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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 SECOND QUARTER AND THE FIRST HALF OF FISCAL 2016 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 August 4, 2016 (8:30 a.m., New York time), released its unaudited results for the second quarter and first half of fiscal 2016 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 August 4, 2016 (8:30 a.m., New York time), released its unaudited results for the second quarter and the first half of fiscal 2016 (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 unaudited consolidated financial results of MGM Resorts International, including those contained in the Earnings Release, have been prepared in accordance with the Generally Accepted Accounting Principles of the United States (“US GAAP”), which are different from International Financial Reporting Standards (“IFRS”), which, as a company listed on the Main Board of HKSE, we use to prepare and present the financial information of MGM China.

The unaudited consolidated financial results of MGM Resorts International for the second quarter and the first half of fiscal 2016 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 unaudited 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 June 30 2016 <i>HK\$’000</i> (unaudited)	Six Months Ended June 30 2016 <i>HK\$’000</i> (unaudited)
Operating income under US GAAP	399,309	767,700
Add:		
Purchase price adjustments, net	267,141	542,973
Other adjustments, net	10,525	21,796
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Operating profit under IFRS	676,975	1,332,469
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	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2016	2015	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total revenue	<u>3,507,607</u>	<u>4,316,804</u>	<u>7,154,622</u>	<u>9,203,600</u>
Adjusted EBITDA ⁽¹⁾	<u>1,033,669</u>	<u>1,149,057</u>	<u>2,028,779</u>	<u>2,435,753</u>

Note:

- ⁽¹⁾ 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, 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. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combined operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this announcement may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

Our shareholders and potential investors are advised to read the financial information presented herein in conjunction with the announcement of interim results of MGM China for the six months ended June 30, 2016 published on August 4, 2016 which contains the unaudited operating profit and total revenue of MGM China for the six months ended June 30, 2016 and 2015 under IFRS, and are reminded that the financial information has not been audited by MGM China's auditor.

Summary Statistics

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

	Three Months Ended		Six Months Ended	
	June 30		June 30	
(in thousands, except for number of gaming tables and slot machines, percentage, and REVPAR)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)	2016 <i>HK\$'000</i> (Unaudited)	2015 <i>HK\$'000</i> (Unaudited)
Number of VIP gaming tables	162	174	163	181
VIP table games turnover	64,847,318	90,345,483	137,712,308	200,009,896
VIP gross table games win	2,004,610	2,898,052	4,226,356	6,550,461
VIP table games win percentage	3.1%	3.2%	3.1%	3.3%
Average daily gross win per VIP gaming table	136.2	182.5	142.3	199.5
Number of main floor gaming tables	254	246	255	241
Main floor gross table games win	1,862,520	1,913,651	3,709,157	3,918,944
Average daily gross win per main floor gaming table	80.5	85.4	79.9	89.8
Number of slot machines	1,024	1,144	1,104	1,135
Slot machine handle	6,934,825	9,545,291	13,540,166	19,442,301
Slot machine gross win	306,848	427,099	627,355	836,372
Slot hold percentage	4.4%	4.5%	4.6%	4.3%
Average daily win per slot	3.3	4.1	3.1	4.1
Room occupancy rate	95.8%	98.4%	95.0%	98.2%
REVPAR ⁽¹⁾	2,180	2,314	2,159	2,343

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”) Second Quarter Results

MGM China

On August 4, 2016, MGM China’s Board of Directors announced an interim dividend of \$58 million, which will be paid to shareholders of record as of August 22, 2016 and distributed on or about August 30, 2016. MGM Resorts will receive \$30 million, representing its 51% share of the dividend.

Key second quarter results for MGM China include:

- Net revenues of \$452 million, a 19% decrease compared to the prior year quarter;
- Main floor table games revenue decreased 3% compared to the prior year quarter;
- VIP table games revenue decreased 33% due to a decrease in turnover of 28% compared to the prior year quarter, and hold percentage decreased to 3.1% in the current year quarter, compared to 3.2% in the prior year quarter;
- Operating income of \$51 million, compared to operating income of \$58 million in the prior year quarter;
- Adjusted EBITDA of \$119 million, a 10% decrease compared to the prior year quarter, including \$8 million of license fee expense in the current year quarter and \$10 million in the prior year quarter; and
- Operating margin increased by 104 basis points compared to the prior year quarter to 11.4%, and Adjusted EBITDA margin increased by 263 basis points compared to the prior year quarter to 26.4% as a result of an increase in main floor table games mix and continuous efforts to reduce costs.

MGM China paid the previously announced \$46 million final 2015 dividend in June 2016, of which \$23 million was received by MGM Resorts.

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 interim results of MGM China for the six months ended June 30, 2016 published on August 4, 2016 which contains unaudited 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 interim results of MGM China for the six months ended June 30, 2016 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, August 4, 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.