 billion.

As at March 31, 2023, the Group had total available undrawn unsecured credit facilities of HK\$5.97 billion.

Principal and Interest

The Revolving Credit Facility and the Second Revolving Credit Facility bear interest at a fluctuating rate per annum based on HIBOR plus a margin (in the range of 1.625% to 2.75%), which will be determined by the Company's leverage ratio.

As at March 31, 2023, HK\$6.90 billion of the Revolving Credit Facility was drawn. HK\$2.85 billion of the Revolving Credit Facility and HK\$3.12 billion of the Second Revolving Credit Facility was undrawn and available for utilization up to and including the date falling one month prior to the final maturity date, on May 15, 2024. Each drawdown is to be repaid in full no later than May 15, 2024. As at March 31, 2023, the Group paid interest at HIBOR plus 2.75% per annum (March 31, 2022: HIBOR plus 2.75% per annum).

General Covenants

The Revolving Credit Facility and the Second Revolving Credit Facility contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the "Restricted Group") from incurring liens or engaging in certain asset dispositions. With the approval of the lenders there are certain permitted exceptions to these restrictions.

Financial Covenants

The leverage ratio under the Revolving Credit Facility was required to be no greater than 4.5 to 1.0 at each quarter end. In addition, the Group was required to maintain an interest coverage ratio of no less than 2.5 to 1.0 at each quarter end. Under the Second Revolving Credit Facility, the Company was to ensure that the leverage ratio does not, on each accounting date occurring on and after September 30, 2021, exceed 4.50 to 1.00. In addition, the Company was to ensure that, on any accounting date occurring on and after September 30, 2021, the interest coverage ratio is not less than 2.50 to 1.

Due to the impact of the COVID-19 pandemic, the Company entered into an amendment of the financial covenants on February 21, 2020, a second amendment on April 9, 2020, a third amendment on October 15, 2020, a fourth amendment on February 24, 2021 and a fifth amendment on February 10, 2022 under the Revolving Credit Facility. The Company also entered into an amendment of the financial covenant on October 14, 2020, a second amendment on February 24, 2021 and a third amendment on February 10, 2022 under the Second Revolving Credit Facility.

Subsequent to the execution of the amendments referred to above, the permitted leverage ratio and the permitted interest coverage ratio under the Revolving Credit Facility and under the Second Revolving Credit Facility are as follows:

Accounting Date	Interest Coverage Ratio	Leverage Ratio
March 31, 2021	Not Applicable ⁽²⁾	Not Applicable ⁽¹⁾
June 30, 2021	Not Applicable ⁽²⁾	Not Applicable ⁽²⁾
September 30, 2021	Not Applicable ⁽³⁾⁽⁴⁾	Not Applicable ⁽³⁾⁽⁴⁾
December 31, 2021	Not Applicable ⁽³⁾⁽⁴⁾	Not Applicable ⁽³⁾⁽⁴⁾
March 31, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
June 30, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
September 30, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
December 31, 2022	Not Applicable ⁽⁵⁾	Not Applicable ⁽⁵⁾
Each quarter ended on and after March 31, 2023 through maturity	Not Applicable ⁽⁶⁾	Not Applicable ⁽⁶⁾

⁽¹⁾ Amendment on February 21, 2020 under the Revolving Credit Facility.

⁽²⁾ Amendment on April 9, 2020 under the Revolving Credit Facility.

⁽³⁾ Amendment on October 14, 2020 under the Second Revolving Credit Facility.

⁽⁴⁾ Amendment on October 15, 2020 under the Revolving Credit Facility.

⁽⁵⁾ Amendment on February 24, 2021 under the Revolving Credit Facility and the Second Revolving Credit Facility.

⁽⁶⁾ Amendment on February 10, 2022 under the Revolving Credit Facility and the Second Revolving Credit Facility.

Compliance with Covenants

The Group has complied with the general and financial covenants under the Revolving Credit Facility and the Second Revolving Credit Facility for the three months ended March 31, 2023 and the year ended December 31, 2022.

Cancellation

Pursuant to the Revolving Credit Facility and the Second Revolving Credit Facility, the total commitments shall be cancelled immediately and all outstanding loans, together with accrued interest and all other amounts accrued under the finance documents shall become immediately due and payable if a Change of Control occurs or there is a sale of all or substantially all of the assets or business of the Group. Change of Control is defined as: MGM Resorts International fails to be the legal and beneficial owner, directly or indirectly, of more than 50% of the capital stock of the Company having ordinary voting rights; or the Company ceases to be the beneficial owner directly or indirectly of all of the share capital of MGM Grand Paradise (other than any portion of the share capital of MGM Grand Paradise with only nominal economic interests created for the purposes of complying with Macanese ownership requirements).

Events of Default

The Revolving Credit Facility and the Second Revolving Credit Facility contain certain events of default and certain insolvency related proceedings relating to the Group. If the Group does not own or manage casino or gaming areas or operate casino games of fortune and chance for a period of ten consecutive days or more and such event has a material adverse effect on the financial condition or business, or in case of termination, rescission, revocation or modification of any gaming sub-concession which has a material adverse effect on the financial condition, business, properties, or results of operations of the Group, taken as a whole, excluding any termination or rescission resulting from or in connection with any renewal, tender or other process conducted by the Macau Government in connection with the granting or renewal of any gaming concession; provided that such renewal, tender or other process results in the granting or renewal of the relevant gaming concession, an event of default will be triggered. Under the applicable acceleration provisions, if an event of default is outstanding, the facility agent may, and must if so instructed by the majority lenders, by notice to the Company, cancel all or any part of the total commitments; or declare that all or part of any amounts outstanding under the finance documents are immediately due and payable; or payable on demand by the facility agent acting on the instructions of the majority lenders.

Security and Guarantees

No security or guarantees were provided in relation to the Revolving Credit Facility and the Second Revolving Credit Facility.

MGM Resorts International Revolving Credit Facility

On November 10, 2022, the Company entered into an agreement with MGM Resorts International pursuant to which that entity agreed to make available to the Company an unsecured revolving credit facility of US\$750 million (equivalent to approximately HK\$5.89 billion) with a final maturity date on November 10, 2024.

The interest rate on funded amounts will be the greater of 4.0% per annum and the prevailing market rate. The Company is also required to pay a commitment fee based upon the undrawn amount of the facility. The commitment fee rate on undrawn amounts will be based on the lower of the commitment fee rate from the Unsecured Credit Facilities and any future revolving credit facilities.

As at March 31, 2023, the MGM Resorts International Revolving Credit Facility of HK\$5.89 billion was undrawn and available for utilization and a commitment fee rate of 1% has been applied.

18. PAYABLES AND ACCRUED CHARGES

	At March 31, 2023 HK\$'000 (unaudited)	At December 31, 2022 HK\$'000 (audited)
Customer advances and other ⁽¹⁾	831,290	679,004
Gaming taxes payables	753,720	226,163
Other payables and accrued charges	593,787	401,596
Outstanding chips liabilities ⁽¹⁾	288,293	226,656
Accrued staff costs	254,994	496,210
Loyalty programs liabilities ⁽¹⁾	141,973	129,535
Trade payables	48,189	14,381
Construction payables and accruals	47,491	50,039
Construction retention payable	21,388	31,119
Other casino liabilities	6,495	4,019
	<u>2,987,620</u>	<u>2,258,722</u>
Current	2,969,885	2,252,202
Non-current	<u>17,735</u>	<u>6,520</u>
	<u>2,987,620</u>	<u>2,258,722</u>

⁽¹⁾ These balances represent the Group's main types of liabilities associated with contracts with customers. These liabilities are generally expected to be recognized as revenue or redeemed for cash within one year of being purchased, earned or deposited.

19. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Net cash generated from/(used in) operating activities is as follows:

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating cash flows before movements in working capital	1,257,332	(5,559)
Increase/(decrease) in payables and accrued charges	604,734	(601,314)
Other changes in working capital	<u>(102,186)</u>	<u>(75,462)</u>
Cash generated from/(used in) operations	1,759,880	(682,335)
Income tax paid	(7,747)	(14,660)
Interest received	<u>44,703</u>	<u>856</u>
Net cash generated from/(used in) operating activities	<u><u>1,796,836</u></u>	<u><u>(696,139)</u></u>

20. GUARANTEES

As at March 31, 2023, the Group has given bank guarantees totaling HK\$978.7 million (December 31, 2022: HK\$1,153.5 million) to certain parties including:

- HK\$970.9 million was issued in favor of the Macau Government as required in the Concession Contract (December 31, 2022: HK\$1,145.7 million was required in the Sub-Concession Further Extension Contract, which were cancelled in January 2023);
- HK\$4.0 million (December 31, 2022: HK\$4.0 million) was issued in favor of the Macau Government as required in the land-concession contract in respect of MGM COTAI as well as other regulatory requirements;
- HK\$0.6 million (December 31, 2022: HK\$0.6 million) was issued in favor of a company in which one of the Directors of the Company has non-controlling beneficial interests; and
- HK\$3.2 million (December 31, 2022: HK\$3.2 million) was issued in favor of certain vendors.

As at December 31, 2022, pledged bank deposits of MOP1 billion (equivalent to HK\$0.97 billion) were provided in relation to the bank guarantees provided to the Macau Government for the Concession Contract as mentioned above. In March 2023, the pledge for the bank deposit of MOP300 million (equivalent to HK\$291 million) was released. The Group has applied to its bank to amend the terms of the remaining bank guarantee of MOP700 million (equivalent to HK\$680 million) to an unsecured guarantee which will release the remaining pledged bank deposit. The application is subject to approval and the pledge has not been released at the date of approval of these condensed consolidated financial statements.

21. LEGAL PROCEEDINGS

a) Legal proceedings related to cash deposits with gaming promoters

The Group was named as a defendant in legal proceedings filed in the Macau courts against gaming promoters by individuals who claimed to have placed cash deposits with gaming promoters who had operations at the Group's properties and the gaming promoters failed to honor the withdrawal of such cash deposits. The Group was sued in proceedings based solely upon the joint liability of the concessionaire for the actions and conducts of the gaming promoters engaged by it at its casinos.

Management has made estimates for potential litigation costs and recognized liabilities based upon consultation with legal counsel. While actual outcomes might differ from these estimates, the management considered that such litigation and claims will not have a significant impact on the results of operations, financial position and cash flows of the Group.

b) Legal proceedings related to criminal activities by a gaming promoter

In 2022, a criminal charge was made in the Macau court against an independent Macau gaming promoter and individuals associated with the independent Macau gaming promoter for conducting side-betting in VIP gaming rooms in the casinos of the six gaming concessions/sub-concessions. In January 2023, the verdict of the Court of the First Instance was released and the Macau Government and five of the six gaming concessionaires/sub-concessionaires are entitled to compensation for damages for losses caused by the criminal activities, with MGM Grand Paradise being entitled to compensation of HK\$349 million. Both the prosecutor and defendants have appealed against the verdict. No contingent asset was recognized as the Group assessed that the possibility to recover these losses is remote.

22. CAPITAL COMMITMENTS

The Group had the following capital commitments under construction contracts and other capital related agreements that are not recorded in the condensed consolidated financial statements:

	At March 31, 2023 <i>HK\$'000</i> (unaudited)	At December 31, 2022 <i>HK\$'000</i> (audited)
Contracted but not accounted for	<u>350,412</u>	<u>373,120</u>

23. RELATED PARTY TRANSACTIONS

Apart from the guarantees as described in Note 20, details of transactions between the Group and other related parties are disclosed below.

- (a)(i) Amounts due from related companies represent balances with companies owned by the immediate holding company and companies in which one of the Directors has non-controlling beneficial interests. The amounts are unsecured, non-interest bearing and repayable on demand.
- (a)(ii) Amounts due to related companies represent balances with companies in which one of the Directors of the Company has jointly controlling beneficial interests amounting to HK\$0.6 million (December 31, 2022: HK\$2.9 million), company jointly-owned by Shareholders amounting to HK\$30.0 million (December 31, 2022: HK\$9.2 million), and the ultimate holding company of the Company amounting to HK\$3.2 million (December 31, 2022: HK\$10.4 million). The amounts are unsecured, non-interest bearing and repayable on demand.

(b) The Group had the following significant transactions with related companies during the period:

Related parties	Type of transaction	Three months ended	
		March 31	
		2023	2022
		HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Companies in which one of the Directors of the Company has non-controlling beneficial interests	Laundry services	5,723	5,110
Ultimate holding company	Marketing referral fees	1,075	641
	Finance cost ⁽¹⁾	14,673	—
Company jointly-owned by Shareholders	License fee ⁽²⁾	84,712	36,641
Companies in which one of the Directors of the Company has jointly controlling beneficial interests	Consultancy fee ⁽³⁾	22,548	15,343

⁽¹⁾ The amount represents the standby charges on MGM Resorts International Revolving Credit Facility — refer to Note 17.

⁽²⁾ Pursuant to the First Renewed Branding Agreement, Second Renewed Branding Agreement and Third Renewed Branding Agreement, the Group was required to pay an annual license fee calculated on a basis equal to 1.75% of its consolidated monthly revenue (as determined in accordance with IFRS) which was subject to annual caps for MGM MACAU and MGM COTAI of US\$45.6 million (equivalent to approximately HK\$356.7 million) for the period ended June 26, 2022, US\$45.6 million (equivalent to approximately HK\$356.7 million) for the period from June 26, 2022 to December 31, 2022 and US\$55.6 million (equivalent to approximately HK\$435.8 million) for the year ended December 31, 2023.

⁽³⁾ On January 13, 2021, MGM Grand Paradise entered into the Consultancy Services Agreement with Occasions, a comprehensive integrated communications group, which sets out the principal framework upon which any member of the Occasions Group may provide services to any member of the Group from time to time, for a term commencing from January 13, 2021 and ending on December 31, 2023. The annual cap under the Consultancy Services Agreement is HK\$130 million for the year ending December 31, 2023.

In addition, from time to time, the Group and certain entities in which one of the Directors of the Company has non-controlling beneficial interests, ultimate holding company of the Company, and certain fellow subsidiaries of the Company collect and/or make payment on behalf of each other at no service charge.

(c) Compensation to key management personnel

The remuneration of key management is as follows:

	Three months ended	
	March 31	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Short term benefits ⁽¹⁾	35,692	19,133
Other long-term benefits ⁽¹⁾	11,816	—
Post-employment benefits	430	429
Share-based payments	4,657	4,384
	52,595	23,946

⁽¹⁾ On August 21, 2022, MGM Grand Paradise and Ms. Pansy Ho as the Managing Director entered into the Services Agreement, pursuant to which Ms. Pansy Ho will serve as the Managing Director of MGM Grand Paradise for the term of the Gaming Concession with a remuneration of US\$8 million (equivalent to approximately HK\$62 million) per annum accounted for as short term benefits and incentive payments up to an aggregate total amount of US\$95 million (equivalent to approximately HK\$741 million) accounted for as other long-term benefits for the term set out in the Services Agreement.

The remuneration of Directors and key executives is determined by the Board of Directors having regard to the performance of individuals and market trends.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values, with the exception of the Group's senior notes.

The estimated fair value of the Group's senior notes as at March 31, 2023 was approximately HK\$20.4 billion (December 31, 2022: HK\$20.0 billion). The estimated fair value of the Group's senior notes is based on recent trades, if available, and indicative pricing from market information (level 2 inputs).