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美高梅中國控股有限公司
MGM China Holdings Limited

MGM CHINA HOLDINGS LIMITED

美高梅中國控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2282)

INSIDE INFORMATION

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2015 OF MGM RESORTS INTERNATIONAL, OUR CONTROLLING SHAREHOLDER

This is an announcement made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Our controlling shareholder, MGM Resorts International, has, on or about February 18, 2016 (8 a.m., New York time), released its unaudited results for the fourth quarter and year ended December 31, 2015 which contain financial information about MGM China Holdings Limited prepared and presented herein under Generally Accepted Accounting Principles of the United States.

This is an announcement made by MGM China Holdings Limited (“we” or “MGM China”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKSE”).

MGM China’s controlling shareholder, MGM Resorts International, is a company listed on the New York Stock Exchange in the United States. As at the date of this announcement, MGM Resorts International beneficially owns 51% of the issued share capital of MGM China.

MGM Resorts International has, on or about February 18, 2016 (8 a.m., New York time), released its unaudited results for the fourth quarter and year ended December 31, 2015 (the “Earnings Release”). If you wish to review the Earnings Release prepared by MGM Resorts International and as filed with the United States Securities and Exchange Commission, please visit <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000789570&owner=exclude&count=40&hidefilings=0>. The Earnings Release contains financial information about MGM China which is available in the public domain.

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

The consolidated financial results of MGM Resorts International for the fourth quarter ended December 31, 2015 included in the Earnings Release include the effect of its consolidation of MGM China, including purchase price adjustments and certain other adjustments to reflect the financial information of MGM China in accordance with US GAAP. As such, the financial information of MGM China in the Earnings Release is not directly comparable to the audited consolidated financial results to be disclosed by MGM China prepared in accordance with IFRS. The following table summarizes the reconciliation of the information of MGM China presented in the Earnings Release under US GAAP to the unaudited operating profit of MGM China under IFRS as a result of the abovementioned adjustments. (Note: The amounts are presented here in Hong Kong dollars at the exchange rates at the time of individual transactions during the relevant period.)

	Three Months Ended December 31, 2015 <i>HK\$’000</i> (unaudited)	Twelve Months Ended December 31, 2015 <i>HK\$’000</i> (unaudited)
Operating loss under US GAAP	(10,891,432)	(9,396,080)
Add:		
Purchase price adjustments, net ⁽¹⁾	11,649,840	12,636,875
Other adjustments, net	8,980	39,730
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Operating profit under IFRS	767,388	3,280,525
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	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue	3,865,863	5,573,846	17,170,453	25,454,296
Adjusted EBITDA ⁽²⁾	1,123,953	1,484,783	4,668,960	7,104,697

Notes: ⁽¹⁾ The non-cash impairment charge of HK\$11.4 billion, which is included in “Purchase price adjustments, net”, relates to goodwill recognized in the acquisition of a controlling interest in MGM China and is recorded in the consolidated financial results of MGM Resorts International for the fourth quarter ended December 31, 2015. MGM Resorts International recorded a HK\$27.2 billion non-cash gain in 2011 in connection with that acquisition. The current impairment charge, which represents approximately 42% of the amount of the previously recognized gain, resulted from MGM Resorts International’s annual review of its goodwill carrying values and was incurred as a result of reduced cash flow forecasts for MGM China’s resorts based on current market conditions and lower valuation multiples for gaming assets in the Macau market.

⁽²⁾ Adjusted EBITDA is profit before finance costs, taxation, depreciation and amortization, interest income, net foreign currency difference, share-based payments, pre-opening costs, corporate expenses which mainly include administrative expenses of the corporate office and license fee paid to a related company, and property charges and other non-recurring expenses. Adjusted EBITDA is used by management as the primary measure of the Group’s operating performance and to compare our operating performance with that of our competitors. During the current period, management included the corporate expenses as one of the reconciliation items and corresponding adjustments were made to the 2014 comparative amounts. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Our shareholders and potential investors are advised to read the financial information presented herein in conjunction with the announcement of the annual results of MGM China for the year ended December 31, 2015 published on February 18, 2016 which contains the audited operating profit and total revenue of MGM China for the year ended December 31, 2015 and 2014 under IFRS.

Summary Statistics

The following table presents certain selected income statement line items and certain other data of MGM China.

(in thousands, except for number of gaming tables and slot machines, percentage, and REVPAR)	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2015	2014	2015	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Number of VIP gaming tables	171	195	176	216
VIP table games turnover	74,461,766	174,434,727	354,321,172	771,690,352
VIP gross table games win	2,268,774	4,479,346	11,737,127	21,372,592
VIP table games win percentage	3.0%	2.6%	3.3%	2.8%
Average daily gross win per VIP gaming table	144.6	249.6	182.2	271.3
Number of main floor gaming tables	250	228	245	207
Main floor gross table games win	1,920,970	2,218,448	7,557,392	9,528,227
Average daily gross win per main floor gaming table	83.4	106.0	84.5	126.4
Number of slot machines	1,238	1,133	1,174	1,197
Slot machine handle	7,644,697	10,521,085	35,259,469	45,885,173
Slot machine gross win	394,480	404,594	1,611,711	2,032,474
Slot hold percentage	5.2%	3.9%	4.6%	4.4%
Average daily win per slot	3.5	3.9	3.8	4.7
Commission and discounts	(830,716)	(1,649,246)	(4,165,791)	(7,872,693)
Room occupancy rate	97.5%	98.9%	97.7%	98.7%
REVPAR ⁽¹⁾	2,367	2,322	2,330	2,302

Note: ⁽¹⁾ Revenue per available room, expressed in Hong Kong dollars, arrived after inclusion of services provided for hotel rooms to certain customers and guests without charges.

With a view to ensuring that all shareholders and potential investors of MGM China have equal and timely access to the information pertaining to MGM China, set forth below are the key highlights of financial information relevant to MGM China published by MGM Resorts International in the Earnings Release. (Unless otherwise provided, all dollars amounts in the Earnings Release are denominated in United States dollars):

MGM Resorts International (hereafter the “Company”) Fourth Quarter Results

MGM China

On February 18, 2016, as part of its regular dividend policy, MGM China’s Board of Directors announced it will recommend a final dividend for 2015 of \$46 million to MGM China shareholders subject to approval at the MGM China 2016 annual shareholders meeting to be held in May, bringing the total 2015 dividend to \$122 million including the interim dividend paid in August. If approved, MGM Resorts International will receive \$23 million, its 51% share of this dividend.

The Company has made the strategic decision to move the opening of its MGM Cotai development from the fourth quarter of 2016 to the end of the first quarter of 2017 based on current market conditions and the timing of other resort openings in the area. There is no change to the current budget of \$3.0 billion, which excludes development fees, capitalized interest and land related costs.

Key fourth quarter results for MGM China include the following:

- MGM China earned net revenue of \$499 million, a 31% decrease compared to the prior year quarter;
- Main floor table games revenue decreased 14% compared to the prior year quarter;
- VIP table games revenue decreased 49% due to a decrease in VIP table games turnover of 57% compared to the prior year quarter, while hold percentage increased to 3.0% in the current year quarter compared to 2.6% in the prior year quarter;
- MGM China’s Adjusted EBITDA was \$131 million, a 29% decrease compared to the prior year quarter, including \$9 million of license fee expense in the current year quarter and no expense related to license fees in the prior year quarter;
- MGM China’s Adjusted EBITDA margin increased by 45 basis points compared to the prior year quarter to 26.3% as a result of an increase in main floor table games mix; and
- MGM China’s operating loss was \$1.4 billion in the current year quarter, which included a \$1.5 billion non-cash impairment charge on goodwill from the 2011 MGM China acquisition, compared to operating income of \$109 million in the prior year quarter.

Full Year 2015 Results

MGM China net revenue was \$2.2 billion for 2015, a 33% decrease from 2014, and Adjusted EBITDA was \$540 million compared to \$850 million in the prior year.

Non-GAAP financial measures

“Adjusted EBITDA” is earnings before interest and other non-operating income (expense), taxes, depreciation and amortization, preopening and start-up expenses, and property transactions, net. “Adjusted Property EBITDA” is Adjusted EBITDA before corporate expense and stock compensation expense related to the MGM Resorts stock option plan, which is not allocated to each property. MGM China recognizes stock compensation expense related to its stock compensation plan which is included in the calculation of Adjusted EBITDA for MGM China. Adjusted EBITDA information is presented solely as a supplemental disclosure to reported GAAP measures because management believes these measures are 1) widely used measures of operating performance in the gaming industry, and 2) a principal basis for valuation of gaming companies.

Management believes that while items excluded from Adjusted EBITDA and Adjusted Property EBITDA may be recurring in nature and should not be disregarded in evaluation of the Company’s earnings performance, it is useful to exclude such items when analyzing current results and trends compared to other periods because these items can vary significantly depending on specific underlying transactions or events that may not be comparable between the periods being presented. Also, management believes excluded items may not relate specifically to current operating trends or be indicative of future results. For example, pre-opening and start-up expenses will be significantly different in periods when the Company is developing and constructing a major expansion project and will depend on where the current period lies within the development cycle, as well as the size and scope of the project(s). Property transactions, net includes normal recurring disposals, gains and losses on sales of assets related to specific assets within the Company’s resorts, but also includes gains or losses on sales of an entire operating resort or a group of resorts and impairment charges on entire asset groups or investments in unconsolidated affiliates, which may not be comparable period over period.

In addition, capital allocation, tax planning, financing and stock compensation awards are all managed at the corporate level. Therefore, management uses Adjusted Property EBITDA as the primary measure of the Company’s operating resorts’ performance.

This announcement contains forward-looking statements. Such forward-looking information involves important risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, such results may differ from those expressed in any forward-looking statements made by us. The risks and uncertainties include, but are not limited to, competition in the casino/hotel and resorts industries, our dependence on existing management, levels of travel, leisure and casino spending, general economic conditions, and changes in gaming laws or regulations. Additional information concerning potential factors that could affect our financial results is included in our published prospectus, interim and annual reports. We are under no obligation to (and expressly disclaims any such obligation to) update the forward-looking statements as a result of new information, future events or otherwise.

Our shareholders and potential investors are advised not to place undue reliance on the Earnings Release and are reminded that certain financial information of MGM China presented herein has been prepared in accordance with US GAAP and is not the same as that presented in the announcement of annual results of MGM China for the year ended December 31, 2015 published on February 18, 2016 which contains audited consolidated financial results of MGM China under IFRS. Our shareholders and potential investors are advised to read this announcement in conjunction with the announcement of annual results of MGM China for the year ended December 31, 2015 and exercise caution in dealing in securities in MGM China.

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

Hong Kong, February 18, 2016

As at the date of this announcement, our directors are James Joseph MURREN, Pansy Catilina Chiu King HO, Chen Yau WONG, William Joseph HORNBUCKLE and Grant R. BOWIE as executive directors, William M. SCOTT IV, Daniel J. D'ARRIGO and Kenneth A. ROSEVEAR as non-executive directors and Zhe SUN, Sze Wan Patricia LAM, Peter Man Kong WONG and Russell Francis BANHAM as independent non-executive directors.