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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)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The Board of MGM China Holdings Limited (the “Company”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended December 31, 2014 as follows:—

FINANCIAL HIGHLIGHTS

	For the year ended December 31,	
	2014	2013
	HK\$'000	HK\$'000
Casino revenue	25,137,933	25,412,367
Other revenue	316,363	315,146
Total revenue	25,454,296	25,727,513
Adjusted EBITDA before the license fee (unaudited)	6,997,889	6,644,875
Adjusted EBITDA (unaudited)	6,662,879	6,365,573
Profit attributable to owners of the Company	5,706,943	5,333,528
Earnings per Share — basic and diluted	HK\$1.50	HK\$1.40

DIVIDENDS

The Board is pleased to declare the payment of a special dividend of HK\$0.816 per Share (the “Special Dividend”), amounting to approximately HK\$3,100.8 million in aggregate, representing approximately 54.3% of the Group’s profit attributable to owners of the Company for the year ended December 31, 2014. The register of members will be closed from March 6, 2015 to March 10, 2015, both days inclusive, for the purpose of ascertaining the members who are entitled to the Special Dividend. This Special Dividend is expected to be paid on or about March 19, 2015 to the Shareholders whose names would appear on the register of members on March 10, 2015.

In accordance with the dividend policy announced by the Company on February 28, 2013 the semi-annual dividends, may not, in aggregate, exceed more than 35% of the anticipated consolidated annual profits in any one year. The Company may also declare special distributions from time to time in addition to the semi-annual dividends. The Board recommends a final dividend of HK\$0.245 per Share (the “Final Dividend”), amounting to approximately HK\$931.0 million in aggregate for the year ended December 31, 2014, representing approximately 16.3% of the Group’s profit attributable to owners of the Company for the year ended December 31, 2014. Subject to approval by the Shareholders of the Final Dividend in the forthcoming Annual General Meeting, the register of members will be closed from May 22, 2015 to May 27, 2015, both days inclusive, for the purpose of ascertaining the members who are entitled to the Final Dividend. This Final Dividend is expected to be paid on or about June 8, 2015 to the Shareholders whose names would appear on the register of members on May 27, 2015.

The Board has resolved to declare the Special Dividend and recommend the payment of the Final Dividend after reviewing the Group’s general financial position as at February 17, 2015, its capital requirements going forward and other factors that the Board considered relevant, and determined that the Group has sufficient resources, after the payment of the Special Dividend and subject to the Shareholders’ approval, the Final Dividend, to finance its operations and expansion of its business, including the development of an additional casino and hotel complex in Cotai. The Special Dividend and Final Dividend should not be taken as an indication of the level of profit or dividend going forward.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended December 31,	
		2014	2013
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
OPERATING REVENUE			
Casino revenue	3	25,137,933	25,412,367
Other revenue	4	316,363	315,146
		<u>25,454,296</u>	<u>25,727,513</u>
OPERATING COSTS AND EXPENSES			
Special gaming tax and special levies to the Macau Government		(13,002,885)	(13,654,092)
Inventories consumed		(386,698)	(359,900)
Staff costs		(1,943,886)	(1,695,803)
Other expenses and losses	6	(3,552,509)	(3,706,416)
Depreciation and amortization		(799,598)	(767,670)
		<u>(19,685,576)</u>	<u>(20,183,881)</u>
Operating profit		5,768,720	5,543,632
Interest income		12,640	24,529
Finance costs	7	(37,893)	(213,903)
Net foreign currency loss		(20,725)	(5,779)
		<u>5,722,742</u>	<u>5,348,479</u>
Profit before taxation		5,722,742	5,348,479
Taxation	8	(15,799)	(14,951)
		<u>5,706,943</u>	<u>5,333,528</u>
Profit for the year and total comprehensive income attributable to owners of the Company		<u>5,706,943</u>	<u>5,333,528</u>
Earnings per Share — basic and diluted	10	<u>HK\$1.50</u>	<u>HK\$1.40</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At December 31	
	NOTES	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property and equipment		4,046,370	4,380,930
Construction in progress		5,487,615	2,333,003
Sub-concession premium		666,100	793,000
Land use right premium		1,399,355	1,468,761
Other assets		16,241	12,464
Prepayments and deposits		304,186	399,718
		11,919,867	9,387,876
CURRENT ASSETS			
Inventories		110,407	98,610
Trade receivables	11	427,573	577,244
Prepayments, deposits and other receivables		67,318	68,560
Land use right premium		69,406	69,406
Amounts due from related companies	14	1,087	987
Bank balances and cash		4,232,187	7,884,805
		4,907,978	8,699,612
CURRENT LIABILITIES			
Payables and accrued charges	12	5,579,218	6,721,192
Land use right payable		203,857	194,034
Construction retention payable		40,346	30,066
Amounts due to related companies	14	17,414	12,879
Taxation payable		16,083	15,236
		5,856,918	6,973,407
NET CURRENT (LIABILITIES)/ASSETS		(948,940)	1,726,205
TOTAL ASSETS LESS CURRENT LIABILITIES		10,970,927	11,114,081
NON-CURRENT LIABILITIES			
Bank borrowings	13	4,118,182	4,049,217
Payables and accrued charges	12	2,040	—
Land use right payable		325,299	529,156
Construction retention payable		183,883	32,250
		4,629,404	4,610,623
NET ASSETS		6,341,523	6,503,458
CAPITAL AND RESERVES			
Share capital		3,800,000	3,800,000
Share premium and reserves		2,541,523	2,703,458
SHAREHOLDERS' FUNDS		6,341,523	6,503,458

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Company’s Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “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, and listed on the New York Stock Exchange. The address of the registered office of the Company is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and its principal place of business is Avenida Dr. Sun Yat Sen, Edificio MGM MACAU, NAPE, Macau.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared on a historical cost basis and in accordance with IFRSs. Historical cost is generally based on fair value of the consideration given in exchange for goods and services. The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company and its subsidiaries.

The consolidated financial statements have been prepared on a going concern basis. As at December 31, 2014, the Group had net current liabilities of approximately HK\$948.9 million mainly as a result of funding non-current capital expenditure out of cash from operations. As described in note 13, the Group has credit facilities comprising a HK\$4,290 million term loan and a HK\$11,310 million revolving credit facility. As described in other liquidity matters in the management discussion and analysis, the full amount of HK\$11,310 million of the revolving credit facility was undrawn and is available to enable the Group, with cash and cash equivalents and cash from operations, to meet its financial obligations as they fall due for the following twelve months. Should the Group draw down on the revolving credit facility, any such amounts will not be required to be repaid until October 2017.

Application of new and revised International Financial Reporting Standards (“IFRSs”)

In the current year, the Group has applied, for the first time, the following new and revised IFRSs relevant to the Group:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

The application of the above new and revised IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

IFRSs in issue not yet adopted

Up to the date of this report, certain new standards and amendments have been issued but are not yet effective and have not been early adopted in the preparation of these consolidated financial statements:

Amendments to IFRS10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁶
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations ⁶
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ⁶
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants ⁶
Amendments to IAS 27	Equity Method in Separate Financial Statements ⁶
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle ³
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle ⁶
Amendments to IAS 1	Disclosure Initiative ⁶
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception ⁶
IFRS 9	Financial Instruments ²
IFRS 14	Regulatory Deferral Accounts ⁴
IFRS 15	Revenue from Contracts with Customers ⁵

¹ Effective for annual periods beginning on or after July 1, 2014

² Effective for annual periods beginning on or after January 1, 2018

³ Effective for annual periods beginning on or after July 1, 2014, with limited exceptions

⁴ Effective for first annual IFRS financial statements beginning on or after January 1, 2016

⁵ Effective for annual periods beginning on or after January 1, 2017

⁶ Effective for annual periods beginning on or after January 1, 2016

The Directors of the Company anticipate that the application of the above standards and amendments will have no material impact on the financial performance and financial position of the Group and the Company.

3. CASINO REVENUE

Casino revenue represents the aggregate net difference between gaming wins and losses, net of sales incentives.

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Casino revenue from		
— VIP gaming operations	13,509,694	15,995,647
— Main floor table gaming operations	9,596,668	7,162,671
— Slot machine operations	2,031,571	2,254,049
	<u>25,137,933</u>	<u>25,412,367</u>

4. OTHER REVENUE

Other revenue comprises:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hotel rooms	42,112	45,364
Food and beverages	227,537	220,222
Retail goods and other services	46,714	49,560
	<u>316,363</u>	<u>315,146</u>

From time to time, the Group provides hotel rooms, food and beverages, retail goods and other services to certain guests and customers without charges (the “Promotional Allowances”) and no revenue is received for such promotional activities. The retail value of the Promotional Allowances incurred during the year is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hotel rooms	457,510	406,502
Food and beverages	373,234	368,604
Retail goods and other services	12,744	20,919
	<u>843,488</u>	<u>796,025</u>

5. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the ownership and management of its casino, hotel and food and beverage operations. A single management team reports to the Group’s Chief Executive Officer (being the chief operating decision-maker) who allocates resources and assesses performance based on the consolidated revenue, result, assets and liabilities for the year for the entire business. Accordingly, the Group does not present separate segment information.

During the current and prior years, all revenue is derived from customers patronising the Group’s Macau property. None of the customers of the Group individually contributed more than 10% of the total revenue during the current and prior years.

6. OTHER EXPENSES AND LOSSES

Other expenses and losses comprise:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Junket commission	1,798,661	2,160,594
Advertising and promotion	783,705	775,472
License fees	335,010	279,302
Utilities and fuel	111,449	120,898
Other support services	107,398	71,564
Allowance/(reversal of allowance) for doubtful debts, net	98,232	(55,396)
Repairs and maintenance	83,593	79,964
Loss on disposal/write-off of property and equipment and construction in progress	11,581	3,027
Other	222,880	270,991
	<u>3,552,509</u>	<u>3,706,416</u>

7. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest paid/payable on:		
Bank borrowings wholly repayable within five years	163,486	184,959
Land use right payable wholly repayable within four years	28,913	38,497
Amortization of debt finance costs on bank borrowings wholly repayable within five years	68,965	66,199
Bank fees and charges	6,914	6,325
	<u>268,278</u>	<u>295,980</u>
Total borrowing costs	268,278	295,980
Less: capitalized interest allocated to construction in progress	(230,385)	(82,077)
	<u>37,893</u>	<u>213,903</u>

8. TAXATION

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current taxation expense:		
Macau dividend withholding tax	(14,951)	(14,951)
Hong Kong Profit Tax	(848)	—
	<u>(15,799)</u>	<u>(14,951)</u>

Macau Complementary Tax is calculated at progressive rates up to a maximum of 12% of the estimated assessable profit for the current and prior years. Pursuant to the approval notice 267/2011 issued by the Macau Government dated September 22, 2011, MGM Grand Paradise, the Group's principal operating subsidiary, was exempted from Macau Complementary Tax for income generated from gaming operations for another 5 years from 2012 to 2016. Accordingly, no liability for Macau Complementary Tax has been recognized by the Group for the years ended December 31, 2014 and 2013.

MGM Grand Paradise's exemption from Macau Complementary Tax does not apply to dividends to be distributed by MGM Grand Paradise. On December 18, 2012, the Macau Government informed MGM Grand Paradise of the terms of an extended tax concession arrangement pursuant to which MGM Grand Paradise is required to pay a dividend withholding tax of MOP15,400,000 (equivalent to approximately HK\$14,951,000) for each of the years ended December 31, 2012 through 2016 in lieu of Macau Complementary Tax otherwise payable by the shareholders of MGM Grand Paradise on dividend distributions received by them from gaming profit.

Hong Kong Profit Tax is calculated at 16.5% of the estimated assessable profit for the current and prior years. No provision for Hong Kong Profit Tax has been recognized for year ended December 31, 2013 since the Company's subsidiary did not have estimated assessable profit after netting off available taxation losses brought forward in Hong Kong.

As at December 31, 2014, the Group has total unused tax losses (subject to agreement by the relevant tax authorities of Macau and Hong Kong) amounting to approximately HK\$3,864.8 million, of which approximately HK\$1,211.2 million, HK\$1,411.3 million and HK\$1,202.5 million arose from tax losses in Macau in the years of assessment ended December 31, 2014, 2013 and 2012 respectively (2013: total unused tax losses amounting to approximately HK\$3,594.8 million, of which approximately HK\$1,379.6 million, HK\$1,202.5 million and HK\$977.7 million arose from tax losses in Macau in the years of assessment ended December 31, 2013, 2012 and 2011 respectively). The Macau tax losses of approximately HK\$3,825.0 million in aggregate will expire in the years ended December 31, 2017, 2016 and 2015 (2013: approximately HK\$3,559.8 million Macau tax losses in aggregate will expire or had expired in the years ended December 31, 2016, 2015 and 2014). As at December 31, 2014, the Group has other unused tax losses of approximately HK\$39.8 million in Hong Kong (2013: approximately HK\$35.0 million), which may be carried forward indefinitely.

As at December 31, 2014, the Group also has a deductible temporary difference of approximately HK\$1,139.7 million (2013: approximately HK\$1,025.5 million) arising from pre-opening expenses and decelerated tax depreciation.

No deferred tax assets have been recognized as it may not be probable that taxable profits will be available against which unutilized tax losses and deductible temporary differences can be utilized.

9. DIVIDENDS

On February 20, 2013, a special dividend of HK\$1.02 per Share, amounting to approximately HK\$3,873.8 million in aggregate was declared by the Directors of the Company. This dividend was paid to Shareholders on March 18, 2013.

On August 6, 2013, an interim dividend of HK\$0.23 per Share, amounting to approximately HK\$874.0 million in aggregate was declared by the Directors of the Company. This dividend was paid to Shareholders on September 2, 2013.

On February 19, 2014, a special dividend of HK\$1.02 per Share, amounting to approximately HK\$3,876.1 million in aggregate was declared by the Directors of the Company. This dividend was paid to Shareholders on March 17, 2014.

On May 12, 2014, a final dividend of HK\$0.26 per Share, amounting to approximately HK\$988.0 million in aggregate for the year ended December 31, 2013 was approved by the Shareholders of the Company. This dividend was paid to Shareholders on June 3, 2014.

On August 5, 2014, an interim dividend of HK\$0.28 per Share, amounting to approximately HK\$1,064.0 million in aggregate was declared by the Directors of the Company. This dividend was paid to Shareholders on September 1, 2014.

On February 17, 2015, a special dividend of HK\$0.816 per Share, amounting to approximately HK\$3,100.8 million in aggregate, was declared by the Directors of the Company, and a final dividend of HK\$0.245 per Share, amounting to approximately HK\$931.0 million in aggregate for the year ended December 31, 2014, 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.

10. EARNINGS PER SHARE

The calculation of the basic earnings per Share for the years ended December 31, 2014 and 2013 is based on the consolidated profit attributable to owners of the Company and on the weighted average number of Shares in issue during the year.

The calculation of diluted earnings per Share for the years ended December 31, 2014 and 2013 is based on the consolidated profit attributable to owners of the Company and on the weighted average number of Shares, including the weighted average number of Shares in issue during the year plus the potential Shares arising from assumed exercise of share options.

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

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit		
Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per Share	5,706,943	5,333,528
Weighted average number of shares		
Weighted average number of Shares for the purpose of basic earnings per Share (<i>'000</i>)	3,800,087	3,800,107
Number of dilutive potential Shares arising from exercise of share options (<i>'000</i>)	5,868	4,338
Weighted average number of Shares for the purpose of diluted earnings per Share (<i>'000</i>)	3,805,955	3,804,445
Earnings per Share — basic and diluted	HK\$1.50	HK\$1.40

11. TRADE RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	532,343	610,974
Less: Allowance for doubtful debts	(104,770)	(33,730)
	427,573	577,244

The Group grants unsecured credit lines, drawn by way of non-negotiable chips, to gaming promoters based on pre-approved credit limits. The Group also issues markers and credit to approved casino customers (“VIP gaming customers”) and provides credit to hotel customers following background checks and investigations of creditworthiness. The Group allows a credit period up to 30 days on issuance of markers to gaming promoters and VIP gaming customers and an average of 30 days to hotel customers. Trade receivables are unsecured and non-interest bearing. The carrying amount of the trade receivables approximates their fair value.

The following is an analysis of trade receivables, net of allowance for doubtful debts, by age presented based on marker issuance date or invoice date:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	259,406	514,732
31 — 60 days	94,929	33,753
61 — 90 days	27,156	28,732
91 — 120 days	46,082	27
	427,573	577,244

The Group assesses the recoverability of trade receivables on an individual basis. Allowance for doubtful debts are recognized against trade receivables based on estimated recoverable amounts taking into account past default experience of the individual counterparty and an ongoing assessment of the counterparty's current financial position. The Group usually recognizes full allowance against receivables due from casino customers that are long overdue without subsequent settlement because historical experience has been that receivables with prolonged outstanding balances are generally irrecoverable. Trade receivables from hotel customers are not significant at the end of the reporting period.

Movement in the allowance for doubtful debts during the year, which is substantially all related to casino customers, is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At January 1	33,730	107,133
Impairment losses recognized on trade receivables	117,824	34,162
Impairment losses reversed upon recovery	(19,592)	(89,558)
Amount written off as uncollectible	(27,192)	(18,007)
	<u>104,770</u>	<u>33,730</u>
At December 31	<u>104,770</u>	<u>33,730</u>

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the relevant counterparties from the date credit was initially granted up to the end of the reporting period. The Group has a concentration of credit risk with a small number of gaming promoters, all of which are domiciled in Macau.

The impairment losses recognized during the years ended December 31, 2014 and 2013 are attributable to casino debtors who defaulted in repayment of their debts and/or their creditworthiness has deteriorated.

12. PAYABLES AND ACCRUED CHARGES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Outstanding chips liabilities	1,718,108	2,555,951
Special gaming tax and special levies payables	970,677	1,316,136
Other casino liabilities	874,988	1,214,224
Accrued construction and renovation costs	796,872	552,002
Deposits and advances	360,008	355,593
Accrued staff costs	359,231	336,619
Other payables and accrued charges	295,502	306,015
Construction payables	115,392	14,294
Trade payables	90,480	70,358
	<u>5,581,258</u>	<u>6,721,192</u>
Current	5,579,218	6,721,192
Non-current	2,040	—
	<u>5,581,258</u>	<u>6,721,192</u>

The following is an analysis of trade payables by age based on the invoice date:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	55,182	47,985
31 — 60 days	26,809	18,165
61 — 90 days	3,202	1,005
91 — 120 days	3,840	2,479
Over 120 days	1,447	724
	<u>90,480</u>	<u>70,358</u>

The average credit period on purchases of goods is one month.

13. BANK BORROWINGS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Bank borrowings represent:		
Secured term loan facility	4,290,000	4,290,000
Less: Debt finance costs	(171,818)	(240,783)
	<u>4,118,182</u>	<u>4,049,217</u>
Bank borrowings are repayable as follows:		
On demand or within one year	—	—
More than one year, but not exceeding two years	1,072,500	—
More than two years, but not exceeding five years	3,217,500	4,290,000
	<u>4,290,000</u>	<u>4,290,000</u>
Less: Debt finance costs	(171,818)	(240,783)
	<u>4,118,182</u>	<u>4,049,217</u>
Current	—	—
Non-current	4,118,182	4,049,217
	<u>4,118,182</u>	<u>4,049,217</u>

The credit facilities obtained by the Group comprise a HK\$4,290 million term loan facility and a HK\$11,310 million revolving credit facility. These facilities bear interest for the first six months from the effective date of the credit facilities at the Hong Kong Interbank Offered Rate (“HIBOR”) plus a fixed margin of 2.5% per annum and thereafter at a variable margin ranging from 1.75% to 2.5% per annum based on the Group’s leverage ratio. As at December 31, 2014, the interest rate under the credit facilities was HIBOR plus 1.75% per annum (2013: HIBOR plus 1.75% per annum). The effective interest rate on the Group’s borrowings for the year ended December 31, 2014 was 5.36% (2013: 4.71%). The term loan facility is repayable on a quarterly basis commencing in July 2016 and will be fully repaid in October 2017 whereas each drawdown under the revolving credit facility is to be repaid in full on the last date of the respective term but no later than October 2017. No amounts were drawn under the revolving credit facility as at December 31, 2014 and 2013.

The credit facilities are secured by a charge over the shares of MGM Grand Paradise and some of its subsidiaries as well as most of the assets, including but not limited to property and equipment, land use right premium and bank balances and cash of the Group.

14. RELATED PARTY TRANSACTIONS

Details of transactions between the Group and other related parties are disclosed below.

(a)(i) Amounts due from related companies represent balances with fellow subsidiaries. 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 non-controlling beneficial interests amounting to HK\$13.2 million (2013: HK\$6.3 million), and ultimate holding company of the Company amounting to HK\$4.2 million (2013: HK\$6.6 million). The amounts are unsecured, non-interest bearing and repayable on demand.

Aging of amounts due to related companies in respect of trade balance:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Within 30 days	12,609	10,166
31 — 60 days	4,753	2,713
61 — 90 days	52	—
	17,414	12,879

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

Related parties	Type of transaction	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Companies in which one of the Directors of the Company has non-controlling beneficial interests	Rental of premises	3,427	3,204
	Travelling and accommodation, net of discounts	186,292	149,812
Ultimate holding company	Marketing referral fees	22,233	17,908
	Marketing referral income	(1,153)	(827)
Company jointly-owned by Shareholders	Developers' fees capitalized	80,542	118,030
	License fee	335,010	279,302

The Group has been granted the use of certain trademarks owned by MGM Resorts International and its subsidiaries at no charge. Pursuant to the Branding Agreement entered into between the Company, MGM Grand Paradise, MGM Branding and Development Holdings, Ltd., MGM Resorts International, MGM Resorts International Holdings, Ltd. and New Corporate Enterprises Limited on May 17, 2011, the Group has been granted the use of certain trademarks owned by MGM Resorts International and its subsidiaries for a fee. Such Branding Agreement is effective from June 3, 2011 and will expire on March 31, 2020, which is also the expiry date of the Group's Sub-Concession Contract. Pursuant to the terms of the Branding Agreement, the Group is 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 is subject to an annual cap. For the year ended December 31, 2014, the annual cap was US\$43.2 million (equivalent to approximately HK\$335.0 million) and for the year ended December 31, 2013, the annual cap was US\$36 million (equivalent to approximately HK\$279 million). The annual cap increases by 20% per annum for each financial year during the term of the Branding Agreement. During the year ended December 31, 2014, a total license fee of HK\$335.0 million (2013: HK\$279.3 million) was recognized in profit or loss.

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, and certain fellow subsidiaries of the Company collect and/or make payment on behalf of each other at no service charge.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

MGM MACAU opened in December 2007 and has a casino floor area of approximately 25,459 square meters, with 1,197 slot machines, 427 gaming tables and multiple VIP and private gaming areas. The hotel comprises a 35-storey tower with 582 deluxe rooms, including 468 standard guest rooms, 99 luxury suites and 15 private luxury villas. In addition, the resort offers luxurious amenities, including 8 diverse restaurants and bars, world-class pool and spa facilities, and approximately 1,600 square meters of convertible convention space. The resort's focal point is the signature Grande Praça and features Portuguese-inspired architecture, dramatic landscapes and a glass ceiling rising 25 meters above the floor of the resort. Our property is directly connected to the One Central complex, which features many of the world's leading luxury retailers and includes Mandarin Oriental Hotel and serviced apartments.

Significant changes occurred in the Macau gaming market during the year especially related to policy initiatives introduced by the governments of Macau and China. These changes are discussed below and, together with increased competition, created a challenging business environment, especially in the second half of the 2014 financial year. The Group responded to the changing business environment by managing its customer segments, focusing on gaming floor yields and containing costs. Adjusted EBITDA and profit attributable to owners of the Company increased by 4.7% and 7.0% to HK\$6,662.9 million and HK\$5,706.9 million, respectively, despite a slight decrease in 2014 revenue by 1.1% to HK\$25,454.3 million compared to the prior year.

Cotai Development

Construction continued during 2014 of MGM COTAI, an integrated casino, hotel and entertainment complex on the Cotai Land. When completed, our new property will provide a truly unique MGM experience with about 1,500 hotel rooms, 500 gaming tables and approximately 1,500 slot machines. Construction works are progressing as planned with the basement nearing completion; focus has been given to podium, tower and external works; structural steel and mechanical, electrical and plumbing works are well advanced; and internal design plans are being refined. We have passed through the major structural concrete transfer at level 14 of both the North and South Towers and are quickly approaching level 16 as our next floor installation. We will be commencing façade installation in late March 2015. Our spectacle roof steel is progressing well in fabrication with initial installation on site planned in March 2015. The Group remains on schedule for the planned opening of MGM COTAI in 2016. The expected total development cost is approximately HK\$23 billion, excluding land costs and capitalized interest.

Macau's Gaming and Tourism Markets

Propelled by the solid economic development in China, the Macau gaming market had enjoyed strong growth since 2010. 2014 was a challenging year for the Macau gaming market as a consequence of changes in Macau Government policies including introduction of smoking restrictions, and shorter duration of stay for mainland travelers entering Macau using transit visas, coupled with slower economic growth in China and certain political initiatives introduced by the China Government. These factors resulted in a decrease in total casino gross win in the Macau market by 2.6% to approximately HK\$341.3 billion in 2014. Not all segments of the gaming market were adversely impacted by these changed circumstances. Whilst casino gross win for VIP gaming operations was down 11.8% in 2014 to approximately HK\$203.8 billion, casino gross win for the mass gaming operations achieved a growth rate of 17.8% in 2014 to approximately HK\$123.5 billion.

The Statistics and Census Service of the Macau Government reported that visitor arrivals reached 31.5 million in 2014 compared to 29.3 million in 2013, an increase of 7.5%. Gaming customers travel to Macau typically from nearby regions in Asia including mainland China, Hong Kong, Taiwan, South Korea and Japan. Approximately 90.8% of visitors to Macau in 2014 were from mainland China, Hong Kong and Taiwan. Visitors from mainland China increased 14.1% from the prior year and reached 21.3 million in 2014.

Despite the downward trend in overall Macau gaming revenues during the year, we are optimistic about the long-term prospect of the market due to a combination of factors. These factors include infrastructure improvements such as the expanded Gongbei border gate capacity, completion of the inter-city train from Guangzhou to the Gongbei border gate, and other initiatives that are expected to facilitate more convenient travel to and within Macau; the efforts and investments made by gaming concessionaires to solidify Macau as a destination market with superior and diverse integrated resort products; and the continuous focus on table yield management across the markets.

Competition

Currently, there are six gaming concessionaires in Macau, each of which have commenced casino operating activities and have expansion plans announced or underway. As at December 31, 2014, there were 35 casinos in Macau. Despite market share migration from Macau Peninsula to Cotai, we were able to maintain our overall market share at 9.7%. Our market share in Macau Peninsula reached 18.7% in 2014 compared to 18.1% in 2013. We expect competition in the Macau market to continue to increase in the future as more capacity is brought on line.

Our competition is not limited to the Macau market. We compete with similar business establishments in other parts of Asia as well as elsewhere in the world including, but not limited to, integrated resorts in Singapore, Philippines and Las Vegas.

Our Competitive Strength and Operating Strategies

Our competitive strength lies principally in our high-end product and service offerings, our ability to segment and conduct targeted marketing to various customer groups through our Golden Lion Club customer relationship program, our strong partnership with gaming promoters, and our very effective strategy execution by the operation team.

Our strategy is to grow our business and earnings by continuously improving customer experience, employee engagement and operational efficiency. We continue to expand and refurbish key gaming areas in our property to provide our high value customers and gaming operators with a first-class facility that embodies luxury, intimacy and inspiration. We also introduce new innovative gaming products to enhance customer experience, and develop technologies to enhance our analytical capability for operations and marketing to help us deliver much more personal and precision marketing efforts. We manage our gaming mix by continuously evaluating table yield, focusing on measuring the number of table open hours in relation to business volume, evaluating the table limits, reallocation of tables while also complying with the Macau Government policy such as the non-smoking regulation, to maximize our table utilization and profitability. We also improve our customer experiences by enhancing our hotel, food and beverage offerings. In addition, we provide regular professional and service training to our employees with the goal of building a culture of execution excellence. The investment we made in our products and our employees was an indispensable factor that allowed us to achieve the continuous growth particularly in our main floor gaming operations during the year. In the coming years, we will introduce our market leading resort life-style curator program, M life, as a vehicle to expand the reach of our current player club, Golden Lion Club, and increase our brand awareness and customer loyalty from our key feeder markets.

Operational Efficiency

In face of increased competition and the challenging market conditions experienced in 2014, we have adopted strategies to protect and grow our earnings by focusing on customer experience, employee engagement and operating efficiency. We have introduced key performance indicators (“KPI”) to various operations within our business. Decisions on hiring, scheduling and staffing are made in accordance to KPI which are linked to our business volume and target productivity. We will continue to provide professional and service training to our employees to implement continuous improvement processes and to seek more efficiency opportunities. We are also investing in technologies to enhance our analytical capability for operations and marketing in order to further enhance our overall efficiency.

Segment Information

The Group currently operates in one operating segment which is the ownership and management of its casino, hotel and food and beverage operations. A single management team reports to the Group’s Chief Executive Officer (being the chief operating decision-maker) who allocates resources and assesses performance based on the consolidated revenue, result, assets and liabilities for the period prepared under IFRSs for the entire business. Accordingly, the Group does not present separate segment information.

During the current and prior years, all revenue was derived from customers patronising the Group’s Macau property. None of the customers of the Group individually contributed more than 10% of the total revenue during the current and prior years.

DISCUSSION OF RESULTS OF OPERATIONS

Financial results for the year ended December 31, 2014 compared to financial results for the year ended December 31, 2013

Summary Statistics

(in thousands, except for number of gaming tables and slot machines, percentage, and REVPAR)	For the year ended December 31,	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
Number of VIP gaming tables	216	233
VIP table games turnover	771,690,352	894,592,686
VIP gross table games win	21,372,592	25,243,772
VIP table games win percentage	2.8%	2.8%
Average daily gross win per VIP gaming table	271.3	296.8
Number of main floor gaming tables	207	189
Main floor table games drop ⁽¹⁾	36,188,772	30,732,606
Main floor gross table games win	9,528,227	7,118,699
Adjusted main floor table games win percentage	26.3%	23.2%
Average daily gross win per main floor gaming table	126.4	103.3
Number of slot machines	1,197	1,368
Slot machine handle	45,885,173	44,409,964
Slot machine gross win	2,032,474	2,262,939
Slot hold percentage	4.4%	5.1%
Average daily win per slot	4.7	4.5
Commission and discounts	(7,872,693)	(9,254,411)
Room occupancy rate	98.7%	98.3%
REVPAR ⁽²⁾	2,302	2,078

Notes:

- ⁽¹⁾ Main floor table games drop includes estimated cash chips purchased at the casino cage. Main floor table games wagers are conducted by the use of cash chips. In addition to purchasing cash chips at gaming tables, main floor customers may also purchase cash chips at the casino cage. As a result of increased cash chips purchased at the casino cage, we now adjust main floor table games drop to include such purchases in order to more meaningfully reflect main floor table games volume and win percentage.
- ⁽²⁾ 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.

Operating Revenue

The following table sets forth the operating revenue for the years ended December 31, 2014 and 2013.

	For the year ended December 31,	
	2014	2013
	HK\$'000	HK\$'000
Casino revenue	25,137,933	25,412,367
VIP gaming operations	13,509,694	15,995,647
Main floor gaming operations	9,596,668	7,162,671
Slot machine gaming operations	2,031,571	2,254,049
Other revenue	316,363	315,146
Hotel rooms	42,112	45,364
Food and beverages	227,537	220,222
Retail and other services	46,714	49,560
Operating revenue	<u>25,454,296</u>	<u>25,727,513</u>

Total operating revenue of HK\$25,454.3 million for the year ended December 31, 2014 was 1.1% lower than the prior year. The small decrease in operating revenue was directly attributable to the changed business conditions in the Macau gaming market that were described previously and which started to impact the Group from the second half of 2014.

Casino Revenue

Casino revenue remained flat year-over-year at HK\$25,137.9 million and HK\$25,412.4 million for the years ended December 31, 2014 and 2013 respectively. The components of our gaming operations were:

VIP Gaming Operations

A significant amount of our VIP casino play is brought to us by gaming promoters, who have historically played an important role in the Macau gaming market. Gaming promoters introduce high-spending VIP players to us and often assist those customers with their travel and entertainment arrangements. In addition, gaming promoters often extend credit to their players. Gaming promoters also rely upon sub-promoters or collaborators to bring in the VIP gaming customers.

In exchange for their services, we compensate the gaming promoters in two ways. Some gaming promoters are paid a percentage of the actual win, plus a monthly allowance based on a percentage of the rolling chip turnover their customers generate, which can be applied to hotel rooms, food and beverages and other discretionary customers-related expenses. Other gaming promoters are paid a percentage of the rolling chip turnover, plus discounted offering on our non-gaming amenities.

The Group has established good business relationships with our gaming promoters. While some have partnered with us since opening, we have been able to add new promoters over the years who have contributed significantly to our growth and also to replace the departing ones due to under-performance to maximize our table utilization and profit. Our commission percentages have remained stable throughout our operating history and consistent with the overall market practice.

In addition to VIP players introduced to us by gaming promoters, we also have in-house VIP players sourced through the Company's own marketing channels. These in-house VIP players typically receive a commission and an allowance for hotel rooms, food and beverages all based on a percentage of the rolling chip turnover.

Revenue from VIP gaming operations decreased year-over-year by 15.5% to HK\$13,509.7 million. VIP table games turnover decreased by 13.7% to HK\$771,690.4 million in 2014 and our VIP table games win percentage remained at 2.8% for both years. VIP gaming turnover in 2014 was adversely impacted by political and macroeconomic factors in China which is a major source of our VIP gaming customers. In 2014, MGM MACAU had 216 VIP gaming tables in operation, compared with 233 VIP gaming tables in 2013. We reduced the number of VIP gaming tables which were reallocated to the casino main floor gaming operation to meet increased demand.

Approximately 80% of the commissions paid to gaming promoters are netted against reported casino revenue, which corresponds to the approximate amount of the commission returned to the VIP players by the gaming promoters, and approximately 20% of the commissions are included in operating expenses, which corresponds to the approximate amount ultimately retained by gaming promoters for their compensation. The total amount of commissions netted against casino revenue was HK\$7,872.7 million and HK\$9,254.4 million in 2014 and 2013, respectively.

Operationally, we continue to strive to improve our VIP business volume by maximizing productivity from existing capacity. We continuously work with our current gaming promoters to fully utilize existing space and tables. When appropriate, we reallocate tables to main floor to maximize our yield and profit. In addition, we constantly review our service processes to meet or exceed our customer expectations. Our efforts to grow the VIP business will continue to center around maintaining a close partnership with gaming promoters, enhancing the gaming experience of our customers, and yielding all VIP gaming rooms to maximize table utilization and profit.

Main Floor Gaming Operations

Main floor gaming operations in the Macau market are also referred to as the "mass gaming operation". Unlike VIP players, main floor players do not receive commissions from the Group. The profit contribution from the main floor business is higher than the VIP operation. The main floor business is the most profitable operations for us as well as for the Macau gaming market as a whole. We also believe that this operation represents the most potential for sustainable growth in the future.

For the year ended December 31, 2014, revenue from main floor gaming operations significantly increased year-over-year by 34.0% to HK\$9,596.7 million and main floor table games drop increased by 17.8% to HK\$36,188.8 million. The growth was in part attributable to the overall market growth of this operation, but also due to our successful customer segmentation approach with a product and service focus on the mid to premium main floor business. These positive impacts were partly offset by the transit visa restriction and main floor smoking restriction introduced by the Macau Government both of which became effective during 2014. We continued to invest capital to improve the gaming experience of our high-end main floor customers by creating dedicated exclusive gaming space for their use and reallocating tables from VIP gaming to our main floor gaming areas to maximize our yield and profit. We also leveraged our Golden Lion Club as a vehicle to attract and retain those high value main floor players through exclusive customer service and promotions. As a result, our average daily gross win per main floor gaming table significantly increased year-over-year by 22.4% from HK\$103.3 thousands to HK\$126.4 thousands in 2014. In 2014, MGM MACAU had 207 main floor gaming tables in operation, compared with 189 main floor gaming tables in 2013. The adjusted main floor table games win percentage increased from 23.2% to 26.3% in 2014.

Going forward, we will continue to re-examine our main floor gaming areas to maximize table utilization, to expand or refurbish our gaming areas, to innovate our gaming products and to invest in technologies and analytical capability to enhance table productivity and customer retention.

Slot Machine Gaming Operations

Our slot handle was HK\$45,885.2 million, a slight increase of 3.3% in 2014, despite the decrease in the number of slot machines in operation from 1,368 in 2013 to 1,197 in 2014. Our average daily win per slot increased year-over-year by 4.4% from HK\$4.5 thousands to HK\$4.7 thousands as well. Both increases were due primarily to our improvement on slot machine product mix, our successful customer and product segmentation strategies, coupled with our focus on superior slot hosts services and building brand awareness and loyalty. Following the success of the electronic betting terminals of Live Table Games (“LT Games”) gaming area launched in August 2012 on the main floor, we expanded our LT Games as well in April 2014, which were tailored for the high-end segment of the market, and benefitted our handle. However, similar to our main floor gaming operations, the positive impact was partly offset by the transit visa restriction and main floor smoking ban rule, as well as the decrease in our slot machine win percentage from 5.1% to 4.4% in 2014, resulting in decrease of our slot revenue by 9.9% to HK\$2,031.6 million in 2014.

Going forward, we will continue to re-examine the mix of our games in operation to maximize our casino profitability, and we will expand our Supreme Lounge to increase slot capacity and continue to develop M life to increase our brand awareness and customer loyalty simultaneously. In conjunction with the M life rollout, we are also developing technologies to enhance our analytical capability to help us deliver much more personal and precision marketing efforts.

Non-gaming Attractions and Branding Activities

We recognize the importance of brand awareness in growing the gaming operation. As a result, we have enhanced our marketing activities to take advantage of our internationally recognized brand. Brand-building initiatives are driven through promotions, events, strategic alliances and public relation activities. The following are some of the exhibits and events organized in 2014:

- “MGM Art Space” with a spectacular exhibition featuring Florentine Renaissance artist Sandro Botticelli’s life, legend, legacy and his enduring masterpiece, *Venus*;
- Art Exhibition in L2 Showcase featuring themed artworks by artists from China, Macau and France;
- “MGM • Biennial of the Lions — Beyond the Roar” unique lion sculptures dressed elaborately by 50 French and Chinese artists which were displayed all around the landmarks of Macau, the Macau Museum of Art and MGM MACAU;
- MGM Water Aurora, featuring an eight-meter-tall water-sky aquarium with fish darting among multi-hued corals located in our Grande Praça;
- “Red Sandalwood Art Exhibition of Old Beijing City Gates” reinventing the ancient charm of old Beijing city through sublime red sandalwood craftsmanship.

These exhibits and events attracted visitors to our property and have created a sense of anticipation among our customers, local communities and tourists, about the activities at MGM MACAU.

Other Revenue

Other revenue, which includes hotel rooms, foods and beverages and retail and other services, remained flat at HK\$316.4 million and HK\$315.1 million for the years ended December 31, 2014 and 2013 respectively. The non-gaming facilities and services are critical for MGM MACAU to establish its brand and maintain its popularity in Macau and the region, in order to encourage visitations and extend the length of customers’ stay within MGM MACAU.

Operating Costs and Expenses

The following table sets forth the major operating costs and expenses for the years ended December 31, 2014 and 2013.

	For the year ended	
	December 31,	
	2014	2013
	HK\$’000	HK\$’000
Special gaming tax and special levies to the Macau Government	13,002,885	13,654,092
Inventories consumed	386,698	359,900
Staff costs	1,943,886	1,695,803
Other expenses and losses	3,552,509	3,706,416
Depreciation and amortization	799,598	767,670
Finance costs	37,893	213,903
Taxation	15,799	14,951

Special gaming tax and special levies to the Macau Government

Special gaming tax and special levies payable to the Macau Government decreased by 4.8% to HK\$13,002.9 million in 2014. This decrease resulted directly from the decrease in gross casino revenue during the year.

Inventories consumed

Inventories consumed increased by 7.4% to HK\$386.7 million in 2014. This increase was primarily due to increase in consumptions of supplies, including gaming supplies such as cards and other supplies in response to the increase in our business activities during the year, particularly on main floor gaming operations and our food and beverage outlets.

Staff costs

Staff costs increased by 14.6% to HK\$1,943.9 million in 2014. The increase was primarily due to a 5% staff salary increment to line level staff implemented in March 2014 and staff retention strategy under our internal organization restructure in preparation for our opening of MGM COTAI in 2016.

Other expenses and losses

Other expenses and losses decreased by 4.2% to HK\$3,552.5 million in 2014, which mainly resulting from:

Junket commissions. Junket commissions decreased by 16.8% from HK\$2,160.6 million in 2013 to HK\$1,798.7 million in 2014. The decrease resulted directly from the lower VIP gross table games win during the year.

License fee and marketing fees. License fee and marketing fees due to related companies increased by 20.2% from HK\$297.2 million in 2013 to HK\$357.2 million in 2014. This increase resulted directly from the increase in the annual cap by 20% in 2014, as previously explained.

Allowance/(reversal of allowance) for doubtful debts, net. Allowance for doubtful debts, net was HK\$98.2 million debit in 2014 compared to a gain of HK\$55.4 million in 2013. There were no changes in the allowance for doubtful debts policy; last year's gain primarily resulted from recovery of doubtful debts provided for in previous years while the current year's expense was primarily due to the changed business conditions in the Macau gaming market that were described previously and which started to impact the Group from the second half of 2014.

Depreciation and amortization

Depreciation and amortization increased by 4.2% to HK\$799.6 million in 2014 due to some new furniture and equipment placed into service in 2014, and partly offset by the impact of full depreciation of certain assets in 2014.

Finance costs

Finance costs decreased by 82.3% to HK\$37.9 million in 2014. The decrease primarily resulted from a decrease of HK\$21.5 million in interest paid due to lower interest rate applicable to the Group's term loan and an increase of HK\$148.3 million of interest allocated to construction in progress for the COTAI project.

Taxation

Taxation for the year ended December 31, 2014 primarily related to dividend withholding tax for the respective periods granted by the Macau Government in December 2012, while the amount for the year ended December 31, 2013 related to this dividend withholding tax only. Details of taxation are set out in note 8 to the consolidated financial statements.

Profit attributable to owners of the Company

Profit attributable to owners of the Company increased by 7.0% from HK\$5,333.5 million in 2013 to HK\$5,706.9 million in 2014.

Adjusted EBITDA

The following table sets forth a quantitative reconciliation of Adjusted EBITDA to its most directly comparable IFRS measurement, profit attributable to owners of the Company, for the years ended December 31, 2014 and 2013.

	For the year ended	
	December 31,	
	2014	2013
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	5,706,943	5,333,528
Add/(less):		
Depreciation and amortization	799,598	767,670
Interest income	(12,640)	(24,529)
Finance costs	37,893	213,903
Net foreign currency difference	20,725	5,779
Taxation	15,799	14,951
Share-based payments	69,704	34,462
Property charges and others	24,857	19,809
Adjusted EBITDA ⁽¹⁾ (unaudited)	<u>6,662,879</u>	<u>6,365,573</u>
Adjusted EBITDA before the license fee ⁽²⁾ (unaudited)	<u>6,997,889</u>	<u>6,644,875</u>

Notes:

⁽¹⁾ Adjusted EBITDA is profit before finance costs, taxation, depreciation and amortization, interest income, net foreign currency difference, share-based payments, and property charges and other items which mainly include (gain)/loss on disposal or write-off of property and equipment and construction in progress, pre-opening 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 report may not be comparable to other similarly titled measures of other companies operating in the gaming or other business sectors.

⁽²⁾ Adjusted EBITDA before the license fee paid to a related company was HK\$6,997.9 million and HK\$6,644.9 million in 2014 and 2013 respectively. Details of the license fee are set out in note 14 to the consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Bank and Cash Balances

The Group's bank and cash balances as at December 31, 2014 were HK\$4,232.2 million. Working capital, operating expenses and capital expenditures were funded from equity, bank borrowings, and cash generated from operations.

The bank and cash balances are available for operations, new development activities including the COTAI project and enhancement to our existing property. In addition, HK\$11,310.0 million remained undrawn as at December 31, 2014 under the HK\$15.6 billion total banking facilities available to the Group.

Gearing Ratio

The gearing ratio is an indicator of the Group's capital structure and capacity. The gearing ratio is calculated as net debt divided by equity plus net debt. Net debt comprised long-term bank borrowings (offset by cash and bank balances), and equity comprised all capital and reserves of the Group. As at December 31, 2014, the gearing ratio of the Group was zero (2013: zero), as the Group's cash balances exceeded total debt as at December 31, 2014 and 2013.

Group Cash Flows

The following table presents a summary of the Group's cash flows for the years ended December 31, 2014 and 2013.

	For the year ended December 31,	
	2014	2013
	HK\$'000	HK\$'000
Net cash generated by operating activities	5,199,046	7,528,090
Net cash used in investing activities	(2,748,481)	(2,052,298)
Net cash used in financing activities	(6,103,183)	(4,972,349)
Net (decrease)/increase in cash and cash equivalents	(3,652,618)	503,443
Cash and cash equivalents at the beginning of the year	7,884,805	7,381,362
Cash and cash equivalents at the end of the year	<u>4,232,187</u>	<u>7,884,805</u>

Net cash generated by operating activities

Our net cash generated from operating activities was primarily affected by operating income generated by MGM Grand Paradise and changes in working capital. Net cash from operating activities was HK\$5,199.0 million in 2014 compared to HK\$7,528.1 million in 2013. The decrease mainly resulted from the increase in payment for payables and accrued charges during the year.

Net cash used in investing activities

Net cash used in investing activities was HK\$2,748.5 million in 2014 compared to HK\$2,052.3 million in 2013. The major components of the cash flow used in investing activities related to payments for the design and construction of MGM COTAI and renovation work carried out throughout MGM MACAU, and purchase of property and equipment in total amounting to HK\$2,513.9 million and HK\$1,811.6 million in 2014 and 2013, respectively. Other amounts paid related to land use right premium in both years, and developers' fees paid in 2013.

Net cash used in financing activities

Net cash used in financing activities was HK\$6,103.2 million in 2014 compared to HK\$4,972.3 million in 2013. The increase mainly resulted from HK\$5,928.2 million dividend payments in 2014 compared to the HK\$4,750.0 million dividend payments in 2013.

Capital Commitments

Future commitments in respect of renovation of MGM MACAU and design and construction of the MGM COTAI that are not recorded in the condensed consolidated financial statements herein are as follows:

	As at December 31,	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorized but not contracted for	9,808,188	8,318,527
Contracted but not accounted for	8,814,903	9,626,778
	18,623,091	17,945,305

Indebtedness

As at December 31, 2014 and 2013, the Group had fully drawn down its secured term loan facility of approximately HK\$4,290.0 million. The Group had approximately HK\$11,310.0 million available to draw under the MGM Grand Paradise credit facilities as at December 31, 2014 and 2013.

Contingent Liabilities

As at December 31, 2014, the Group had given bank guarantees totaling HK\$300.1 million in relation to our gaming subconcession.

Term Loan Facility and Revolving Credit Facility

Overview

On October 22, 2012, the Company and MGM Grand Paradise as co-borrowers entered into an amended and restated credit agreement (the “Amended Credit Facilities”) with certain lenders. As part of such agreement, the credit facilities total HK\$15.6 billion, consisting of a HK\$4,290.0 million term loan facility and a HK\$11,310.0 million revolving credit facility. The Amended Credit Facilities may be used for proper corporate purposes, for future development opportunities including the COTAI project and general corporate purposes of the Group.

Principal and Interest

The term loan of HK\$4,290.0 million was fully drawn on October 29, 2012 and the HK\$11,310.0 million revolving credit facility was undrawn as at December 31, 2014 and 2013 and is available for utilization up to September 2017. The term loan is repayable on a quarterly basis commencing in July 2016 and will be fully repaid in October 2017 whereas each drawdown under revolving credit facility is to be repaid in full on the last date of the respective term but no later than October 2017.

The Amended Credit Facilities bear interest at HIBOR plus a fixed margin of 2.5% per annum for the first six months and thereafter a variable margin that may decrease to a minimum of 1.75% per annum based on the Group’s leverage ratio. As at December 31, 2014, the Group paid interest at HIBOR plus a margin of 1.75% per annum.

General Covenants

The Amended Credit Facilities contain general covenants restricting the ability of the obligor group (the Company and certain of its subsidiaries, namely the Restricted Group) to, among other things, enter into, dispose of or amend to certain commitments and/or investments. There are customary permitted exceptions to these restrictions and requirements for lenders approval.

Financial Covenants

The Restricted Group is required to maintain a leverage ratio at the end of each quarter while the loans are outstanding. The leverage ratio is to be kept within 4.50 to 1.00 for each quarter and reduced to no greater than 4.00 to 1.00 for each quarter after the first anniversary of opening of MGM COTAI. In addition, the Group is required to maintain an interest coverage ratio of no less than 2.50 to 1.00 at each quarter end.

Compliance with Covenants

The Group has complied with the general and financial covenants contained in the Amended Credit Facilities as set forth above for the years ended December 31, 2014 and 2013.

Mandatory Prepayments

The Amended Credit Facilities contain mandatory prepayment provisions which include, among other things, prepayment of all outstanding loans, together with accrued interest and all other amounts due thereunder, upon a change of control or sale of the MGM Grand Paradise business or COTAI project.

Dividend Restrictions

The Group is not allowed to declare, make or pay any dividends while any default is outstanding or will result or if its leverage ratio exceeds 4.00 multiples by then or on a proforma basis. To the extent its leverage ratio falls below 4.00 multiples but still exceeds 3.50, the Group may only pay dividends up to US\$300 million, including if any has been paid during preceding 12-month period. As at December 31, 2014, our leverage ratio was approximately 0.64.

Events of Default

The Amended Credit Facilities contain certain events of default, and certain insolvency-related proceedings relating to the Group. Pursuant to the Amended Credit Facilities, a divestment of holdings in the Company by MGM Resorts International below 50% control or any holdings in MGM Grand Paradise by the Company would constitute a change of control and trigger mandatory prepayment of the outstanding loan balances.

Security and Guarantees

Collateral for the term loan and revolving credit facility consists of most of the assets, including but not limited to property and equipment, land use right and bank balances and cash of the Group and the shares of MGM Grand Paradise and some of its subsidiaries. Certain of the Company's direct and indirect subsidiaries (where applicable) have executed guarantees as security.

Quantitative and Qualitative Disclosure about Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and conditions, such as inflation, interest rates, and foreign currency exchange rates.

Foreign Exchange Risk

The cash received from gaming activities is primarily in HK\$. The Group reports gross gaming win to the Macau Government in Patacas and gaming taxes are paid in HK\$. Our costs and expenses are primarily denominated in Patacas and HK\$. The value of a Pataca is directly linked to the value of a HK\$, and accordingly, we do not expect fluctuations in the values of these currencies to have a material impact on our operations. The majority of the Group's foreign currency exposure comprises assets denominated in US\$, Taiwan Dollars and Singapore Dollars. The exchange rate of the HK\$ is pegged to the US\$ and has remained relatively stable.

Interest Rate Risk

One of the Group's primary exposures to market risk is interest rate risk associated with our bank credit facilities that bear interest based on floating rates. Interest rate risk is managed by maintaining a level of cash and cash equivalents which management considers adequate to finance our operations and mitigate the effects of fluctuations in cash flows. We do not hedge our interest rate risk.

Credit Risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and guarantees provided by the Group is arising from:

- the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to a guarantee issued by the Group

The Group has a concentration of credit risk with a small number of gaming promoters, all of which are domiciled in Macau. Any adverse changes in the business environment and financial performance of those gaming promoters may impact the recoverability of the trade receivables. Should there be any change in circumstances pertaining to these gaming promoters, it would have a material effect to the carrying amount of trade receivables.

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Group believes that no significant credit risk is inherent in the Group's trade receivables which are not provided for.

The credit risk on the Group's bank and cash balances is limited because the counterparties are banks with high credit standing in Hong Kong and Macau.

Off Balance Sheet Arrangements

The Group has not entered into any transactions with special purpose entities nor do we engage in any transactions involving derivatives that would be considered speculative positions. The Group does not have any retained or contingent interest in assets transferred to an unconsolidated entity.

Other Liquidity Matters

The Group expects to fund its operations and capital expenditure requirements from operating cash flows, cash and cash equivalents and existing credit facilities. We may raise additional debt or refinance all or a portion of our indebtedness on or before maturity, but there can be no assurance that we will be able to do so on acceptable terms or at all.

New business developments or other unforeseen events may occur, resulting in the need to raise additional funds. There can be no assurances regarding the business prospects with respect to any other opportunity. Any other development would require us to obtain additional financing.

In the ordinary course of business, in response to market demands and client preferences and in order to increase revenue, we have made and will continue to make enhancements and refinements to MGM MACAU. We have incurred and will continue to incur capital expenditures related to these enhancements and refinements. In addition, we are focusing on the commencement of the COTAI project and will continue to incur capital expenditures for constructing MGM COTAI.

Taking into consideration our financial resources, including the Group's cash and cash equivalents, existing credit facilities and internally generated funds, we believe that we have sufficient available funds to meet our financial obligations for the following 12 months.

Related Party Transactions

Details of related party transactions are set out in note 14 to the consolidated financial statements. Our Directors confirm that all related party transactions are conducted on normal commercial terms and that their terms are fair and reasonable and are in the best interest of the Shareholders as a whole.

DISCLOSURE OF FINANCIAL RESULTS IN MACAU

MGM Grand Paradise, our subsidiary and the holder of our gaming Subconcession, will file its statutory consolidated financial statements in accordance with Financial Reporting Standards of Macau Special Administrative Region, the People's Republic of China ("MFRS") for the year ended December 31, 2014 ("MFRS Consolidated Financial Statements") to the Gaming Inspection and Coordination Bureau of Macau on or about February 27, 2015. This is a statutory filing requirement mandated by Macau law. In addition, MGM MACAU expects to publish its MFRS Condensed Financial Statements in the Macau Official Gazette and local newspapers in Macau by the end of April 2015. The MFRS Consolidated Financial Statements and the MFRS Condensed Financial Statements may not be directly comparable with our Company's financial results disclosed herein, which are prepared under IFRS.

CLOSURE OF REGISTER OF MEMBERS

Special Dividend

The register of members of the Company will be closed from March 6, 2015 (Friday) to March 10, 2015 (Tuesday), both days inclusive, during which period no transfer of Shares of the Company will be effected, for the purpose of ascertaining the members who are entitled to the Special Dividend. In order to qualify for the Special Dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30p.m. on March 5, 2015.

Final Dividend

Subject to the Shareholders' approval for the Final Dividend in the forthcoming Annual General Meeting, the register of members of the Company will be closed from May 22, 2015 (Friday) to May 27, 2015 (Wednesday), both days inclusive, during which period no transfer of Shares of the Company will be effected, for the purpose of ascertaining the members who are entitled to the Final Dividend. In order to qualify for the Final Dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30p.m. on May 21, 2015.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

During the year ended December 31, 2014, the Company repurchased a total of 987,600 Shares at an aggregate purchase price of HK\$25.6 million on the Hong Kong Stock Exchange. Particulars of the repurchases are as follows:

Month of repurchase	Total number of Shares repurchases	Highest price paid per Share <i>HK\$</i>	Lowest price paid per Share <i>HK\$</i>	Aggregate consideration paid <i>HK\$'000</i>
March 2014	227,500	31.55	30.95	7,147
June 2014	30,800	24.95	24.95	771
September 2014	664,300	24.60	24.25	16,297
December 2014	65,000	20.95	20.95	1,366

New Shares were issued pursuant to the exercise of share options by qualifying grantees under the share option scheme adopted by the Company. The Company repurchased the aggregate number of Shares equivalent to the aggregate number of all such new Shares being issued during the year ended December 31, 2014 in accordance with Rule 10.06 of the Listing Rules, and all the repurchased Shares were subsequently cancelled. The total issued share capital of the Company remains the same. The Board considered that such repurchases were made for the benefit of the Company and its Shareholders as a whole with a view of maintaining the same total issued share capital and enhancing stability of the Company's share capital and hence the net value of the Company and its assets and/or earnings per Share.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year.

CORPORATE GOVERNANCE REPORT

Corporate Governance Practices

The Company is committed to the establishment of good corporate governance practices and procedures to attain high ethical standards as well as high levels of accountability, transparency and equity in all areas of its operations and in all interactions with its stakeholders. It is believed that effective corporate governance is fundamental to enhancing Shareholders' value and safeguarding interests of employees, business partners, and the community in which it operates.

During the year ended December 31, 2014, the Company has complied with all code provisions of the Corporate Governance Code contained in Appendix 14 of the Listing Rules, except that as a result of Ms. Tommei Tong's resignation as independent non-executive Director, chairperson and member of the Audit Committee, member of the Nomination and Corporate Governance Committee and member of the Remuneration Committee on October 10, 2014, (i) the number of independent non-executive Directors fell below one-third of the Board as required under Rule 3.10A of the Listing Rules; (ii) the chairman of the Audit Committee of the Company fell vacant under Rule 3.21 of the Listing Rules; and (iii) and there was no independent non-executive Director on the Board and in the Audit Committee with appropriate professional qualifications or accounting or related financial management expertise as required under Rules 3.10 and 3.21 of the Listing Rules for a period of around 6 weeks. Following the appointment of Mr. Russell Banham for the above referred vacancies on November 20, 2014, the Company is in compliance with Rules 3.10, 3.10A and 3.21 of the Listing Rules.

The Company has adopted its own code of conduct regarding securities transactions by Directors and senior management of the Group (the “Code”) in terms which are more exacting than the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

The Company has made specific inquiries and has received confirmations from all the Directors that they have complied with the required standard as set out in the Code for the year ended December 31, 2014.

Audit Committee

The Audit Committee is currently comprised of three independent non-executive Directors and one non-executive Director. As a result of Ms. Tommei Tong’s resignation as chairperson and member of the Audit Committee on October 10, 2014, the Audit Committee comprised of two Independent non-executive Directors and one non-executive Director (with no chairperson) until the appointment of Mr. Russell Banham for the above referred vacancies on November 20, 2014. The major duties of the Audit Committee under its terms of reference include overseeing the relationship between the Company and its external auditors, monitoring the integrity of the financial statements, annual and interim reports and reviewing significant financial reporting judgment contained therein, monitoring compliance with statutory and the Listing Rules requirements in relation to financial reporting, reviewing the Group’s financial controls, internal controls and risk management systems. The Audit Committee has reviewed the Group’s annual results for the year ended December 31, 2014.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is published on the Company’s and the Hong Kong Stock Exchange’s websites. The Company’s annual report for the year ended December 31, 2014 in accordance with the relevant requirements of the Listing Rules will be dispatched to the Shareholders and published on the Company’s and the Hong Kong Stock Exchange’s websites in due course.

DEFINITIONS AND GLOSSARY USED IN THIS ANNOUNCEMENT

“Annual General Meeting”	the annual general meeting of the Company to be held on or around May 14, 2015
“Board”	the board of Directors of our Company
“casino”	a gaming facility that provides casino games consisting of table games, slot machines and other electronic games and other games of chance
“casino revenue”	revenue from casino gaming activities (gross table games win and gross slot win), calculated net of commissions and discounts and in accordance with IFRS
“China”, “mainland China” or “PRC”	the People’s Republic of China excluding, for the purpose of this announcement for geographical and statistical references only and except where the context otherwise requires, Hong Kong, Macau and Taiwan

“chips”	tokens, usually in the form of plastic discs issued by a casino to patrons in exchange for cash or credit, which may be used (in lieu of cash) to place bets on gaming tables
“Company” or “MGM China”	MGM China Holdings Limited, a company incorporated in the Cayman Islands on July 2, 2010 as an exempted company with limited liability
“Concessionaire”	the holder of a concession for the operation of casino games in Macau
“Cotai”	an area of reclaimed land located between the islands of Taipa and Coloane in Macau
“Cotai Land”	a plot of land with an area of 71,833 square meters located in Cotai leased from the Macau Government for an initial term of 25 years since January 9, 2013
“Directors”	the directors of our Company
“drop”	the sum of markers exchanged for chips at the gaming table and the amount of cash deposited in a gaming table’s drop box
“EBITDA”	earnings before interest, tax, depreciation and amortization
“gaming area”	a gaming facility that provides casino games consisting of table games, electronic games, slot machines and other casino games but has not been designated as a casino by the Macau Government
“gaming promoters”	individuals or corporations licensed by and registered with the Macau Government to promote games of fortune and chance or other casino games to patrons, through the arrangement of certain services, including the extension of credit, transportation, accommodation, dining and entertainment, whose activity is regulated by the Gaming Promoters Regulation
“gross gaming revenue” or “gross gaming win”	the total win generated by all casino gaming activities combined, calculated before deduction of commissions and discounts
“gross slot win”	the amount of slot handle that is retained as winnings. We record this amount and gross table games win as casino revenue after deduction of a portion of commissions and discounts
“gross table games win”	the amount of drop (in our main floor casino operation) or turnover (in our VIP casino operation) that is retained as winnings. We record this amount and gross slot win as casino revenue after deduction of a portion of commissions and discounts

“Group”, “we”, “us” or “our”	our Company and its subsidiaries, or any of them, and the businesses carried on by such subsidiaries, except where the context makes it clear that the reference is only to the Company itself and not to the Group
“HIBOR”	Hong Kong InterBank Offer Rate
“high-end main floor players”	consists of predominantly walk-in, day-trip visitors to Macau from China. Our premium mass market clients generally do not take advantage of our luxury amenities to the same degree as VIP clients, but they are offered a variety of premium mass market amenities and customer relationship programs, such as reserved space on the regular gaming floor and various other services, that are unavailable to the general mass market
“Hong Kong”	the Hong Kong Special Administrative Region of The People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRS”	International Financial Reporting Standards
“In-house VIP Program”	an internal marketing program wherein we directly market our casino resorts to gaming clients, including to high-end or premium players. These players are invited to qualify for a variety of gaming rebate programs whereby they earn cash commissions and room, food and beverage and other complimentary allowances based on their turnover level. We often extend credit to these players based upon knowledge of the players, their financial background and payment history
“Independent Third Party(ies)”	parties which are not connected persons of our Company within the meaning of the Listing Rules
“Las Vegas”	the Las Vegas gaming market as defined by the Nevada Gaming Control Board
“Listing”	the initial listing of the Shares on the Main Board of the Hong Kong Stock Exchange on June 3, 2011
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Macau”	the Macau Special Administrative Region of The People’s Republic of China
“Macau Government”	the local government of Macau

“main floor”	consists of the full range of our gaming products offered to our mass market players
“main floor players”	non-rolling chip players or cash chip players
“marker”	evidence of indebtedness by a player to the casino or gaming operator
“MGM Grand Paradise”	MGM Grand Paradise Limited, a private company limited by shares (“ <i>sociedade anónima</i> ”) incorporated on June 17, 2004 under the laws of Macau, one of three Subconcessionaires and one of our subsidiaries
“MGM MACAU” or “our property”	our sole resort and casino property in Macau owned by MGM Grand Paradise
“MGM Resorts International”	MGM Resorts International, a company incorporated in Delaware and listed on the New York Stock Exchange under the ticker symbol MGM, and our controlling Shareholder
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“occupancy rate”	the number of total hotel room nights occupied as a percentage of the number of total hotel room nights available
“Pansy Ho”	Pansy Catilina Chiu King Ho, a substantial Shareholder and an executive Director of our Company
“Pataca” or “MOP”	Macau Pataca, the lawful currency of Macau
“rolling chip”	a physically identifiable chip that is used to track VIP wagering volume for purposes of calculating commissions and other allowances payable to gaming promoters and individual VIP players
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with a nominal value of HK\$1 each in the share capital of our Company
“Shareholder(s)”	holder(s) of Share(s) of the Company from time to time
“SJM”	Sociedade de Jogos de Macau, S.A., one of three Concessionaires

“slot handle”	the total value of slot machine credits wagered resulting from coins and bank notes in the drop box, plus the value of any electronic money transfers made to the slot machine through the use of a cashless wagering system
“slot machines”	gaming machines operated by a single player and electronic multiple-player gaming machines
“Subconcession” or “Subconcession Contract”	the tripartite Subconcession Contract for the Exploitation of Games of Fortune and Chance or Other Games in Casino in the Special Administrative Region of Macau entered into among SJM, MGM Grand Paradise and the Macau Government on April 19, 2005
“Subconcessionaire(s)”	the holder(s) of a subconcession for the operation of casino games in Macau.
“table games”	typical casino games, including card games such as baccarat, blackjack and sic bo as well as craps and roulette
“turnover”	the sum of all rolling chip wagers which represents wagers won by our relevant subsidiary (non-negotiable chip purchase plus non-negotiable chip exchange minus non-negotiable chip return)
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“US\$”	United States dollars, the lawful currency of United States
“VIP clients” or “VIP players”	patrons or players who participate in our In-house VIP Program or in the VIP program of any of our gaming promoters
“visitations”	with respect to visitation of our property, the number of times our property is entered during a fixed time period. Estimates of the number of visits to our property are based on information collected from digital cameras placed above every entrance to our property capable of counting visitors (including repeat visitors) to our property on a given day
“%”	per cent

By Order of the Board

James Joseph Murren
Chairperson and Executive Director

Pansy Catilina Chiu King Ho
Co-chairperson and Executive Director

Hong Kong, February 17, 2015

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.